

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT & NEIGHBOURHOOD SERVICES

TO:	HOUSING, NEIGHBOURHOODS AND LEISURE COMMITTEE		
DATE:	16 NOVEMBER 2016	AGENDA ITEM:	10
TITLE:	PRIVATE RENTED SECTOR CHARTER		
LEAD COUNCILLOR:	COUNCILLOR RICHARD DAVIES	PORTFOLIO:	HOUSING
SERVICE:	REGULATORY SERVICES	WARDS:	BOROUGHWIDE
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1.0 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to update Members on the progress made in delivering the Private Rented Sector (PRS) Charter action points.
- 1.2 The PRS Charter aims to build a common understanding of values, standards and requirements for the private rented sector. It further demonstrates the Council's and partners' commitment to improving the sector.

2. RECOMMENDED ACTION

- 2.1 That members note the progress made against the action of the Private Rented Sector Charter and the next steps outlined in the report.

3.0 POLICY CONTEXT

- 3.1 Following Consultation on the Charter between September and October 2015 the Housing, Neighbourhoods and Leisure Committee off 18th November 2015 approved the PRS Charter and this report provides an update on progress across services.
- 3.2 The Private Rented Sector Charter was developed around 'providing a home for those most in need' as outlined in the Corporate Plan 2015-18. A copy of the Charter is attached in appendix 1.
- 3.3 The Charter sets out the key actions that the Council will lead on to help support tenants, landlords, managing and letting agents to deliver a safe, healthy and thriving private rented sector. It promotes tenants choice and

rights, landlords taking responsibility for their properties and delivering robust and effective action where they fail to do so.

4.0 PROGRESS

4.1 The table below shows the progress against the action points in the Charter.

ACTION	PROGRESS
<p>To bring to an end unfair practices which contribute to an negative image of the private rented sector</p>	<p>Over the past 10 months a total of 65 initial Inspections of Letting Agents within the borough have been carried out to ensure they are aware of their legal obligations but in particular with regard to fees and Energy Performance Certificates (EPC)</p> <p>Press release was issued to inform public of Letting Agents obligations in relation to the above.</p> <p>Working in partnership with the 3 Government Approved Redress schemes and Right Move to help with process of Letting Agents compliance with 'The Redress Schemes for Lettings Agency and Property Management Work (Requirement to Belong to a Scheme etc.) (England) Order 2014'</p> <p>100% compliance with membership of the Redress scheme has been achieved.</p> <p>The secondment of a Trading Standards Officer into the Private Sector Housing Team has resulted in some effective working across the team and with colleagues at Reading University Housing Advice on specific cases that have turned into Business Advice or Investigations. Also working with other enforcement agencies including Illegal Money Lending Team and the National Estate Agents Team.</p>
<p>To tackle fuel poverty and improve energy efficiency in the private rented housing sector</p>	<p>The Winter Watch Scheme has been actively involved in supporting tenants in the Private Rented Sector. Over the last year 81 tenants have been visited and offered money saving advice and practical guidance about staying warm and preparing for the winter. Tenants are shown how to operate heating equipment such as gas boilers and night storage heaters. The scheme is also on hand during the winter to provide emergency heating and blankets. For private rented tenants in receipt of means tested benefits, advice is provided on warm home improvements such as loft insulation and upgraded boilers through ECO funding. The Scheme will advise both landlords and tenants on what is available.</p>

To increase the number of landlords supplying good quality private rented homes

A Pilot Street Survey of an area in West Reading was carried out in partnership with the Environmental Protection and Nuisance Team, Street Care and the local Residents Association to increase identification of substandard properties within Reading. A number of properties were identified requiring follow up work with the tenants and landlords.

The Private Sector Housing Team runs the mandatory Houses in Multiple Occupation (HMO) Licensing Scheme which deals with 1,000 properties a year. In addition the team deals with in excess of 1,500 service requests per year relating to enforcement matters.

