

Private Rented Sector Update Brief to Overview and Scrutiny

PRS and links to Homelessness Agenda

The Private Rented Sector is currently the largest provider of rented accommodation in Birmingham with an estimated 80,000 properties. It provides a valuable resource for Housing within the City which must be of good standard and sustainable to prevent homelessness and poor housing conditions.

There are significant pressures within the housing market both locally and nationally, and as a result we are seeing continued increases in homelessness, rough sleeping and the use of Temporary Accommodation. Nationally there has been a 60% increase in households in temporary accommodation since March 2011, with Local Authorities spending £1.15bn on homelessness services during 2015-16. Whilst the numbers of homelessness preventions are also increasing, there remains larger numbers of households placed in temporary accommodation with 21,950 households placed in temporary accommodation outside the local authority in March 2017 (an increase of 248% since March 2011).

The private rented sector is a key provider of accommodation in the city and figures from the National Audit Office highlight that the ending of private sector tenancies has overtaken all other causes to become the biggest single driver of statutory homelessness in England and the second highest for Birmingham based on our customer information from the Housing Needs Assessments to date. The proportion of households accepted as homeless by local authorities due to the end of an assured shorthold tenancy increased from 11% during 2009-10 to 32% during 2016-17. Disrepair issues currently account for 8% of all homeless presentations and will be a contributing factor to many more cases. The city council has recently approved discharge of homelessness duties into the private rented sector and with this comes a condition that these properties are suitable and safe. The PRS Team have a significant role to play in ensuring properties are suitable.

A national survey of landlords undertaken in 2017 (Home Let) also found that 64.1% of the landlords surveyed were over 51 with majority of them aiming to liquidise their assets as part of their pension provision. This information mirrors the current situation in Birmingham where 70% of landlords in the Private Rented Sector are over 55. The impact of this over the coming 10 years is that many experienced landlords will be moving out of the market, placing further pressures on the housing sector as a whole and has the potential to see significant transfer of stock to less experienced landlords, which in turn could lead to an increased volume of issues and need for additional advice and support.

It is always important to state that Birmingham has many excellent and professional landlords that operate throughout the City. However inevitably there are also those that can be in breach of legislation.

Legislative requirements and expected demand increases

1. The Council currently has a duty to license certain private rented Houses in Multiple Occupation (HMO) under Housing Act 2004. This mandatory scheme will be extended from Oct 1st 2018 to include potentially another 2500 extra HMO's (property bed size criteria has changed) and we expect to see a significant increase in the portfolio of HMO properties requiring licences to approx. 4500 under this scheme.
2. Under the same act, the city council is exploring the application of Selective licensing schemes in certain areas of the city where there are known issues with low value, low demand and low quality private sector housing. Selective licensing requires that all landlords are licensed to ensure that their properties meet and adhere to certain standards. This will mean that only licensed landlords can rent out properties and work must be completed to meet standards if properties do not meet the license requirements. The city council is considering selective licensing in a number of key areas of the city and these proposals will be included on the forward plan as they are ready to be put forward for approval.
3. Additional Licensing can be applied to include smaller HMO's not applicable to the mandatory scheme. The city council is currently considering a range of additional licensing area and these proposals will be included on the forward plan as they are ready to be put forward for approval.

Through the legislative changes and introduction of selective and additional licensing (which is critical to improving the quality of housing in the city and in turn preventing homelessness/ tenancy breakdown), each of the above schemes has the potential to add an additional 5000 properties to the city councils licensing and inspection programme.

Following consultation with legal services further Cabinet approval will need to be obtained in order to progress these schemes. It is our intention to seek Cabinet approval in November 2018.

Additional Responsibilities

The PRS team undertake significant work in relation to preventing illegal evictions within the housing market including responding to potential harassment of PRS tenants by Landlords. As part of their work the Private Tenancy Unit provide advice to tenants and landlords on all aspects of renting and living in the private rented sector and to protect tenants from harassment and unlawful eviction through intervention, negotiation and mediation. The team will prosecute criminal landlords who break the law (e.g. under the Protection from Eviction Act 1977 and Landlord and Tenant Act 1985).

The team is a front line service for tenants reporting poor and unsafe housing conditions and is involved in enforcing the legislation to ensure homes are maintained in a decent and safe standard. The team aims to promote and improve the private rented sector as a safe and healthy place to live.

Research within the city highlighted that private tenants needing advice and assistance have very few options other than the PTU within the city council. Legal Aid is only available in limited circumstances and many other advice agencies have closed and ceased providing this support.

The empty property team deal with all aspects of empty homes within the city. These properties vary significantly in regards to their location, ownership and often cause a visual nuisance as well as being a waste of valuable housing resource at a time of significant demand for accommodation in the city. For example, issues of anti-social behaviour, crime and prostitution are known to be prevalent amongst the 5000+ long term empty homes in Birmingham. There are around 2000 empty homes cases ongoing within the service and all cases have lengthy statutory timescales associated with improvement notices and compulsory purchase orders. The service normally serves around 10-15 orders per year which result in 50% being seized from the owners and subsequently sold to new owners with a condition that the properties must be returned to use within 12 months.

The Environmental Health Officers who are based within the PRS Team also work closely with Landlord services where our own tenants take legal action against BCC for statutory nuisance which may exist at the property. This can include being expert witnesses in Section 82 disrepair cases.

Controlling Migration Fund

A new area of significant work for the team is as a result of the council's successful bid for £896,251 from the MHCLG Controlling Migration Fund which seeks to;

- Tackle the exploitation by rogue landlords in the PRS by targeting intelligence led enforcement activity by the Council, Police, Fire Service, Home Office and HMRC in key neighbourhoods where disproportionate migration is evidenced.
- Work with the Third Sector to consult local communities on development of services and support needed to enable integration of migrant communities in priority neighbourhoods.
- Commission local Third Sector and community led organisations to provide support and services identified from the local consultation.

We are currently recruiting to the 7 posts required to deliver our controlling migration fund outcomes and will provide updates through the programme plan and performance monitoring framework.

Additional risk area - Supported Housing

One of the growing concerns for the PRS team is that whilst there is significant and increasing legislation in place to support the private rented sector, there are increasing concerns around the monitoring of Registered Provider properties. Some Registered Providers can register as charities which receive enhanced payments as

part of supporting people to maintain their tenancies and fall outside of any housing legislation. The city council has very few duties or enforcement options that can be taken and as such are a growing concern throughout the City. The service, and the PTU in particular, are supporting tenants but have little real power to intervene. This is something that requires national consideration and support.

Resources

The PRS team is currently a team of 21 staff which includes 4 Environmental Health Officers, 4 Private Tenancy Unit officers, 4 empty property officers and the HMO licensing team which currently consists of 4 full time staff team. There are a small number of administrative staff who support the team.

Due to the significant budgetary pressures faced by Birmingham City Council the service has been subject to a number of service re-designs over the previous 10 years which has resulted in a significantly reduced team. The team is now solely focussed on statutory provision and is facing an increasing workload due to the increasing number of private rented sector properties that are coming under licensing legislation and in turn city council duties.

There is work underway to evaluate the current resources in the team and to look at options of improved integration since the service moved into Housing Options in April 2018.

Funding

Currently the team is financed through a mixture of General fund and Housing Revenue Account. The service has also secured additional grant fund income for Controlling Migration and generates income through license fees and charges.