

**Scrutiny Review**

**Of**

**Private Rented Housing**

**July 2008**

**Working Party:**

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## A FEW STATISTICS

Number of properties in the private rented housing sector: **17,000**

Number of properties estimated to be in poor condition: **about 2550 (15%)**

Yearly number of requests for council assistance with hazards or poor maintenance by landlord or letting agent: **800**

<b>GRANT</b>	<b>NO OF GRANTS AWARDED 2007-8</b>	<b>PURPOSE</b>
<b>Decent Homes Grant</b>	128	To bring a property up to the "Decent Home standard"
<b>Empty Property Grant</b>	30	To renovate empty properties to "Decent Home Standard"
<b>HMO Grant</b>	22	Mainly used for works relating to fire prevention In Houses in Multiple Occupation

Number of long-term (over 6 months) private empty properties: **2,085** (2006-7)

Number of homeless applications: **2351** (2006-7)

## THE RECOMMENDATIONS

### RECOMMENDATION 1

That the Housing Department should work with local community groups to establish communication and whistle-blowing systems, so that poor landlords may be reported anonymously to the Council, and that action may be taken to enforce decent homes standards across the borough's private rented sector.

### RECOMMENDATION 2

Having learnt from their early experience of Local Housing Allowance (LHA) administration in Croydon, that benefit staff should set up clear guidelines for early detection of rent arrears, and on how to use the Council's discretionary powers to set up direct payments to landlords, thus averting:

- eviction for tenants
- income loss for landlords
- a further reduction in the number of landlords willing to let to tenants on housing benefits.

### RECOMMENDATION 3

That training should be provided on such discretionary powers to all benefit staff involved in managing LHA claims to secure early resolution of arrears cases for the mutual benefit of tenant and landlord.

### RECOMMENDATION 4

That the Cabinet Member for Housing should lobby Central Government to bring in arrangements to license lettings agencies and to enforce a code of conduct, in order to reduce the poor practices of many agencies reported by tenants and representatives of the industry during this review.

### RECOMMENDATION 5

That the Council should provide effective training between various agencies involved in dealing with empty properties, with a view to working better together and making judicious use of all powers available to reduce the number of long-term empty properties and "uninhabitable" empty properties in the borough.

### RECOMMENDATION 6

That housing and planning officers should establish agreed systems to work together more effectively and reduce avoidable delays in refurbishing and bringing empty properties back into use.

### RECOMMENDATION 7

That empty property staff should continue to work with District Centre Management and develop effective joint working systems to make significant reductions to the number of empty properties in district centres, and to improve the appearance and vitality of such centres.

### RECOMMENDATION 8

As private landlords are becoming an increasingly important group of stakeholders in local housing provision, but have acknowledged needs which have to be catered for to strengthen partnership work with the local authority, the Council should consolidate links with landlords and build on existing good practice by providing landlords easier access to advice by telephone, e-mail, in person and online, and by promptly and effectively helping them overcome practical issues relating to tenancy relations, housing condition, benefits, etc.

## **1 - INTRODUCTION**

### **A - Why conduct this review?**

Private rented housing is an important and growing sector, providing accommodation to a wide range of groups, e.g. students, young mobile professionals, older people having sold their family home, and people who do not qualify for social housing but cannot afford to buy a home of their own. Yet this is a historically unregulated sector, which can benefit from high demand without having to provide a high quality service to attract tenants.

The working group leading on this Scrutiny review sought to ascertain how well the private sector addressed local housing needs in a climate of significant housing shortage in Greater London, and how good the condition of the private rented housing stock was. They also investigated issues from the perspective of the landlord and the role of the lettings agency.

Members familiarised themselves with Council services provided to the private rented sector, and investigated whether these were being used as effectively as possible to minimise homelessness and relieve the current housing shortage, and to provide stable and satisfactory housing provision for the local population.

### **B - Methodology**

The review was led by a working group consisting of Councillors Simon Hoar (Chair), Jane Avis, Carole Bonner, Yvette Hopley, Sue Winborn and George Filbey.

Discussions were held with:

- Housing Department officers responsible for planning and providing services in the private housing sector
- Officers managing the private sector housing benefit service and the recently introduced Local Housing Allowance
- representatives of lettings agencies locally and nationwide
- representatives of advice agencies Citizens' Advice Bureau and Croydon Housing Aid Society
- Staff procuring and providing housing and support services for individuals with special needs

A meeting was also held with MIND in Croydon to ascertain what housing problems are experienced by people with mental health problems.

