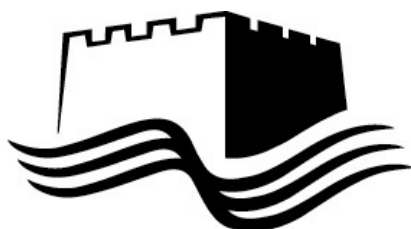


Report of the Scrutiny Review Working Group on The Private Rented Sector



TOWER HAMLETS

**London Borough of Tower Hamlets
March 2010**

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Acknowledgments

The Working Group would like to thank all the officers and partners that supported this review. The views and perspectives of all that were involved have been fundamental in shaping the final recommendations of this report.

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Chair's Foreword

**Cllr Alex Heslop
Scrutiny Lead, A Great Place to Live**

Recommendations

The Working Groups recommendations set out the areas requiring consideration and action by the Council with regards to the Private Rented Sector in the Borough. The recommendations have been split into strategic and operational issues and cover areas around Partnership and Efficiency, Health and Housing and the Role of Landlords.

Strategic

- R1 That the Development and Renewal Directorate develops a new Private Sector Housing Strategy which incorporates recommendations from this review and issues highlighted in the Housing Strategy and Housing and Homelessness Strategy
- R2 That the Development and Renewal Directorate undertake a full Private Sector Condition Survey to provide an evidence base for the Private Sector Housing Strategy and the update to the Private Sector Housing Renewal and Empty Properties Framework
- R3 That the Development and Renewal Directorate, Tower Hamlets Homes and local Registered Social Landlords explore the feasibility of providing a full management service for leaseholders that sub-let their properties
- R4 That the Communities, Localities and Culture Directorate develops a partnership strategy which includes NHS Tower Hamlets, the London Fire Brigade and the third sector to deal with homes in poor condition. This should include the sharing of resources as highlighted by the Healthy Homes programme in Liverpool City Council

Operational

- R5 That the Development and Renewal Directorate commit to utilising Private Rented Sector stock to its full capacity instead of using Bed and Breakfast and Hostels where possible
- R6 That the Environmental Health Team implements the new powers given to local authorities which allows the licensing of all landlords including those with Houses of Multiple Occupations (HMOs)
- R7 That the Tower Hamlets Landlords Forum uses local media to increase awareness of the benefits of the London Landlord Accreditation Scheme (LLAS) and publicises which local landlords are accredited and registered on its website

- R8 That the Tower Hamlets Landlords Forum and Tower Hamlets Homes publicise the Landlords Forum through the greater use of local media and an annual "*Landlord of the Year*" award
- R9 That a representative from the Tower Hamlets Landlords Forum have a standing invitation on the Great Place to Live Community Plan Delivery Group
- R10 That the Development and Renewal Directorate support private landlords access grant or loan funding to improve the quality and energy efficiency of the PRS
- R11 That the Tower Hamlets Landlords Forum takes lead in exploring the development of a regional landlord's forum
- R12 The Housing Benefits Service continue moving from a process of paying housing benefits through cheques to payments through BACs
- R13 The Housing Benefits Service explore the possibility of sending schedules of payment to landlords through email along with written copies to increase efficiency
- R14 That the Housing Benefits Services and Housing Advice Service explore the possibility of a Benefits Officer being based within the Housing Advice Team

Introduction

1. The housing challenge in Tower Hamlets is immense, as the borough continues to witness major new house building and redevelopment. Between 2004 and 2008 up to 9,000 new homes have been built in the borough, 3,238 of them have been affordable homes. This makes Tower Hamlets one of the largest deliverers of affordable housing in the country. However, the borough still has 9,446 overcrowded households in socially rented homes, and 1,798 of these are severely overcrowded¹. This makes private rented accommodation in the borough very important.
2. The importance and reliance on the Private Rented Sector (PRS) nationally is immense. The sector is used to house a range of different communities including students, professionals and the homeless. In Tower Hamlets the sector is also widely utilised by students attending the borough's two local Universities (Queen Mary College and the London Metropolitan). In addition to this the borough is historically seen as a settling ground for migrant workers which have meant a long history of the PRS housing the homeless. It is stated that satisfaction with the PRS is better than the social sector according to tenants as highlighted by the national homelessness charity Crisis. This is also consistent with the Government's response to the Rugg Review (2009)² which states that three quarters of all private tenants are either very or fairly satisfied with their landlords.
3. However a number of questions remain unanswered. What is the impact of the PRS in Tower Hamlets? What issues do tenants and landlords face and what support is available to them? What partnership working is currently in place relating to the PRS and finally in what condition is the borough's housing stock and what impact does this have on health and housing in the borough. These are some of the questions this review considered.
4. This review will build on the reviews undertaken over the last three years to support the improvement of the housing stock in the borough and the service provided to local residents. The three previous scrutiny reviews in this area include:
 - Affordable Home Ownership 2008/09
 - Choice Based Lettings 2007/08
 - Leaseholders: A case study of Customer Care 2006/07
5. In June 2009 the Scrutiny Lead for a *Great Place to Live*, Councillor Alex Heslop, identified the PRS as a priority for review and in July 2009 the Scrutiny Working Group was established. Reasons for this review include the negative publicity within the sector as well as the notion that residents who have no real chance of social housing and can't afford to buy are reliant on the PRS. The key aim for the review was to identify gaps and issues that exist within the PRS in Tower Hamlets and recommend potential initiatives which could improve service delivery.

