

London Borough of Enfield

Housing Scrutiny Panel – Tuesday 22nd September 2022

Subject: Housing Gateway Ltd

Cabinet Member: Cllr Savva
Executive Director: Joanne Drew (Acting)

Purpose of Report

- 1.1 This report provides a summary of the Renters Reform White Paper and amendments to the Smoke and Carbon Monoxide Regulations 2022.

Relevance to the Council Plan

- 2.1 Good Homes in Well Connected Neighbourhoods – The White Paper seeks to improve the private rented sector. It outlines plans to provide tenants with easier routes to ensure landlords provide good quality accommodation and also further support responsible landlords with their ability to obtain possession of the property where there are good grounds.
- 2.2 The main thrust of the paper aligns to that of the Councils homelessness model which focusses on homeless prevention and strengthening the rights of the tenant.

Background

- 3.1 The Renters Reform White Paper was published on 16th June 22, the proposals in the paper outline a new private renter's bill. The Government intends to bring forward this Bill in the 2022-23 parliamentary session.
- 3.2 Central government believe that the Private Rented Sector (PRS) does not meet the needs of all residents and aim to deliver a fairer, more secure and high quality PRS by focussing on the following main points:

Safe and Decent Homes.

- 3.3 The intention is to apply similar property quality expectations to the PRS as are already applied in the social sector. The government plans to legislate to introduce a legally binding decent Homes Standard for the PRS.
- 3.4 A consultation on the details of Decent Homes Standard for the PRS has just been launched which provides the headlines for the standard:
 - a) It meets the current statutory minimum standard for housing, i.e. free from category 1 hazards.
 - b) It is in a reasonable state of repair.
 - c) It has reasonable facilities and services.

d) It provides a reasonable degree of thermal comfort.

The Government aims to halve the number of non-decent homes by 2030.

- 3.5 The paper further reiterates the government's intention for homes in the PRS sector to be upgraded to EPC band C by 2030.

Increased Security & Stability.

- 3.6 The focus of the Government is to abolish Section 21 "no-fault" evictions. Under the new system tenants will be required to give two months' notice prior to leaving a tenancy and landlords will only be able to evict a tenant in "reasonable circumstances".
- 3.7 The government plans to seek a balance between the tenant's access to a stable tenancy and the landlord's ability to manage the tenancy by reforming the grounds for possession. Notice periods will be provided for landlords wishing to sell their property. Also changes to the grounds for possession will be introduced to manage tenants in arrears and those exhibiting anti-social behaviour.

Improved Dispute Resolution.

- 3.8 The Government intends to empower tenants to challenge their landlords where standards are not being met. They plan to create a new ombudsman which will replicate the work that the Housing Ombudsman does for the social sector. The aim of the Ombudsman will be to make complaints and remediation both quicker and cheaper for tenants. The new ombudsman will have powers to compel landlords to pay compensation up to £25k.
- 3.9 The Government plans to challenge unjustified rent increases by only allowing one rent increase per year and increase the minimum notice landlords must give for a rent increase to two months.

Better Compliance and Robust Enforcement.

- 3.10 Landlords will be required by law, to join a new property portal that will allow Councils to trace and enforce landlords. The property portal will also give landlords and tenants information about their rights.
- 3.11 The court process will also be overhauled, with the aim of the ombudsman freeing up court time to deal with serious housing cases.

Smoke and Carbon Monoxide Regulations 2022

- 3.12 In May 2022 an amendment to the Smoked and Carbon Monoxide Regulations 2022 were laid in draft, before Parliament. If approved, they are expected to come in to force in Oct 2022.
- 3.13 The amendment means:

- Social landlords will be required to provide a smoke alarm on every story of their property.
 - Both social and private landlords will be required to provide carbon monoxide detectors in any room with a fixed combustion appliance (excluding gas cookers).
 - An obligation on all landlords to repair or replace any alarm found faulty.
- 3.14 It should be noted that as yet, no funding has been identified to assist with the implementation of the proposals, in particular the Local Government enforcement role. London Council's have submitted evidence to request funding to align with the implementation of the Bill.
- 3.15 In addition the White Paper does not address the main issues of affordability and supply of accommodation in the PRS. This remains one of the Council's biggest challenges and contributors to budget pressures.

Main Considerations for the Panel

- 4.1 The values of the Renters Reform White Paper align with that of the Council's Housing and Growth Strategy. The Council has a key role to play in shaping the private rented sector by the introduction of the selective licensing scheme and the continued growth of Housing Gateway Ltd (HGL).