Surveys were conducted with private sector tenants and with landlords, to obtain an overview of their current concerns. Findings of the tenants' survey are set out in Appendix A. Consultation with landlords only yielded 5 responses, which are discussed in the body of the report.

8 lettings agencies were also contacted by telephone to obtain an overview of the services they provide, and details of fees charged.

Information was obtained from the Department of Work and Pensions website regarding feedback on the introduction of the Local Housing Allowance in "pathfinder" boroughs involved in piloting this benefit.

## 2 - THE CURRENT PICTURE NATIONWIDE AND IN CROYDON

The number of households in England has risen by 30% in the 34 years to 2005. The increase in the proportion of households **renting in the private sector** since 1989 has been largely due to the creation of Assured Shorthold Tenancies within the Housing Act 1988. These tenancies became popular with private landlords due to the absolute right for them to gain possession without having to provide grounds for this action, which is granted by Section 21 of that Act. Croydon has the largest private housing sector in Greater London with nearly 116,000 homes. The size of the private rented housing stock is estimated to be about 17,000 dwellings. As such, it is larger than the council housing sector which comprises 14,000 properties.

Tenure	Croydon	London
Owner occupation	69%	57%
Rent from council	10%	17%
Rent from housing association	7%	9%
<b>Private rent</b>	<b>12%</b>	<b>14%</b>
Other rented	2%	3%

The ward in which the highest level of private rented housing is found is Fairfield, in the centre of Croydon, where nearly 30% of dwellings are privately rented. The following five wards contain higher than average levels of private rented housing: Croham, Addiscombe, Selhurst, West Thornton and South Norwood. Findings of the survey conducted as part of this review show a particularly large number of responses from Selhurst, Addiscombe, Thornton Heath and above all South Norwood.

Demand for private rented accommodation is currently very high, with an estimated 3 or 4 prospective tenants for every property available in Croydon. This is due in part to the low percentage of properties in the UK private rented sector, at about 11-12%, contrasting with 48% in Germany and 35% in France. Another factor is the long-term housing shortage in the country, which has been exacerbated by the current "credit crunch", freezing first-time buyers out of the home ownership market, with high property prices and very restricted access to mortgage funding.

The 2001 Census has shown levels of overcrowding in the private rented sector. 5.9% of households in private rented accommodation were overcrowded (defined as having one bedroom less than they require) and 3.1% were severely overcrowded (at least two bedrooms short). Both figures are slightly lower than the London average.

Private sector rent levels in the borough have been rising steadily over the last few years, particularly for larger size properties. Despite this, rents in Croydon remain significantly below the average for London boroughs. The 2005 figures indicate that rents in Croydon were among the lowest of all London boroughs.

Property size	2005 Average weekly rent in Croydon	2005 Average weekly rent for all London boroughs
1-bedroom	£146	£170
2-bedrooms	£178	£202
3-bedrooms	£208	£250
4-bedrooms	£277	£346

\* Source: GLA Private Sector Rents Bulletin Nov 2005

This makes the borough relatively attractive for households seeking cheaper rents and for Councils in other parts of London that are seeking to procure private rented accommodation to meet the needs of homeless households.

However, since the introduction of the new “Local Housing Allowance” for private rented housing in April 2008, some considerable rent increases have been noted as landlords have adapted rents to the level of benefit tenants are able to claim. This is particularly true of the monthly rent for a studio, which is now classified in the same bracket as a one bedroom flat, has risen from approximately £533 to over £600. Another factor which may well be contributing to rising rent levels is the rising cost of mortgages.

The findings of this Scrutiny review focus around the following issues:

- problems faced by the private tenant: financial issues, housing condition, security of tenure, people with special needs
- the landlord’s perspective
- lettings agencies
- services provided by the council within the private sector
- bringing empty properties back into use to ease the local housing shortage

### **3 - PROBLEMS FACED BY THE PRIVATE TENANT: FINANCIAL ISSUES**

#### **A - Securing a property**

There are considerable costs associated with securing a private tenancy, particularly if a lettings agency is involved in the process. With the average monthly rent of a 3 bedroom house at £1,100, the affordability of properties in the private sector has become a problem, especially to households on benefits - a message echoed by representatives of Croydon Housing Aid and the Citizens’ Advice Bureau in the course of this review. The minimum a prospective tenant is likely to be asked is one month’s deposit as well as one month in advance. Some lettings agencies will charge a deposit of six weeks’ rent, and others will require an additional fee to secure a property before it is taken up. A number of tenants who cannot afford the size of property required for their family opt to take a smaller property than what they need.