¹LBTH Overcrowding reduction Strategy, 2009-12

²<http://www.york.ac.uk/inst/chp/publications/PDF/prsreviewweb.pdf>

6. The review had a number of key objectives:
 - To analyse issues facing tenants of the PRS
 - To identify gaps in the support available to tenants of the PRS
 - To examine issues that may effect landlords who are renting out to tenants
 - To analyse the growing number of private tenants of leaseholders and how the housing partners should interact with such tenants
 - To consider the merits and demerits of possible initiatives such as the Council providing a full management service for leaseholders who are subletting
7. The following methodology for the review was agreed by the Working Group:

Introductory Review Meeting (September 2009)

- Members heard evidence on the current local, regional and national policies relating to the PRS as well as the Council's vision for the sector in the near future.

Issues Effecting Tenants of the PRS

- Members received presentations from the Environmental Health Service, Housing Advice Services and Crisis on the health issues which some tenants face when residing in the PRS.

Private Landlords in the PRS

- Presentations were received from the National Landlords Association, Tower Hamlets Landlords Forum and landlords themselves on some of the issues which landlords involved with the PRS face.

Leasehold Properties being Sub-Leased in the Borough

- The Working Group heard from the Council's Benefits Service, Tower Hamlets Homes and others regarding the high number of leaseholders that are sub-letting their properties and some of the issues which exist.

Private Sector Leasing and the role of RSLs

- Evidence was presented by the Council's Homeless and Housing Advice Services as well as RSLs and Homelessness charities on different models which could be incorporated into the PRS such as intermediate renting and the Council having its own PRS management service.

Background

The National Context

8. The PRS (PRS) can be defined as accommodation that is privately owned (i.e. not owned by a Council or Housing Association) and that is being rented out by a landlord, normally for some profit. The landlord could be an individual or a company. Sometimes management companies or estate agents will manage and let out the property on the owner's behalf. Unlike renting in the social housing sector, most private rental properties are let out on a purely commercial basis, with no allowance for affordability, and typically on relatively insecure, fixed-term contracts. The PRS nationally is complex and includes a number of niches both at the high and low end of the market. These niches include young professions, students, the housing benefits market, slum rentals, high income renters, migrants, asylum seekers and temporary accommodation. The PRS consists of approximately 3.2m households which equates to around 13% of all households³. Even though some see the PRS as a transient sector it is suggested that 21% tend to stay in the PRS for more than five years whilst a further 40% stay for less than a year⁴.
9. The PRS was generally seen as an unregulated sector however since 2002 a number of changes have occurred within the sector to increase regulation. The Regulatory Reform (Housing Assistance) Order in 2002 required all councils to have a Private Sector Renewal Strategy. The Housing Act 2004 introduced a fundamental change to the way local authorities deal with house conditional problems. The Act recognised the council as the primary enforcement agency for conditions of health and safety in the private sector. It introduced the Housing Health and Safety Rating System (HHSRS) which directs councils to consider a range of 29 identifiable hazards within dwellings and assesses the risk posed by such hazards. The most serious of hazards is 'Category 1' which the council has a duty to take action to eliminate or significantly reduce.

Rugg Review - the PRS: Its Contribution and Potential

10. The Department for Communities and Local Government (CLG) commissioned an independent review by Julie Rugg entitled *The PRS: Its Contribution and Potential*⁵ in October 2008. The review produced a number of key conclusions:
 - The PRS is a key component of the housing market in England. The flexibility of the PRS needs to be protected.
 - Expansion of the PRS often means a reduction in supply in other parts of the market
 - The task of policing the PRS should be expanded so that the burden does not rest so heavily on the local authority

³ Shelter Presentation, 30th September 2009

⁴ Shelter Presentation, 30th September 2009

⁵<http://www.york.ac.uk/inst/chp/publications/PDF/prsreviewweb.pdf>

- The industry has a role to play in promoting accreditation and in ensuring that managing agents offer higher levels of consumer protection to tenants and landlords
- Local authorities should focus on targeting the worst properties and expelling the worst landlords from the market. Policies should concentrate on helping good landlords of all sizes to expand their portfolios (e.g. changes to stamp duty and capital gains tax)

11. In addition to this a number of key findings from the review included that:

- Property conditions in the PRS have been improving, but are still worse than in either social housing or owner occupation.
- There is scope for introducing competition amongst landlords for tenants at the bottom end of the sector. If tenants on Housing Benefit had access to a wider selection of properties, landlords owning the worst quality accommodation would be pushed out of the market or let to those not eligible for Housing Benefit and therefore more vulnerable

12. The review also included a number of recommendations to the government. Some of these included:

- Introducing a light touch licensing system for landlords and mandatory regulation for letting agencies, to increase protection for both vulnerable tenants and good landlords.
- Introducing a new independent complaints and redress procedure for consumers, to help end long drawn out disputes.
- Tax changes to encourage good landlords to grow, including changes to stamp duty to encourage them to buy more properties.
- Looking at ways for the PRS to be more accommodating towards households on lower incomes, including considering more support for landlords prepared to house more vulnerable people.
- Local authorities taking steps to better understand the sector and support good landlords whilst tackling poorly performing landlords and promoting tenants rights.

