

## Individual Mayoral Decision

Decision Log No: 157



**TOWER HAMLETS**

Report of: Corporate Director, Place

Classification:  
Unrestricted

**Tower Hamlets Private Renters' Charter**

Lead Member	Councillor Sirajul Islam, Cabinet Member for Housing
Originating Officer(s)	Marc Lancaster, Housing Policy Officer
Wards affected	All wards
Key Decision?	No
Community Plan Theme	A Great Place to Live

### Executive Summary

Around 40 per cent of all homes in Tower Hamlets are now rented from private landlords. Whilst most of those homes are good quality, too many private renters live in conditions that are unacceptably poor. The Council has committed to raising standards across the Tower Hamlets private rented sector, including by adopting a Tenants' Charter.

This report recommends that the Mayor in Cabinet adopts and commits to promote a Tower Hamlets Private Renters' Charter. The Charter proposed will raise standards across the Tower Hamlets private rented sector by increasing tenants' awareness of rights, bringing about a positive behaviour change in landlords, and producing a culture in the borough that unambiguously rejects substandard conditions. The Charter will reinforce this culture with unambiguous messaging about sanctions presented by a broad alliance of organisations.

The report further recommends a one-off allocation of additional funding from reserves to create two temporary additional posts in the Trading Standards and Environmental Health service for 2017/18. During a period in which additional duties and powers are already creating new demands, those additional resources would enable the service to reinforce the Charter's culture change with additional enforcement and to quantify the rise in demand for enforcement pending a Growth Bid for 2018/19.

## **Recommendations:**

The Mayor in Cabinet is recommended to:

1. Formally adopt a Tower Hamlets Private Renters' Charter. The Charter will set out clearly both the minimum standards any private renter can expect in the borough, and also the steps that the Council and its community partners will take to help individual tenants enforce their rights where those standards are not met.
2. Work towards a wide range of advice agencies and renters' groups signing the Charter alongside landlord and agent professional trade associations. The Council will not ask individual landlords to sign.
3. Launch the Charter on 29 June 2017, and thereafter commit the Council to publicise the Charter actively and widely in order to bring about a change in landlords' behaviour through increased awareness of tenants' rights.
4. Agree a one-off allocation of funding from reserves to the Trading Standards and Environmental Health service for the 2017/18 financial year. This one-off allocation would allow the service to employ on temporary contracts one additional Trading Standards Officer and one additional Environmental Health Officer for the remainder of the year. The required part-year funding for 2017/18 is estimated at £75,000. This will give the service the capacity it needs to respond to increased demand raised not only by the Charter but by new duties and powers; and to quantify that rise in workload pending a Growth Bid for 2018/19.

## **1. REASONS FOR THE DECISIONS**

- 1.1 Private landlords provide around 40 per cent of the homes in Tower Hamlets, more than any other kind of landlord. Whilst most of the 46,000 privately rented homes in Tower Hamlets are in good condition and well-managed – particularly those in the generally expensive new-build blocks – an estimated 9,000 are not.
- 1.2 Around 6,000 ex-council homes are let, usually as Houses in Multiple Occupation, by private landlords who are leaseholders of the Council or of Registered Providers. A growing number of other Registered Provider leaseholders also sublet to private tenants. As a result, an increasingly high proportion of residents on estates in Tower Hamlets are private renters. There are significant housing management implications associated with this shift.
- 1.3 The legislation and case law establishing private tenants' rights are complex, evolving and disparate. Key recent legislation includes The Consumer Rights Act 2015, The Deregulation Act 2015, and The Housing and Planning Act 2016. Summaries of all key pieces of legislation can be found in the 2016-21 Private Sector Housing Strategy adopted as part of the 2016 – 2021 Housing Strategy by Full Council on 5th December 2016.

- 1.4 Many private renters in Tower Hamlets, especially the most vulnerable and excluded, do not fully understand the rights and protections they have under the law. Many more feel unable to enforce those rights. Alongside this, too many landlords and agents do not respect their tenants' rights: a minority because they are deliberately criminal, but more because they do not understand the law.
- 1.5 As part of a strategy to address these problems, the Council committed in the Housing Strategy 2016 – 2021 to develop a Tower Hamlets Private Tenants' Charter, to improve private tenants' understanding of their rights in a fast-changing regulatory and legislative context, and to empower tenants to improve conditions in their own homes.
- 1.6 The overarching objective of the Tower Hamlets Private Renters' Charter is to positively change the behaviour of landlords by creating a culture in the borough that unambiguously rejects substandard conditions. The provision of clear universal standards will create a new awareness of acceptable norms of behaviour amongst landlords, underpinned by knowledge that their tenants are empowered to hold them to account. The Charter will reinforce this culture with unambiguous messaging about sanctions presented by a broad alliance of organisations.

