

# **Opposition Priority Business: Tackling abuse in the Private Rented Sector – Council (16 July 2014)**

## **The Private Rented Sector**

It is an acknowledged fact that there is a shortage of housing in the borough and in London as a whole. There are a number of reasons for this but not least the fact that in the years of the Labour government from 1997-2010, very little investment in public or private sector housing took place. It has always been acknowledged that in the rental market there were two providers – the public sector through local authorities and/or housing associations, and the private sector comprised of individual and corporate landlords. Conservatives believe that the public sector has never been, nor indeed is it desirable for it to be, the sole provider in the rental market and that is why in recent years there has been a significant increase private sector rented housing.

This paper is concerned with the private sector. It is right to say at the outset that the vast majority of private sector landlords comply with the rules and offer a valuable service in terms of meeting the need for rented accommodation, but it has to be acknowledged that, as in every sector of the market, there is always the minority that wish to exploit the market in an unreasonable and unfair way. That is why throughout the last century and into this, there has been a plethora of legislation setting standards for private rented housing and providing local authorities with enforcement powers to ensure the standards are met. The standards covered include repair, fitness for occupation and levels of occupation. The most significant recent legislation in that regard was the Housing Act 2004 which broadly consolidated a large number of existing provisions and added one or two more, including the ability for local authorities to introduce within their areas, schemes for the licensing of private landlords. It should be noted that in general terms the licensing scheme provisions did not add any new primary requirements beyond the powers that already existed, the main difference being that local authorities would have the power to grant licences or not, and it would be illegal to let a property unless the landlord was licensed.

We note that the council has not been very proactive in applying these powers – in reply to a Freedom of Information Act question that I submitted after the Scrutiny Panel considered the Landlords' Licensing Scheme, I was told that the council had only taken formal action in 351 cases since 2005, barely 35 a year or less than one a week across the whole borough. This hardly seems like the sort of crackdown that one might have expected for what the Administration claims to be a very serious problem within the borough.

In general terms the licensing provisions have had a very small take up by local authorities across the country. At the most recent count i.e. at the end of 2013, there were just 13 schemes in England and Wales, mostly partial area schemes, with only one whole borough scheme in Newham which was introduced at the beginning of 2013. A further national scheme adopted by the Scottish government six years ago reported in 2013 that they had only managed to achieve 75% of landlords complying with licensing! It can safely be presumed that the other 25% are the very ones that need to be regulated!

The Opposition is not surprised by these figures stark as they are, because in general terms, such schemes are bureaucratic, costly to administer, and actually have no guarantee of delivering the required objective. Over and above all of those reasons, there is little point in our view in licensing or seeking to license the vast majority of landlords who cause no bother to anybody and simply go about their business of providing a service – a much needed service – to those who seek accommodation in the rented sector.

Nonetheless, it has to be recognised that the private rented sector has grown in recent years largely due to the significant under investment in public housing by the last Labour government. This has unfortunately brought with it a minority who are not living up to their responsibilities and are in effect letting houses which are not being maintained to a decent standard of repair and/or are allowing tenants to live in overcrowded conditions. This is simply not acceptable, and we unhesitatingly condemn any landlord guilty of such conduct.

The Coalition government has recently brought forward proposals aimed at tackling this small minority, without adding costly bureaucracy, more state intervention. The government announced in June a number of measures designed to deal with the problems following a consultation document that was issued at the beginning of the year to Enfield as well as other local authorities. The measures announced are :

1. All agents will be required to publish their tariff of fees both on their websites and in their offices so that tenants will know what if anything they are required to pay beyond the rent.
2. There will be unlimited fines for landlords failing to carry out their responsibilities in terms of management and repairs.
3. A new guide for tenants which will provide all the essential information that tenants require including in particular, those items which are legal obligations on landlords.
4. A new guidance for local authorities in how to tackle rogue landlords and how to press the courts for harsher penalties.
5. A legal requirement for managing agents to belong to one of three approved redress schemes namely:
  - i. The Property Ombudsman;
  - ii. The Ombudsman Property Service;
  - iii. Property Redress Scheme.
6. A new code setting out the standards for management of property.
7. A voluntary Model Tenancy Agreement which will provide for longer tenancies up to three years.

- 8 The launch of a £1 billion Build to Rent Fund, which will provide up to ten thousand new homes for renting by 2015.
- 9 The Housing Guarantee Scheme, which will support up to £10m of investment finance in large scale private rented properties, and additional affordable housing.

It is the Opposition's view that these measures combined with more rigorous enforcement by the the Council of housing law, offer a real opportunity to crack down on that small minority, and we do emphasise it is a minority of landlords who are not playing by the rules, without excessive and costly regulation such as licensing schemes, which the government has said should no longer be necessary.

It is the Opposition's view that this offers the new council an opportunity to review the decision made in the dying days of the last council to introduce a Landlords Licensing Scheme from April next year.

### **Opposition Proposals**

1. That the council embraces the moves outlined above, announced by the Coalition government.
2. That the council redoubles its efforts to use existing powers of which there are many, but principally those contained in the Housing Act of 2004, to crack down on the bad landlords.
3. That the council reconsiders the decision of its predecessor to create a licensing scheme from April 2015 on the grounds that all of the steps taken by the coalition government taken together with existing powers in the 2004 Housing Act, provide the council with adequate means of dealing with bad landlords within the borough.

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