The affordability of the deposit is a significant factor in considering whether privately rented accommodation is suitable for the client. This issue was highlighted by nine respondents to the Scrutiny survey of private tenants.

Many local authorities acknowledge that the majority of their clients will need financial assistance in order to access the privately rented sector, and have made provision for this within their homelessness strategies. Most local authorities including Croydon now have tenancy deposit or bond schemes where they either pay the deposit direct to the landlord or give a guarantee to the landlord that legitimate costs of up to a set figure will be met by the scheme.

A number of housing benefit claimants are simply excluded from the private sector either through landlords not being prepared to accept benefit claimants or through housing benefit not keeping pace with increasing rents, leaving a shortfall that the tenant cannot afford to bridge.

Indeed, research published in 2006 showed that out of a sample of almost 13,000 private “to let” advertisements in local newspapers and magazines across the Local Housing Allowance “Pathfinder” areas, fewer than 10% were actually accessible for housing benefit recipients (*Reynolds, Liam, The path to success? Shelter’s research on Housing Benefit reform, Shelter, 2006*).

## **B - Paying the rent**

Private sector rent levels in the borough have been rising steadily over the last few years, particularly for larger size properties. Despite this, rents in Croydon remain significantly below the average for London boroughs. This makes the borough relatively attractive for households seeking cheaper rents and for Councils in other parts of London that are seeking to procure private rented accommodation to meet the needs of homeless households.

However, rent levels such as £1100 per month for a 3 bedroom property still represent a considerable burden for families on low incomes. In addition, factors limiting affordability in the private sector include:

- Larger families needing 4 or more bedrooms may find their rents significantly exceeding housing benefit levels
- Reduced housing benefit for those on low incomes (particularly people in receipt of incapacity benefit) or working part-time or subject to deductions for previous overpayments of benefit.
- Non-dependent deductions for other adult household members such as grown up children

In April 2008, a new type of housing benefit, for private tenants, the Local Housing Allowance, was introduced countrywide. At present, this benefit only affects tenants who have had to make a fresh claim for benefits since April.

A claimant's LHA is now calculated by comparing the number of people in the household with the number of bedrooms they need, according to set size criteria and the area in which the property is located. There will be a set maximum amount of LHA according to the bedroom size the claimant qualifies for.

It is anticipated that the introduction of the Local Housing Allowance will reduce processing times, as entitlement is calculated according to the tenants' housing needs rather than the characteristics of the rented property. However, concerns have been expressed regarding the fact that benefits should be sent to the tenants, not the landlords. Some tenants' benefit may be swallowed up in any overdraft on their accounts, thus making them unable to pay their monthly rent. In contrast, a comment in favour of this new arrangement was that this would provide tenants with an opportunity to gain a better understanding of their own financial affairs.

## **C - Leaving the property**

The Croydon Housing Aid Society (CHAS) and the Citizens' Advice Bureau (CAB) both reported that the new Tenant Deposit Schemes introduced in April 2007 have led to a significant reduction in the number of cases handled by them. Unfortunately, it was noted that if tenants still have difficulties with getting their deposits back, the use of small claims courts can be costly and long-winded for tenants on low incomes, and does not guarantee the refund of deposits

## **4 - PROBLEMS FACED BY THE PRIVATE TENANT: HOUSING CONDITION**

Housing officers reported that whilst most private housing is of good or excellent quality, a sizeable proportion is in poor condition and the worst housing conditions in the borough are in the private rented sector. The stock condition survey carried out by Fordham Research Ltd in 2002 found that the level of unfitness in the private sector, at 15%, was twice that in the



owner-occupied sector. The private rented sector accounted for 26% of all unfit dwellings in the borough. The level of unfitness was particularly high among Houses of Multiple Occupation (HMOs), where 20% were assessed as unfit. The private rented sector also shows the highest level of hazards against the Housing Health and Safety Rating System, which replaced the fitness standard and takes into account the potential hazards of a dwelling in relation to any persons using it rather than just the fabric condition of the home.

## **Energy efficiency**

The Standard Assessment Procedure (SAP) is the Government's recommended system for home energy rating. The 2002 Stock Condition Survey estimated that the SAP rating of the private sector was 44, the same as the borough average for all dwellings. However, 10% of the private rented sector has a very low SAP rating, below 20.

Appendix D provides further information on the condition of private rented accommodation in Croydon, classified by ward.