## 2. ALTERNATIVE OPTIONS

- 2.1 The Council is under no statutory obligation to adopt a Private Renters' Charter. The alternative would therefore be not to follow through on this aspect of the Housing Strategy.

## 3. DETAILS OF REPORT

### Other private tenants' charters

- 3.1 In October 2013, then Communities Secretary Eric Pickles announced that the Coalition Government would launch a Private Tenants Charter. The announcement was followed by formal consultation on a [Draft Private Tenants Charter](#). This aimed to be "an accessible guide for tenants providing them with a better understanding of what they can expect and, if something goes wrong, where to go for help".
- 3.2 The Draft Charter is an eleven page document setting out the legal position on key areas and directing tenants to their local authority in the event that they need assistance.
- 3.3 Responses to the DCLG Draft Charter were at best lukewarm and the initiative went no further.
- 3.4 In June 2014 the DCLG launched a How to Rent Guide and legislated that the Guide be given by landlords and agents to all new assured shorthold tenants.

The guide is an eight page booklet intended to help tenants and landlords understand their rights and responsibilities. It provides a checklist and more detailed information on each stage of the process of finding and renting a home. It does not provide accessible information about key issues such as disrepair likely to arise after moving in.

- 3.5 There have been several attempts by councils to produce effective private tenants' charters or similar documents.
- 3.6 Reading Council's [Private Rented Sector Housing Charter](#) is a work plan setting out high level actions that the Council and other local agencies will take to achieve ten shared ambitions set out in the document.
- 3.7 [The Cornwall Rental Standard](#) is a 22 page booklet aimed at landlords rather than tenants. It sets out four standards – relating to hazards, general conditions, emergency repairs, and Houses in Multiple Occupation – before giving further guidance and advice about issues such as damp and mould, fire risks, gas safety, and overcrowding.
- 3.8 [The East Northamptonshire Tenants' Charter](#) aims to help private tenants develop "a better understanding of what they can expect and, if something goes wrong, where to go for help". It broadly reproduces the DCLG's Draft Private Tenants Charter.
- 3.9 [The Southampton Rental Charter](#) is a voluntary good practice scheme set up by Alan Whitehead MP and supported by Southampton Citizen's Advice and ARLA (Association of Residential Letting Agents). Launched in June 2013 it has been signed by just 17 agents.

#### **The Tower Hamlets Private Renters' Charter**

- 3.10 As the Mayor noted in the Housing Strategy, in this borough we have a wide gap between those with the highest incomes and wealth and those in poverty. The models offered by the tenants' charters and the How to Rent Guide discussed above do not meet the needs of those Tower Hamlets tenants most affected by poor conditions. Neither, therefore, do they meet the objectives of the Council as set out in the Housing Strategy: to adopt a private tenants charter, but also to ensure that the most vulnerable people's housing needs are met in a fair and inclusive way.
- 3.11 In order to be effective in Tower Hamlets, the Charter should be aimed primarily at private tenants, particularly the most vulnerable – including recent migrants. The Charter's second key target is the opportunistic, 'amateur' or 'accidental' landlord who through ignorance or lack of attention does not understand their responsibilities. The Charter's third key audience is the rogue landlord whose criminality thrives in an atmosphere where tenants' rights are unclear.
- 3.12 As such, the Charter should set out clearly, briefly and as simply as possible the key standards that all tenants can expect when they rent from a private

landlord in the borough, and also the steps that the Council and its partners will take to support those standards.