Government Response to the Rugg Review:

13. The government has announced a number of new initiatives aimed at improving the quality of the PRS by increasing professionalism, driving out bad landlords and strengthening protections for tenants affected by repossessions. In addition to these new proposals, which have been consulted on, the government's responses included:

- Introducing a light-touch national register of every private landlord in England to increase protection for both vulnerable tenants and good landlords. Landlords would need to include their registration number on all tenancy agreements and

could be removed from the register for persistent poor performance like failing to carry out essential repairs, or not protecting tenants' deposits

- Full regulation for private sector letting agents. Letting and managing agents do not currently need to have professional credentials. This means that both tenants and landlords have no realistic redress when things go wrong. To tackle these problems, the government proposed creating an independent regulator for all letting and managing agents
- An improved complaints and redress procedure for tenants. For the first time, the Government would look to set up a mechanism whereby tenants are able to register official complaints about sub-standard landlords, and if these complaints are substantial and proven then landlords may be removed from the national register
- Greater local authority support for good landlords. Local authorities would be encouraged to create 'local lettings agencies' to better facilitate tenancies in the PRS for those in housing need, including Housing Benefit recipients

14. In addition to this the government also announced that tenants will have a minimum of two months notice if they have to leave their home because their landlord has been repossessed.

The Regional Context

15. London's first statutory housing strategy was published on 27 February 2010, embodying the Mayor's vision for housing in London to:

- Raise aspirations and promote opportunity: by producing more affordable homes, particularly for families, and by increasing opportunities for home ownership through the new First Steps housing programme;
- Improve homes and transform neighbourhoods: by improving design quality, by greening homes, by promoting successful, strong and mixed communities and by tackling empty homes;
- Maximise delivery and optimise value for money: by creating a new architecture for delivery, by developing new investment models and by promoting new delivery mechanisms.

16. The strategy makes a number of key points on how to improve the PRS regionally in order to meet its vision '*to promote a vibrant and attractive PRS to support London's economic vitality*'.⁶

17. The strategy highlights the mayor's intention to provide more private rented homes through greater institutional investment with private renting being promoted. The strategy also notes that 45% of all privately rented homes are non-decent compared to 35% of homes across all tenures. The need to improve the quality and access of the PRS will be improved with at least a doubling in the number of accredited landlords by the end of 2011. In addition to this it is also highlighted that

⁶ http://www.london.gov.uk/sites/default/files/uploads/Housing_Strategy_Final_Feb10.pdf

better information on rent levels will be available to those seeking a home in the PRS. Furthermore, the PRS will play a key role in housing homeless and vulnerable households, where it provides high quality housing management and reasonable security of tenure and support is available where needed.

The Local Context

18. There has been a huge increase in the PRS in Tower Hamlets due to the high volume of leaseholders sub-leasing their properties and becoming landlords. In 1990 there were 10,000 PRS properties but this has now increased to about 24,000⁷.
19. The responsibility for The PRS in Tower Hamlets is currently divided amongst a number of different services. The Environmental Health Team deal with the enforcement of the Housing Acts including the licensing of Houses in Multiple Occupation (HMOs). Furthermore the Homeless and Housing Advice Service deals with tenants seeking accommodation or experiencing problems with their landlords. They also operate the Council's Rent Deposit Scheme to assist tenants to take up private sector lettings and the Temporary Housing Scheme to provide for the homeless using licensed and leased properties.
20. The Private Housing Improvement Team (PHIT) offers grant aid to landlords to help create dwellings for lettings and to bring long term empty properties back into use. Disabled Facilities Grants are available to private landlords and tenants. Also landlords and tenants may be eligible to apply for Hazard Removal Grants to deal with Category One Hazards under the Housing Health and Safety Rating System.
21. The Affordable Housing Team identifies empty private properties and works with the owners to bring them back into beneficial use. However, where the owner is unwilling or unable to return the properties to use the Team will use statutory powers, including Compulsory Purchase, to ensure the properties are returned to use. The work of the PHIT and The Affordable Housing Team are covered by the Private Sector Housing Renewal and Empty Property Framework which is in the process of being reviewed.
22. The borough is also a member of the London Landlord Accreditation Scheme (LLAS) which is a pan London scheme to encourage private sector landlords to become more aware of the rules and regulations covering landlord and tenancy issues, health and safety, contracts and property management. The scheme runs training courses for landlords and encourages them to keep up to date with government policies by attending local Landlord Forums. The Council encourages landlords to attend the courses and provides venues and support for the training days. In Tower Hamlets Empty Property Grants are only available to landlords who are LLAS accredited. The Rent Deposit Scheme will only deal directly with LLAS

⁷ Tower Hamlets, Environmental Health Team

accredited landlords. Landlords seeking a HMO License are required to become LLAS accredited to show they can be regarded as a 'fit and proper' person. Tower Hamlets has its own Landlords Forum organised by the Housing Advice Team which is open to all landlords and agents.