The Housing Rent Guarantee Scheme (RGS) launched in September 2016 as a new offer to landlords based on the success of the Deposit Guarantee Scheme, which has been running since 1999. The Scheme seeks to increase access to private sector housing for those in acute housing need and contributes to raising standards in the sector. The main features of the new Scheme are guaranteed rent paid direct to the landlord in advance, and a guaranteed deposit up to the value of six weeks' rent. Since launch, the RGS has been involved in the creation of 150 tenancies within the Borough. The Deposit Guarantee Scheme continues to operate, now focussing on properties which are located just outside Reading Borough boundaries, and across the two schemes 300 households are currently accommodated. Properties on the scheme must meet required standards - every property is inspected before accepting it onto the scheme to ensure it meets legal, and health and safety standards. If work is needed on a property then the Council will advise a landlord on how to meet the standards. Advice and support provided to landlords has been increased and is key to maintaining excellent working relationships in order to raise standards of practice and accommodation and maximise opportunities for preventing homelessness.

To act against criminal landlords to protect tenants

6 landlords have been successfully prosecuted for breaches of Housing legislation with fines and costs totalling £37.7K

On-going partnership work with voluntary and community organisations to increase identification of vulnerable groups at risk from rogue landlords.

<p>To work with tenants, landlords and agents to avoid creating a crisis in tenants' lives</p> <p>Tenants and Landlords both take responsibility for the homes they let and live in</p>	<p>The Housing Advice Service will work with landlords to prevent homelessness where ever possible. The team will refer households to the floating support service commissioned by the Council in situations where they would benefit from support to pay rent and manage a tenancy. Officer's will make referrals to money advice services to maximise tenant's incomes and prevent rent arrears as well as applications for Discretionary Housing Benefit to ensure that future rental payments are made in full.</p> <p>The recently appointed Landlord Advisor within the Housing Advice Team is providing advice on a range of topics to include first time landlords, help to find tenants, early intervention to help manage tenancy issues, legal responsibilities.</p> <p>Work is on-going in developing a 'Rent with Confidence Scheme' which will be used to differentiate landlord/letting sub sectors. The scheme will be designed in consultation with the Council's Housing Advice Team, Citizens Advice, Reading Welfare Rights, Reading University and students union and Reading College, Landlords Associations & Letting Agents within Reading and other key stakeholders.</p> <p>A training programme is being developed for tenants to raise awareness of their legal rights and obligations when renting a property.</p> <p>Landlords are encouraged to attend accredited courses run by the National Landlord Association (NLA)</p>
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4.2 The most significant action resulting from the PRS Charter relates to the work with Letting and Managing Agents as follows:-

4.2.1 Letting Agents by virtue of 'The Redress Scheme for Letting Agency Work and Property Management Work (Requirement to belong to a Scheme etc.) (England) Order 2014'. There are three government approved schemes and the requirement is for Letting Agents to belong to one of these. Local Authorities can issue a fixed penalty fine of up to £5,000 to any agent found not to be a member as it is deemed a criminal offence.

Whilst the majority of the Letting Agents registered within the Borough were members of one of the redress schemes, as at the end of December 2015 all 90 agents were registered and no fixed penalty fines were issued.

This action means that landlords and tenants can gain through the redress schemes free and independent service for resolving disputes with Letting Agents which in turn improves the Private Rented market.

The local list of agents is constantly being reviewed and monitored to ensure continued compliance.

4.2.2 **Chapter 3, under Part 3 of The Consumer Rights Act 2015** relates solely to letting agents and came in to force on the 27th May 2015.

It is a legal requirement for all Letting Agents in England and Wales to publicise details of their relevant fees; state whether or not they are a member of a client money protection scheme; and give details of which redress scheme they have joined.

The penalty for breaching this legislation is a fine of up to £5,000 for each offence.

Officers have conducted 65 initial inspections of letting agents regarding their legal obligations in all aspects of their business but primarily on their obligations under the Consumer Rights Act 2015. The remaining agents will be visited over the coming months and all agents will be subject to regular monitoring to ensure ongoing compliance.