- 3.13 Crucially, the Charter needs to be succinct and easy to understand. There would be little value in producing another long document in the style of the DCLG's draft charter or the other charters discussed above.
- 3.14 Similarly, the Charter will not duplicate the numerous accreditation and Quality Mark schemes to which many landlords and agents belong. The Charter does not aim to draw a distinction between 'good' and 'bad' landlords and agents, rather to draw attention to the minimum standards – the norms - by which all landlords and agents must abide. In later stages of its development, officers will work to develop its potential as a Charter Mark for agents and landlords.
- 3.15 There is no need at this stage to ask landlords and agents to sign up to the charter. Instead, the Charter will succeed by raising awareness of tenants' rights through an ongoing and evolving publicity campaign.
- 3.16 Whilst a range of channels are required to reach the target audiences, key to this campaign will be bringing together a wide range of agencies to sign up to the Charter and then actively support it. This will enable the Charter to act as a focus, bringing agencies in the borough together around private tenants' rights, fostering a common understanding and creating a culture in which poor conditions are not tolerated in private rented housing. Partnership working will be the key to developing support for the Charter, for its implementation, and for improving the private rented sector in the borough.
- 3.17 A copy of the public-facing Tower Hamlets Private Renters' Charter is attached as Appendix 1 for comment and approval. It should be noted that the Charter itself is intended to be the public-facing aspect of a broader process around enforcing tenant rights alongside comprehensively reviewed and enhanced web content that will signpost tenants to appropriate and effective advice and support.

#### **Enforcing basic standards in the private rented sector in the context of increasing demand**

- 3.18 Today, social housing provides just 36 per cent of all homes in the borough. A quarter of households here own their own home. 40 per cent of homes in Tower Hamlets are rented from a private landlord. The private rented sector is still growing fast.
- 3.19 The Council is committed to improving conditions in the private rented sector. The Tower Hamlets Private Renters Charter will do that by creating a culture in which poor conditions are unacceptable. However, if the Charter is successful this will create new awareness and therefore new expectations: it will create some additional demand from tenants for action against rogue landlords – including in areas where responsibility for that action falls solely or largely to the Council through the Environmental Health and Trading



Standards Service. The increased call on those services that the Charter will create coincides with new duties and powers arising from April 2017 for those services from the Housing and Planning Act 2016.

- 3.20 Whilst the Charter itself and the process around it represent a minimal cost, the Mayor in Cabinet will therefore need to back it with a one-off allocation of funding from reserves to the Trading Standards and Environmental Health service for the 2017/18 financial year. This will give the service the capacity it needs to respond to increased demand raised not only by the Charter but by new powers and duties, and to quantify that rise in workload pending a Growth Bid for 2018/19.
- 3.21 Resources for the Environmental Health Housing Team have been static for many years. There are currently nine officers in the Housing Team dealing with a broad range of issues. Four additional officers have been recruited in the last year through funds raised by the new selective licensing scheme; but they are ring-fenced to the process and administration of that scheme. The remaining officers are responsible not only for inspecting and enforcing housing safety in the private sector and in relation to registered providers, but also for action against statutory nuisances in relation to all buildings in the borough and for managing the borough's travellers' site.
- 3.22 Whilst resources have been static, demand on the team has increased exponentially. In the last three years alone, complaints and service requests relating to health and housing – the category into which serious disrepair in the private rented sector fall - have increased by 48 per cent . These increases in demand are primarily for two reasons:
- 3.23 Firstly, and most simply, the team has to provide a service to tens of thousands more people. Over the last 30 years, the borough's population has more than doubled - from nearly 145,000 in 1985 to nearly 300,000 today. The housing stock in Tower Hamlets has increased by 27 per cent in the last 15 years. Thirty years ago nearly 90 per cent of that stock fell outside the scope of the health and housing team's work: it was let by the Council, and a local authority cannot take enforcement action against itself. Today, 90 per cent of the entire housing stock falls within their scope – with by far the most substantial demand coming from the 46,000 households living in the private rented sector. Data suggests that somewhere in the region of 20% of private rented homes in the borough are substandard – meaning that around 9,000 households privately rent substandard homes.
- 3.24 Secondly, housing disrepair was effectively removed from the scope of legal aid in April 2013, leaving private tenants living in poor conditions with no remedy other than the council: solicitors can no longer help any but the wealthiest tenants enforce the law around poor living conditions. In the wake of that change, government has legislated for a raft of new powers allowing local authorities to enforce minimum housing standards more robustly.