23. The **Tower Hamlets Community Plan** suggests that market housing – both to rent and to buy – will remain a key issue. Helping residents to rent homes in the private sector is an important part of this theme and the Partnership is committed to seeing the Decent Homes Standard delivered for vulnerable tenants in the PRS.

24. The **Tower Hamlets Private Sector Renewal Strategy 2004/07 framework** outlined ways of improving the living conditions for owner-occupiers and private sector tenants, mainly by:

- Reducing the number of properties containing category 1 hazards (including Houses in Multiple Occupation) and where possible bringing them up to the Decent Homes Standard.
- Increasing the number of private sector vulnerable tenants living in decent homes.
- Reducing the number of private sector empty properties, bringing certain properties up to Decent Homes Standard and where possible for let through the Council's rent deposit guarantee scheme

25. Furthermore the **Tower Hamlets Housing Strategy 2009/12** includes a number of commitments to the PRS, in particular making sure the PRS is up to decent homes standards. In addition to this further components of the strategy suggest:

- Exploring the feasibility of using additional selective licensing of certain private sector properties in multiple occupation - Some tenants of Right to Buy properties have proven to be perpetrators of anti-social behaviour and a blight in their neighbourhoods. If taken up, this would be used as a final sanction. (action plan timescale: 2009)
- Refreshing the existing Private Sector Renewal Strategy that will deliver decent homes in the PRS and using enabling methods (such as grants, loans and equity release) to achieve a reduction of Category 1 hazards. (action plan timescale: 2010 refresh)
- Tower Hamlets will seek to reduce the number of non-decent homes in the PRS occupied by vulnerable tenants. (action plan timescale: ongoing)
- Delivering the Council's 2008/13 Homelessness Strategy , which includes making the PRS a better option for homeless applicants
- Tower Hamlets will ensure the delivery of a service that will entitle eligible residents to claim Disabled Facilities Grants - this will benefit tenants of private sector landlords

26. The **Homelessness Strategy 2008-13** highlights that rapid economic development alongside persistently high levels of worklessness and deprivation mean that home ownership or the PRS is out of reach for many local residents. The strategy

suggests however to increase access to the PRS and make it a more attractive option:

- As a prevention option, through increased incentives and choice
- Developing a more proactive and assertive options service for households in temporary accommodation
- Facilitating more move-on from hostels into the PRS through a pilot project with Look Ahead Housing and Care and Westminster City Council
- Providing more tenancy support for households in PRS

Key Findings

A number of strategic and operational recommendations have been put forward by the Working Group which cover three key areas including Partnership Working and Efficiency, Health and Housing and the Role of Landlords.

Strategic Recommendations

27. The PRS has generally been seen as an unregulated sector however since 2002 a number of Government legislations has changed this. One such legislation includes the Regulatory Reform (Housing Assistance) Order in 2002 which requires all Council's to have a Private Sector Renewal Strategy. An issue which was consistent at a number of scrutiny sessions was the lack of up-to-date information on the status of the PRS locally. This meant that Members did not have a clear understanding of what state the sector was currently in and in turn identify what gaps in services potentially existed. The main reasoning behind this was due to the Council's current Private Sector Renewal and Empty Properties Framework 2004-07 being outdated and in need of a refresh. Members were therefore keen for this strategy to be refreshed in order to give an up to date record of the current status of the PRS locally. In addition it was noted that the recommendations from this review should also be incorporated into any future Private Sector Renewal and Empty Properties Strategy.
28. The Council's website suggests that the borough has some of the best and worst private sector housing in the country. The private sector house condition survey carried out in Tower Hamlets in 2002, revealed that a disproportionate number of elderly people in the borough live in the worst of the private sector housing stock. Poor quality housing has a detrimental effect on the health of the people living in those houses and on the quality of life in an area. Elderly or vulnerable homeowners do not always have the necessary resources to keep their homes in good repair without assistance
29. The Council's holistic stock condition survey was last completed in 2000. However, the stock database has been periodically updated with capital works refurbishment carried on affected properties. Recently, Tower Hamlets Homes in agreement with the Council, commissioned a stock condition survey for 1500 properties on top of the 300 done earlier in the year.
30. Members were keen to find out what the current status of the PRS was and what percentage of the PRS stock was currently up to decant home standard however with the last private sector condition survey taking place in 2002 and with constant changes in the housing sector locally it was difficult to tell. Members felt that it was important that the Council undertook a full private sector condition survey in order to greater understand what issues are currently being faced within the sector and also to provide an evidence base for both the upcoming Private Sector Housing Strategy and the update to the Private Sector Housing Renewal and Empty Properties Framework. It was suggested that funds should be made available for a full Private

Sector Condition survey to be carried out in order to identify, analyse and understand the current status of the PRS locally.