26 of the agents visited were fully compliant. 36 Letting Agents brought about compliance within the twenty eight day period afforded to them following initial inspection. 2 Letting Agents more recently visited have been given the twenty eight days to bring about compliance and will be re-visited. One agent ignored warnings and was therefore issued a Monetary Penalty for the maximum £5,000. The agent appealed to the First Tier (Property) Tribunal. The Tribunal decision found in the Council's favour and the £5,000 monetary penalty was upheld.

An early press release was published advising the public of the high non-compliance rate and what the agents' obligations actually are.

This action will mean transparency for both tenants and landlords in the fees being charged and will root out unfair and rogue practices which in turn will improve the image of the sector, increase consumer confidence and support tenants particularly those that are vulnerable and provide clarity to landlords.

5.0 NEXT STEPS

5.1 Over the next twelve months it is proposed to;

- Implement and promote a 'Reading Rent with Confidence Scheme'.
- Deliver training to tenants in Reading on their rights and obligations in relation to renting a property including promoting best practice through the promotion of the Private Rented Sector code of practice (RICS) and the Tenants Code of Practice (DCLG).
- Develop and deliver training to Landlords on their obligations.

- Work with enforcement officers and other agencies to increase knowledge in the sector and advise on fraudulent activity such as fake gas and electricity certificates.
- Continue to increase the identification of sub-standard properties. Carry out further street surveys to proactively identify substandard properties.
- Progress the 10 pending prosecutions against landlords for failure to comply with Housing Legislation.
- Rolling programme of annual inspection of Letting Agents to ensure on going membership of Redress scheme, publishing fees and compliance with EPC certificates.
- Launch a new Council-owned Housing Company which will offer responsibly managed private rented sector accommodation at market and sub-market rents. 'Homes for Reading' will increase access to safe and suitable housing for homeless households and more widely will help to improve stock condition in the private rented sector.

6.0 CONTRIBUTION TO STRATEGIC AIMS

6.1 In relation to the Council's Corporate Plan the following themes are appropriate:

Providing homes for those most in need - the PRS Charter points will result in improved housing conditions and contribute to the health, safety and welfare of residents by driving up physical and management standards in the Private Rented Sector.

Keeping the town clean, safe, green and active - the outcome of this project will reduce the impacts of enviro-crime, reported anti-social behaviour, and build community resilience.

7.0 COMMUNITY ENGAGEMENT AND INFORMATION

7.1 On-going community engagement to encourage support and further partnership working and to develop and advance actions to improve the PRS.

8.0 EQUALITY IMPACT ASSESSMENT

8.1 Not required at this time.

9.0 LEGAL IMPLICATIONS

9.1 Regulatory Compliance through The Housing Act 2004 along with other pieces of legislation allows for enforcement action to be taken against Landlords failing to provide properties to the required standards.

9.2 The Redress Schemes for Lettings Agency and Property Management Work (Requirement to Belong to a Scheme etc.) (England) Order 2014 allows for enforcement against letting agents and property management companies who do not belong to one of the approved schemes.

- 9.3 The Consumer Rights Act 2015, Chapter 3, Part 3, It is a legal requirement for all letting agents in England and Wales to publicise details of their relevant fees; state whether or not they are a member of a client money protection scheme; and give details of which redress scheme they have joined.

10.0 FINANCIAL IMPLICATIONS

- 10.1 The delivery of the action plan is funded through existing resources in the team.

BACKGROUND PAPERS

1. Private Rented Sector Charter.

Everyone is entitled to a good quality home
 To increase the number of landlords supplying good quality private rented homes
 To raise awareness of what a good quality home is and encourage landlords and agents to provide this
 To act against criminal landlords to protect tenants.
 That the private rented sector helps to meet the housing needs of Reading's residents.
 That tenants and landlords both take responsibility for the homes that they let and live in.