- 3.25 The Charter will highlight new duties and powers falling to the council. Letting Agents are for the first time required to display fees and to belong to a redress scheme – new requirements that Trading Standards officers have a duty to enforce. Again, since April 2017, the council has a duty to consider new powers of enforcement against rogue landlords – a duty that falls to the Environmental Health Housing Team.
- 3.26 In this context, the additional call on services created by the Charter will need to be met through a one-off allocation of funding from reserves to the Trading Standards and Environmental Health service for the 2017/18 financial year. This one-off allocation would allow the service to employ on temporary contracts one additional Trading Standards Officer and one additional Environmental Health Officer for the remainder of the year. The required part-year funding for 2017/18 is estimated at £75,000. This will give the service the capacity it needs to respond to increased demand, and to quantify that rise in workload pending a Growth Bid for 2018/19. It will enable the Council to reinforce and incentivise behaviour change by using new powers and enforcing basic standards effectively.
- 3.27 Looking forward to 2018/19 and beyond, it is anticipated that with additional resourcing the team will be able to generate substantial new income by using new powers including Fixed Penalty Notices and Rent Repayment Orders.

#### **4. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 4.1 Following the commitment contained within the Housing Strategy that was approved by Council on 5<sup>th</sup> December 2016, this report seeks the approval of the Mayor in Cabinet for the formal adoption of a Tower Hamlets Private Renters' Charter.
- 4.2 The Charter will set out the minimum standards that a private tenant can expect within the borough and the steps that the Council and its partners will take to enforce the tenant's rights if the required standards are not met.
- 4.3 The costs of preparation and consultation on the Housing Strategy and its constituent elements, including the Private Renters' Charter, are being met from within existing revenue resources. As outlined in the report however (paragraphs 3.18 to 3.27), the enforcement of the Charter will increase demands on the Trading Standards and Environmental Health services, and there will be a need for additional staffing resources in these areas. It is proposed that a growth bid will be incorporated into the 2018-19 budget process to finance the required posts (an additional Trading Standards Officer and an additional Environmental Health Officer) which are estimated at a full year cost of approximately £100,000. There will however also be a funding requirement, estimated at £75,000, during the current financial year. This report seeks approval to meet the 2017-18 costs from reserves.
- 4.4 In the longer term, costs could be offset by additional revenue income resulting from the use of a range of powers provided by the Housing and Planning Act 2016. The Housing Strategy adopted by Council in December

2016 committed to developing plans to enforce Rent Repayment Orders, Banning Orders, Council Tax compliance, and licensing. Possible income arising from these activities will be assessed and incorporated into the 2018-19 growth bid.

## **5. LEGAL COMMENTS**

- 5.1 On 5 December 2016 Cabinet approved the decision to develop a Tower Hamlets Private Tenants Charter which will involve working with community partners to raise awareness of private tenants' rights. This includes publishing expectations of how the landlord should carry out the 'Right to Rent' checks consistently and fairly to avoid discrimination. There is no legal requirement to provide a Tenants Charter.
- 5.2 There is no overarching statutory regulation of private sector letting agents in England although many agents do comply with voluntary regulation. The Government expectation is that the existing range of powers under consumer regulation legislation will be relied upon for example giving false or misleading information, not acting with the standard of care and skill in accordance with honest market practice.
- 5.3 Since 1 October 2014 agents have been required to be a member of an approved redress scheme in accordance with the Redress Schemes for Letting Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014. Complaints against members of the scheme have to be investigated and determined by an independent person. The Statutory Instrument allows local authorities to enforce compliance by imposing a fine of up to £5,000 with a right of appeal to the First Tier Tribunal.
- 5.4 Since 27 May 2015 letting agents have been required to display all fees, charges or penalties which are payable to the agent by the landlord or tenant in relation to agency or property management work carried out by the agent in connection with an assured tenancy. In November 2016 the Government announced that it intended to legislate to abolish letting agent fees for tenants.
- 5.5 The introduction of a Tenants Charter will provide tenants with additional guidance to that provided by the DCLG in their series of booklets for private tenants and landlords and the voluntary Code of Practice on the management of property in the private rented sector developed by the Royal Institute of Chartered Surveyors published in 2014.

## **6. ONE TOWER HAMLETS CONSIDERATIONS**

- 6.1 The Charter and the campaign around it will raise standards by raising awareness of rights for each of the disparate groups that constitute private tenants. There is no reason to believe that adopting a Private Renters' Charter will have a negative impact on any group. However, it is likely that adopting a Charter will be particularly beneficial for those tenants that currently have the least understanding of their rights. These are



disproportionately the most vulnerable and excluded private tenants, including recent migrants, young people, and those in relative poverty.