- R1 That the Development and Renewal Directorate develops a new Private Sector Housing Strategy which incorporates recommendations from this review and issues highlighted in the Housing Strategy and Housing and Homelessness Strategy
- R2 That the Development and Renewal Directorate undertake a full Private Sector Condition Survey to provide an evidence base for the Private Sector Housing Strategy and the update to the Private Sector Housing Renewal and Empty Properties Framework

31. Members discussed how to drive out poor landlords and rogue agents who know that their properties are in bad condition but have no intention of improving them. Members of the Working Group discussed how good landlords could overtake the work of poor landlords in the management of properties and even an Arms Length Management Organisation could potentially do this rather than the Council.
32. The idea that the Council explore providing a full management service particularly aimed at leaseholders that sub-let their properties was discussed during a number of sessions. The Working Group felt that the Council, Tower Hamlets Homes and RSLs should work together and build a partnership to manage properties, with Lambeth's Lettings First being highlighted as a possible model of best practice. Furthermore, Members also felt that an in-house management agent was needed so the Council knew who was living in properties and in turn reduce the number of absentee landlords.
33. Lambeth Council set up Lettings First⁸ to provide a link between social and private housing. The aims of the Lettings First Agency were to provide a service to customers who wish to rent or let properties in the PRS. As well as assisting customers to rent homes in the PRS, Lettings First also offers advice and assistance to both landlords and letting agents. They are involved in many aspects of the PRS including Landlord Accreditation, HMO licensing and Decent Homes Standards.
34. Lambeth Council has a partnership with Avenue Lettings, who are part of the Amicus Housing Group. Avenue Lettings has over ten years of experience in providing and managing Private Sector properties for short term accommodation. This experience has proved priceless for the Council in establishing this programme. Avenue Lettings are experts in many aspects of property management and provide a quality service and is unique in that they unite the private and public sectors in order to meet needs and demands.
35. In Tower Hamlets up to 40% of leaseholders sublease their properties although

⁸<http://www.lettingsfirst.com/index.php?id=62>

there is no accurate record of whose living where. It was however suggested that this information is available through Land Registry. Tower Hamlets Homes presented the current levels of leasehold properties that were being subleased to private tenants. Tower Hamlets Homes manages approximately 22,000 properties of which 40% are leasehold. In turn a quarter of those are being sub-let to private tenants.

36. A number of issues and challenges were highlighted including the service not knowing who resides in all properties within the borough and hence the full extent of the number of properties being sub-leased. Tower Hamlets Homes is looking into finding out this information and has sent out two questionnaires to all leaseholders to obtain details of unknown sub-lets. They have also commissioned an external company to conduct a telephone survey to collate diversity information.

37. Tower Hamlets Homes have a number of plans for the future which include:

- Campaign to all leaseholders to identify sublets which will include making direct contact with the occupier
- Promote buy-in to gas servicing contract for landlord safety check: reminder potential manslaughter charge
- Continue to send out questionnaire with quarterly statements and estimates/ actuals to identify new sublets and gather information on the tenants.
- Information sharing with neighbourhood teams to help deal with anti social behaviour
- Produce sub-tenants handbook

38. Members felt that the Council should explore the feasibility of providing a full management service for leaseholders that sub-let their properties; Members suspected that there could be a critical mass of non-residential Council leaseholders to make this financially viable. It was suggested that the borough should seek to adopt a similar service for PRS as that of Lambeth's Lettings First which not only provides information and advice but also provides a full management service.

R3 That the Development and Renewal Directorate, Tower Hamlets Homes and local Registered Social Landlords explore the feasibility of providing a full management service for leaseholders that sub-let their properties

39. A number of challenges face the Environmental Health Team. The team consists of 8 members of staff which have to deal with both PRS issues and a high number of RSL complaints. The new Housing Health and Safety Rating System inspections policy with the 29 hazards assessment also meant more time being consumed by officers on this. Another issue which was complex and time consuming was HMO licensing although good landlords were the ones who proactively applied for this. Finally also highlighted was the difficulty in recruiting and retaining qualified Environmental Health Officers and Technical Officers. Mostly agency staffs were

being used at present. The issue with using graduates was that a log book was needed for them to be registered and qualified which tends to take time to devise.