6	Increasing the identification and referral of sub-standard properties by working with partners and stakeholders to further develop our intelligence led approach.	RBC, Citizens advice, Reading Welfare Rights, tenants, landlords associations, lettings and managing agents, University of Reading, Reading College, RUSU
7	Establishing mechanisms to identify and target vulnerable groups most at risk from rogue landlord activity, to ensure support is focused on those in most need.	RBC, health partners, Community Care - Adults and Children's Teams, Citizens Advice, Reading Welfare Rights, tenants, landlords associations, lettings and managing agents, University of Reading, Reading College, RUSU, RNN
8	Launching a new campaign and materials to raise awareness about the advice available to landlords and tenants.	RBC, Citizens Advice, Reading Welfare Rights, tenants, landlords associations, lettings and managing agents, University of Reading, Reading College, RUSU
9	Promote best practice through the promotion of the PRS code of practice (RICS) and the Tenants Code of Practice (DCLG).	RBC, Landlords Associations, RUSU
10	Develop and promote a 'rent with confidence' scheme which will be used to differentiate landlord sub sectors.	RBC, Citizens advice, Reading Welfare Rights, tenants, landlords associations, lettings and managing agents, University of Reading, Reading College, RUSU
11	Collaborate in the delivery of further training, seeking to improve the skills and knowledge of all landlords, lettings and managing agents in Reading.	RBC, Citizens advice, Reading Welfare Rights, tenants, landlords associations, lettings and managing agents, University of Reading, Reading College, RUSU

Private Rented Sector Housing Charter

Narrowing the Gap
 Providing homes for those
 most in need



www.reading.gov.uk

This Charter sets out the Councils ambition to work in partnership to bring about effective changes in Reading's private rented housing.

The Charter is about setting out key actions that the Council will lead on to help support tenants, landlords, letting and managing agents to deliver a safe, healthy and thriving private rented sector. It promotes tenants choice and rights, landlords taking responsibility for their properties standards and delivering effective and robust action where they fail to do so.

The private rented sector is a growing sector, both locally and nationally and is the tenure of choice for some, but of last resort of others. The sector has some of the poorest standards which can impact adversely on health and the quality of life for Reading's residents.

The Charter is in response to an extensive study of the private rented sector market which has resulted in the development of an action plan. It is clear that the Council cannot act alone in improving the private rented sector and although the action plan is matched with resource, it requires everyone involved in the sector to make a contribution to ensure its success.

Shared ambitions

- Everyone is entitled to a good quality home.
- That the private rented sector helps to meet the housing needs of Reading's residents.
- That tenants and landlords both take responsibility for the homes that they let out and live in.
- To increase the number of landlords supplying good quality private rented homes.
- To raise awareness of what a good quality home is and encourage landlords and agents to provide this.
- To tackle fuel poverty and improve energy efficiency in private rented housing.
- To work with tenants, landlords and agents to increase understanding of what is a reasonable and proportionate response to a dispute.
- To act against criminal landlords to protect tenants.
- To work with tenants, landlords and agents to avoid creating a crisis in tenants' lives.
- To bring to an end unfair practices which contribute to a negative image of the private rented sector.

Shared actions

To bring to an end unfair practices which contribute to a negative image of the private rented sector.		
To work with tenants, landlords and agents to increase understanding of what is a reasonable and proportionate response to a dispute.		
To work with tenants, landlords and agents to avoid creating a crisis in tenants' lives.		
1	To review and provide support to Landlords, Lettings and Managing agents to ensure that tenants are protected from unfair practices.	RBC, Landlords associations, lettings and managing agents, University of Reading, Reading College, RUSU, RWR, CAB
2	To work with enforcement staff to increase knowledge in the sector and advise on fraudulent activity such as the issuing of 'fake certificates'.	RBC, Gas Safe, approved electrical contractors, landlords, letting agents
3	To ensure that all Lettings and Managing Agents operating within the Borough are members of a redress scheme.	RBC, approved redress schemes
4	Reviewing and developing internal systems to deal with allegations of harassment and illegal eviction, including as necessary, prosecution of landlords or their agents.	RBC
To tackle fuel poverty and improve energy efficiency in private rented housing		
5	To review the private rented sectors current position with Energy Performance Certificate compliance. The sector needs to move to a position where they meet minimum energy efficiency standards and this will impact on tenants health and work towards reducing the impacts of fuel poverty.	RBC, Landlords, lettings and managing agents.