- 6.2 The private rented sector consists of different markets catering to different socio-economic groups. Private tenants are predominantly young: two thirds are aged under 35. Whilst 57 per cent of Tower Hamlets private renters are in one of the two highest socio-economic classes, 27 per cent are employed in the least well-paid and secure occupational sectors. 4.4 per cent of private renters are long-term unemployed. 10% are full time students.
- 6.3 White people from non-British backgrounds and people of Chinese heritage are significantly over-represented in the private rented sector (PRS): other ethnic groups are slightly under-represented. BAME communities represent 34.25 per cent of private renters in the borough but 42.4 per cent of the total population. 34.3 per cent of Tower Hamlet's BAME population and 29.4 per cent the borough's white British population live in the private rented sector. Tower Hamlet's Muslim population is significantly less likely to rent privately than other faith and belief groups: 34.9 per cent of the borough's population but just 17.1 per cent of private renters identify themselves as Muslim.

## **7. BEST VALUE (BV) IMPLICATIONS**

- 7.1 The Charter will directly impact upon the borough's 46,000 private renting households extremely efficiently. The campaign will make maximum use of social media, the website, and existing buildings and equipment such as Ideas Store screens and Housing Benefit mail-outs: as such the costs are anticipated to be less than £2,000 and will be borne by existing budgets. The recommended allocation of additional resources to the Environmental Health and Trading Standards Service is estimated at £75,000 during the current financial year – a cost of around £1.63 for every private renter in the borough.
- 7.2 We consulted very widely for the Housing Strategy, and the findings were put before Council in December 2016. 76 per cent of respondents felt that it would be a good idea to promote standards for private landlords: just 8 per cent felt that this was not a good idea. We have also consulted on the content of the Charter. In an on-line survey posted on the council's website for six weeks to the beginning of May 2017, 15 per cent of private renters said that their rented home was either 'not good' or 'terrible'; 20.4 per cent said that their landlord was "not good" or "terrible"; and 16 per cent said that their landlord isn't doing basic repairs. 31 per cent of renters were not sure of their rights; 53 per cent thought they had a "general idea". A working group of tenants groups, community advice and legal agencies is actively contributing to the Charter's development and are committed to signing up to supporting and publicising it. Private landlords and agents were consulted through the Private Landlords' Forum, through the on-line consultation, and through regular bulletin mail-outs. Officers are consulting with a wide range of trade bodies including The Association of Residential Letting Agents (ARLA), The UK Association of Lettings Agents (UKALA), The National Landlords Association, and The Residential Landlords Association.

## **8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

- 8.1 The Charter aims to improve landlord's compliance with their duties to provide homes that are structurally in repair, free from health hazards such as damp, mould and excess cold. As such, the Charter aims to reduce fuel use by producing housing that is better insulated.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 There is a risk that raised expectations and better-informed tenants will create unmanageable demand on council services. This risk is further mitigated by the Charter's focus on joint-working: by directing private renters to the most appropriate agency, and in most cases to a community agency, inappropriate calls on the council are likely to be reduced. The risk of an increased call on environmental and trading standards services from tenants living in conditions that are a risk to their health is mitigated by the recommended short-term increase in funding. The Charter fundamentally aims to produce behaviour change – to encourage landlords to provide better conditions to their tenants. As such, in the longer run we hope that the demand on services such as environmental health will fall.

## **10. CRIME AND DISORDER REDUCTION IMPLICATIONS**

- 10.1 The link between private landlords' poor housing management and antisocial behaviour is well-established, not least by Mayhew Harper Associates 2015 research that came before Cabinet in support of the selective landlord licensing scheme now in place. In summary, that research found that rates of ASB are higher in Tower Hamlets' private rented sector than in social rented accommodation. The research concludes that current levels of ASB will grow in tandem with the growth of the private rented sector. Further local evidence is provided through current consultation with Registered Providers who link overcrowded and poorly-managed private renting with low-level antisocial behaviour on their estates from noise nuisance to fly-tipping. By seeking to create a culture in which private landlords do not feel able to evade their responsibilities, the Charter aims to reduce anti-social and criminal behaviour.

## **11. SAFEGUARDING IMPLICATIONS**

- 11.1 There are no specific safeguarding risks or benefits from the development of the private tenants' charter

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### **Linked Reports, Appendices and Background Documents**

#### **Linked Report**

- NONE

**Appendices**

- Appendix 1: Tower Hamlets Private Renters Charter

**Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None

**Officer contact details for documents:**

Marc Lancaster

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