40. A best practice initiative mentioned at the session included that of Liverpool Council who successfully managed to secure revenue funding from the PCT and Fire Brigade specifically to aid the work of Environmental Health in order to collectively and efficiently deal with issues arising from the PRS. It was suggested that the Council should look into this model and increase the partnership working between the various services, particularly with public sector finances expected to be cut in 2011-12.
41. Liverpool City Council's Healthy Homes Programme (HHP) was launched to prevent death and illness due to poor housing conditions and accidents in the home. It is mainly aimed at the PRS and helps many of the most vulnerable residents in Liverpool. In 2006, the House Condition and Energy Survey found that 5.7% of Liverpool's housing stock is unfit, compared to the national figure of 4.2%. Accidental injuries in Liverpool are the eighth major cause of death in the city. The Healthy Homes Programme in Liverpool is carried out by the Public Protection Business Unit who use environmental health powers to tackle unhealthy and unsafe housing conditions. The programme includes working with partners such as the PCT, Merseyside Fire and Rescue and the voluntary sector in order to reduce health inequalities and winter deaths, and in turn increase life expectancy.
42. In addition to this, the Healthy Homes Programme uses a comprehensive questionnaire to identify specific needs of each tenant and then co-ordinate the delivery of a range of support services to improve their quality of life. Help given include advice on:
- Healthy eating.
 - Home safety.
 - Fuel poverty.
 - How to get help from a number of different agencies and how to maximise income
43. Members of the Working Group were keen for the Council to explore greater partnership working with those local services which are impacted upon due to health and safety issues in the PRS as well as the introduction of a Healthy Homes Programme. Both these were seen as initiatives to reduce health inequalities which plague the lower end of the PRS. The Working Group heard that a Healthy Housing Link is already something the Council is exploring and looking into but Members were still keen for this to be actively set up.

44.

R4 That the Communities, Localities and Culture Directorate develops a partnership strategy which includes NHS Tower Hamlets, the London Fire Brigade and the third sector to deal with homes in poor condition. This should include the sharing of resources as highlighted by the Healthy Homes programme in Liverpool City Council

Operational Recommendations

45. The Working Group heard from the Homeless and Housing Advice Service who suggested that the PRS can be better utilised and this is a great opportunity to build a relationship with this large and important sector in the borough. Members agreed and stated that more of those residing in hostels should be encouraged to move into the PRS as this would aid those who are at risk of re-offending or relapsing
46. In addition to this, Members felt that Hostels were not always appropriate for all groups taking into consideration cultural and gender issues. The Working Group noted the 2006/07 scrutiny review on the Tower Hamlets Hostel Strategy which made a number of recommendations to increase access for people into hostels. The review also noted that the hostel population didn't fully reflect the diversity of the borough's population.
47. Furthermore, Crisis and Shelter stated that as hostels were usually full and local housing not possible the PRS needs to be better utilised as more support was needed to increase the awareness of this sector and make it stronger. This is also consistent with a report by the London Housing Foundation⁹ which states that there is no prospect of social housing meeting all of the move-on needs of hostels and supported housing residents and hence there was a need to expand the use of the PRS. Currently only around 11 per cent of residents leaving London hostels were moving into the PRS.

R5 That the Development and Renewal Directorate commit to utilising PRS stock to its full capacity instead of using Bed and Breakfast and Hostels where possible

48. The Housing Act 2004 introduced fundamental changes to the PRS and in particular housing condition problems with the introduction of the Housing Health and Safety Rating System (HHSRS). Houses of Multiple Occupations (HMOs) were most likely to be of a health risk to tenants. According to the Council's Housing Strategy 2009-12, currently HMOs with three or more storeys and with five or more occupants are covered by the mandatory licensing scheme brought in under the 2004 Act. Smaller (non-mandatory) HMOs on social housing estates are typically ex-Right to Buy properties owned by distant landlords and sublet to private tenants. Some tenants of these properties have proven to be perpetrators of anti-social behaviour and blight in their neighbourhoods.
49. The government in January 2010¹⁰ announced new local powers to control the spread of high concentrations of shared rented homes and to tackle pockets of unsafe and substandard accommodation run by bad landlords. These new powers

⁹ Improving Access to the PRS for Homeless Single People in London, London Housing Foundation, Geoffrey Randall, March 2008

¹⁰ <http://www.communities.gov.uk/news/housing/1447621>

also include changes to the planning rules, giving local authorities the powers to manage the development of HMOs in their area, in turn helping stem the growth of large pockets of shared homes - which can change the balance and nature of communities.

50. In addition to this and as a result of the Rugg review the government has also proposed to give general consent for councils to introduce licensing schemes, without seeking permission from Central Government, in hotspot areas where landlords do not maintain or manage their properties properly. Members were keen for the Council to look into developing such landlord licensing schemes and a general consent would ensure that decisions on the quality of rented homes are made by those who are aware of the local issues and needs of the community.