Impact on the PRS

- 4.2 In principle reputable PRS landlords should support the introduction of the changes brought about by the Bill. In some respects, the Bill will strengthen the landlord's position in particular, reforming landlord's rights to regain their property when its fair and reasonable to do so. The introduction of a new Private Rented Property Portal will support compliant landlords and make it easier for them to understand their duties and evidence their compliance. Tenants will also have access to the information on the portal to help them make informed choices about where they choose to live. However, it is reasonable to assume that the changes will result in some increased costs to landlords i.e. improving the energy efficiency of a property to reduce hazards, such as cold and damp, and the registration for joining the landlord portal. In the last 6 months we have seen landlords exiting from the market as letting a property has become less financially rewarding and these additional elements may see this trend continue.
- 4.3 The Decent Homes Standard for the PRS is broadly consistent with the existing standard in the social rented sector. It is considered that most reputable landlords will already provide a property which meets these standards and therefore won't require any additional investment. Therefore, the introduction of Decent Homes Standard in the PRS is anticipated to have minimal impact on the sector for those landlords. However, there is a risk that some landlords may prefer to exit the market and sell their properties rather than make upgrades, or pass costs on to tenants.

- 4.4 As with most businesses there are always some sectors who fail to comply with legislation and this is also true with the PRS. Unfortunately, there are some landlords who operate in the Borough who will not comply with the legislation and continue to operate providing substandard housing. It is proposed that any breaches of the standards would be considered a criminal offence and subject to either a civil penalty or prosecution, The Council's Private Rented Housing Team will be responsible for enforcing any breaches. That said it is essential that Government provide suitable funding, powers and guidance to enable the Council to enforce noncompliance of the standard as this cannot be carried out within existing resources. There will be significant challenges for staffing the enforcement of the standards due to difficulties in recruitment and retention of experienced officers.
- 4.5 The Private Rented Housing Team are in consultation with DLUHC to discuss the details of the Decent Homes standard, specifically the enforcement of the standard to further influence the proposals.

Impact on Build to Rent

- 4.6 Build to Rent is a growing housing product within the PRS. Build to Rent are new build developments designed specifically for renting. They typically come with a range of benefits including on site management, communal spaces (roof terrace, eating space) and gyms.
- 4.7 At present there has been no mention about the Build to Rent sector in the Private Renters Bill and so it is unclear if any exemptions will be applied. The quality of this type of accommodation is typically very high and so the accommodation will already exceed the quality requirements of the Bill.

HGL's Portfolio Position

- 4.8 HGL has a portfolio of 660 owned properties and 250 leased properties which means it is one of the largest PRS landlords in the borough. HGL is well placed to meet the proposed requirements of the Renters Reform White Paper.
- 4.9 HGL's properties are renovated internally to an agreed letting standard at the initial point of acquisition. The HGL letting standard exceeds the current Decent Homes requirement applied to Social Housing and so property standards are expected to already exceed those applied in the new scheme for kitchens and bathrooms. However, in flats for example components such as roofs, external walls, plumbing and electrics that are the responsibility of the freeholder and therefore will be subject to those investment programmes which are then recharged to HGL as the leaseholder.
- 4.10 HGL only seeks to gain possession of a property if the tenants are breaching the terms of the tenancy agreement, i.e. anti-social behaviour or arrears. Therefore, the proposed change could assist HGL in making sure

its properties are available for tenants who want to abide by the tenancy agreement.

- 4.11 HGL would welcome the introduction of an ombudsman and are confident that processes and properties would stand up to scrutiny.
- 4.12 HGL is committed to no more than one rent increase per year already, as part of setting exemplary landlord standards. HGL will however, need to factor in the additional months' notice required to implement a rent increase.
- 4.13 At this stage it is not known if there will be a cost attached to joining a property portal and how much resource would be required. These factors aside, HGL have an accurate database, so the information is readily available.
- 4.14 Court reforms speeding up the process to obtain possession would be welcomed as under the current process it can take up to a year to gain possession of a property.
- 4.15 HGL already installs a smoke alarm on every story of the property and fit carbon monoxide detectors as standard. However, the new obligation to repair or replace a faulty alarm is an additional requirement and will need to be implemented via the Property inspections carried out by the Property Managers

Housing Advisory Service

- 4.16 These proposals are all welcome developments in improving the quality of properties in the private rented sector. However, for landlords, the high market value combined with the cost of improving their properties means that many are exiting the market, and this is a trend that may be expected to continue.
- 4.17 These factors have led to a shortage of the supply of privately rented properties and a rise in rent levels. Research carried out by Savills (on behalf of Capital Letters) suggests that rents have increased in Enfield by between 4% and 6%. They also found that there had been a 42% reduction in the supply of private rented properties in Enfield over the last two years.
- 4.18 These figures match the experience of the Housing Advisory Service. The supply of private rented properties at Local Housing Allowance rents has reduced by 61% over the last year

Conclusions

- 5.1 The Councils priority of "Good Homes in Well Connected Neighbourhoods" aligns with the proposals in the Renters Reform White Paper. However, funding for the Local Authority enforcement role will need to be provided and the Council will lobby to this effect.

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Appendices

N/A

Background Papers

N/A