R6 That the Environmental Health Team implements the new powers given to local authorities which allows the licensing of all landlords including those with Houses of Multiple Occupations (HMOs)

51. The review included a specific session which looked at the role of private landlords in the borough's PRS. At the session Members heard evidence from the National Landlords Association (NLA), Queen Mary College, the Tower Hamlets Landlords Forum and the borough's Family Rent Deposit Scheme. Also in attendance at the session were Directors of some local Landlords including Hamletts and ElliotLeigh.
52. The Tower Hamlets Landlord Forum is an essential point of contact between the Council and the PRS to enable the exchange of ideas and allow discussion between people who are promoting and developing a partnership between providers and regulators. The forum currently meets three times a year and key experts from the Council, private businesses and other landlord organisations are encouraged to contribute at the meetings.
53. Benefits of joining the forum include training and being made aware of the current government policies and legislations relating to the PRS as well as learning from other landlords experiences. In addition to this there is an opportunity to work towards accredited Continuous Professional Development points. It was discussed that bad landlords tended to be concentrated in the lower end of the PRS market and were due to their ignorance rather than not wanting to do anything and in turn just needed support and signposting, which the Landlords Forum could deliver.
54. This was echoed by David Hewitt (Shelter, Housing Development Manager) who also suggested that this was due to landlord's ignorance rather than having poor quality properties on purpose and not wanting to do anything about them. Greater information and advice was needed for both tenants and landlords. It was suggested that the role of the Council should be to engage more with landlords through advice and driving out bad landlords. A number of landlords were also not accredited which

was an issue and in turn were not aware of the basic legal responsibilities including those of health and safety.

55. Some of the issues that the Landlords Forum is currently facing include the small numbers that attend or are engaged, at present 20-30 landlords/agents attend the sessions. This is taking into consideration that 1000 invites were sent out in 2007 when the forum was launched and 100 landlords attended the first session. Members felt that more publicity should be introduced to encourage landlords to engage with the landlords Forum and in turn take up some of the accredited courses it delivers, namely the London Landlord Accredited Scheme (LLAS). Members and Officers felt that the accreditation scheme should not be just a one day course but needs to include continuous learning and development on aspects such as new government legislation.
56. Further challenges that were noted during the session included poor landlords being heard about but not seen. It was suggested that the Council should publicise a list of local landlords on its website which it endorses and are accredited, as is done by the London Borough of Newham. It was however difficult to identify how many landlords in the borough were accredited although it was estimated to be around 260.
57. As an incentive it was suggested that landlords who were accredited and seen as good landlords could be offered benefits which range from publicity in Council literature to increase awareness of and help in accessing grant or loan funding to improve the quality and energy efficiency of the PRS
58. Members discussed a points system could also be introduced where landlords who are poor and tally up a specific amount of points are struck off the list. Such a register was also supported through the Rugg Reviews summary of consultation responses compiled by the Department for Communities and Local Government. It is suggested that although the main landlord organisations expressed cautious support, housing charities such as Crisis and Shelter were strongly supportive. Furthermore, the Working Group heard that Queen Mary College also have a list of landlords which it uses with the notion if any landlord receives two complaints they are struck off the list.
59. Landlord registrations at Queen Mary College number 150 or so each year, with 40 of these being new registrations. This number has seen a 50% increase, due to the recession, to bring the total number of new landlords registering since May 2009 to 62. Queen Mary does not use any advertising medium to promote this service. Registration fees cost £20 per property per year.

The College has a database which is essential to allow students access to:

- Affordable rents
- No fees to tenants
- Better negotiated contract lengths
- Speedier response to repair issues
- Direct intervention from the Residences Office on a tenant's behalf.

60. There was a need to better use the Council's website which was seen as relatively poor compared to neighbouring boroughs such as Newham as well as the use of various local media in promoting the Landlords Forum and the benefits in attending. In addition to this it was suggested that the Council should build and develop the profile of the Forum through the use of a "*Landlord of the Year*" Award. Members suggested that this could even go one step further with the introduction of a range of housing awards which also take into consideration Registered Social Landlords and Tenants and local Leaseholder Associations.
61. The huge importance of the PRS locally was noted and the need for landlords to be involved in local decision making on a strategic level. With this it was felt that a representative from the Tower Hamlets Landlords Forum should sit on the *Great Place to Live Community Plan Delivery Group*. Members were keen for the sector to have a voice within the borough considering the contribution it makes locally as well as the possibilities around the greater use of the sector.
62. A further issue which was highlighted by the landlord's forum was that many Tower Hamlets landlords or agents operated in other local authorities and attend the Forum where they reside at rather than where their properties are. This made it difficult to engage with a number of landlords. With this, Members suggested that the Landlords Forum should explore developing a regional Landlords Forum in partnership with the other local authorities. This would not only allow greater engagement with those landlords who reside outside of the borough but would also encourage the sharing of best practice and resources amongst local authorities in order to tackle cross borough and London wide issues.

- R7 That the Tower Hamlets Landlords Forum uses local media to increase awareness of the benefits of the London Landlord Accreditation Scheme (LLAS) and publicises which local landlords are accredited and registered on its website
- R8 That the Tower Hamlets Landlords Forum and Tower Hamlets Homes publicise the Landlords Forum through the greater use of local media and an annual "*Landlord of the Year*" award
- R9 That a representative from the Tower Hamlets Landlords Forum have a standing invitation on the Great Place to Live Community Plan Delivery Group
- R10 That the Development and Renewal Directorate support private landlords access grant or loan funding to improve the quality and energy efficiency of the PRS
- R11 That the Tower Hamlets Landlords Forum takes lead in exploring the development of a regional landlord's forum

63. Members noted that discussions took place with regards to the need for a Housing Benefits Officer to be based with the Housing Advice Team, to advise on aspects of the Rent Deposit Scheme, for a few days a week although this request was turned down. However, it was later suggested that the officer may have limited work to do. Members were keen to find out why this was the case and if there was a need for an officer to be based with the Housing Advice Team, then it should potentially be looked into again.
64. Members at the session heard a number of concerns from landlords relating to the payment of Housing Benefits to them from the Council through tenants. It was highlighted that Tower Hamlets were either the only or one of a few local authorities in London who still paid housing benefits through cheques and not BACs; this had a knock on effect on landlords due to late payments.
65. Another concern included the notion that housing benefits were being paid straight to tenants through the new system, this again meant that landlords were receiving payments late. Further potential problems included when tenants were in overdraft and half of their housing benefit was taken away to pay for overdraft fines. This again had a knock on effect on landlords receiving payments. Also highlighted was that the local authority does not email its schedule of payments and this goes through the post which potentially delays things and again has an effect on landlords.
66. Members heard from the Housing Benefits Services on the current local housing benefit policies along with the national aims of the Local Housing Allowance (LHA) which included the notion of personal responsibility as part of the government's agenda to tackle the perception of "a nanny state". Furthermore, the aims of the LHA on a local level encouraged aspects such as financial inclusion through residents opening bank accounts and an improved and faster process by the housing benefit service.
67. Key aspects of LHA payments were also highlighted, in particular that the LHA should go to the tenant and not the landlord which has been made clear by government. There is however some instances where it can be paid to the landlord if the local authority consider the tenant to have difficulties in managing their affairs; however there is a requirement by the local authority to regularly review this. The local authority must pay the landlord in instances where the tenant has rent arrears of 8 weeks or more and where the Department for Work and Pensions are making deductions from any income support or jobseekers allowance to pay of rent arrears.
68. It was highlighted that Payment of LHA is through either bank cheque or BACs. The latter is now encouraged with the service producing information and advice for tenants on opening a bank account. The service is committed to moving to BACs and this is currently available to landlords as part of a phased approach. However this may create some issues with vulnerable claimants in wanting to open up a bank account. In terms of schedules the service emails this to RSLs and landlords upon

request, however this is resource intensive as the current IT system is not designed for mailing. In addition it is also a legal requirement for Council's to post a hard copy of schedules to landlords.

69. The service has a number of new initiatives in place at the moment including the use of new technology mobile tablets which are used during home visits in order to reduce the number of defective claims. The service also has future initiatives in the pipeline including the use of a new on-line claim form which would drastically reduce the current 22 day turnaround; there has also been positive feedback here from customers.

R12 The Housing Benefits Service continue moving from a process of paying housing benefits through cheques to payments through BACs

R13 The Housing Benefits Service explore the possibility of sending schedules of payment to landlords through email along with written copies to increase efficiency

R14 That the Housing Benefits Services and Housing Advice Service explore the possibility of a Benefits Officer being based within the Housing Advice Team

Conclusion

70. The PRS has been described as being very complex with many sub-divisions and in turn devising recommendations for the sector is challenging, particularly in an era where housing policy is constantly changing.
71. The Working Group recognised the good work that is already being delivered by the Council and its partners with regards to the PRS and in particular the services of the Private Sector and Affordable Housing Team, The Environmental Health Team, The Housing Benefits Services and the Homeless and Housing Advice Services.
72. In addition to these the Working Group heard from external organisations such as Tower Hamlets Homes, the National Landlords Association and Queen Mary College. Registered Social Landlords including Poplar HARCA and East Thames Housing also gave evidence. Furthermore national charities Praxis, Shelter, Crisis and Look Ahead put forward their experiences of the PRS.
73. A number of recommendations have been put forward for consideration. At the heart of these recommendations include the need to develop a new Private Sector Housing Strategy in order to understand and analyse the current status of the sector locally. The review recognised that the private sector can no longer be the sector of default but rather needs to be the sector of choice for many of our local residents. Furthermore, there was a need to move away from a policy of enforcement to one of self regulation by increasing our support for good landlords. There was a need to publicise the work of good landlords and endorse them on the Council's website. Good landlords should also be supported in accessing grant or loan funding to improve the quality and energy efficiency of their properties. Members felt that landlords should also have a greater voice by having a standing invitation on the Great Place to Live Community Plan Delivery Group.
74. With expected cuts in public services looming the Working Group suggested the urgent need to work in greater partnership with organisations who have an interest and are effected by the PRS and in particular the issues relating to Health and Housing. Members were also keen for the borough to explore developing models to see the feasibility of providing a full management service for those leaseholders that are sub-letting their properties.
75. On a final note, the Working Group hope that the recommendations of this report go some way in strengthening the PRS for the benefit of both tenants and landlords in the borough and provide a real alternative to many of the residents seeking sustainable housing in Tower Hamlets.

Scrutiny and Equalities in Tower Hamlets

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