Anecdotal evidence from officers working in the private housing sector and research by the Citizens' Advice Bureau ("The tenant's dilemma: your home is at risk if you dare complain" - June 2007) suggests that many private tenants are frightened of asking their landlords to carry out repairs or addressing health and safety issues, as Section 21 of the Housing Act 1988 enables a landlord to legally end an assured shorthold tenancy agreement without producing any justification for this. Many tenants consequently dare not risk taking any action to exercise their statutory rights and are forced to continue to live in poor conditions which have a detrimental effect on their health and well-being. Any well-intentioned assistance from council officers to help with such repairs issues could also lead to eviction and to the landlord re-letting the property to another tenant without having taken steps to improve its condition.

### **RECOMMENDATION 1**

That the Housing Department should work with local community groups to establish communication and whistle-blowing systems, so that poor landlords may be reported anonymously to the Council, and that action may be taken to enforce decent homes standards across the borough's private rented sector.

## **5 - PROBLEMS FACED BY THE PRIVATE TENANT: SECURITY OF TENURE**

Since 28<sup>th</sup> February 1997, all private sector tenancies have been Assured Shorthold Tenancies (ASTs) unless otherwise stated. When an individual has an AST, Section 21 of the Housing Act 1988 gives the landlord the power to regain possession without setting out any grounds in court, and mandatory possession is awarded if the procedures are followed correctly. This power can be used to evict a tenant who has made repeated requests for works or repairs to his/her property.

In the course of this review, Members found that evictions constituted an important part of the workload of agencies providing support and information to private tenants e.g. the Council, CAB and CHAS. This situation is being exacerbated by the problems being faced by landlords in the face of rising interest rates and other mortgage charges and the resulting rise in repossessions.

Mortgage repossessions are up at present, as reported by the Croydon Housing Aid Society. The impact of this rise can either lead to the eviction of a tenant or to a former home-owner becoming homeless and needing privately rented accommodation.

The above findings show that renting a private property can represent a challenge, especially if one is on a low income and one has limited choices available. This challenge becomes even greater if one has special needs, e.g. physical or mental health problems, or drug and alcohol problems, and one finds negotiating with landlords and relevant service providers a daunting prospect. Housing support services for people with special needs are discussed further on in this report.

## **6 - THE LANDLORD'S PERSPECTIVE**

### **A - A brief profile of landlords in England**

While on the continent properties tend to be let by large companies, in England a large proportion of the private rented sector is owned by landlords who have a very small portfolio. Of the landlords involved in the nine Local Housing Allowance pilot ("pathfinder") areas before this benefit was introduced nationwide in April 2008, 80% were individuals or couples, and the average (median) portfolio size of all types of private land was 4 properties, which is the same as across the sector within England as a whole. 28% of the "pathfinder" landlords had only one property, similar to 26% nationally, and 69% had portfolios of fewer than 10 lettings (66% across the whole private rented sector).

Of the landlords responding to the Scrutiny survey of landlords, 2 owned 1-5 properties, another 2 owned 6-10 properties, and one owned 11-20 properties. The last respondent excepted, none considered their work as a landlord to be a full-time occupation. In this sense, a large number of landlords are "non-specialists" in this field.

### **B - Problems experienced by landlords**

The rental market presents landlords with a range of **financial risks**. As property prices have first soared, then started declining in late 2007, landlords have been faced with capital depreciation. In addition, mortgage costs have increased substantially. Until mid-2007, the buy-to-let market offered mortgages at 85%, sometimes 90% of the value of the property. In 2008, the situation has changed significantly, with far less generous loans and buyers having to produce 20-25% - or more - of the property value as a deposit. Interest rates are also climbing considerably: a best-buy two-year fixed-rate deal in 2006 was 5.25%. In 2008, buy-to-let rates fluctuate between 6 and 7%.

In discussions with estate agents and a representative of the Association of Residential Lettings Agencies (ARLA), it was felt that in central London at least, rental yield was in many cases lower than mortgage payments, and that many landlords had to make up shortfalls of £100-150 per month per property. This situation is particularly serious in the case of 3-4 bedroom properties, where rental income is very low in relation to mortgage payments.

These developments were echoed in concerns voiced by respondents to the Scrutiny landlords' survey: 40% stated that rising mortgage costs were a "fairly serious problem", and another 40% a "very serious problem".

As a result of **rising mortgage costs**, Croydon Housing Aid Society have reported that repossessions are up and affecting both landlords and their tenants and that this agency's case load relating to repossessions has increased significantly.

**Management fees** represent an additional expense to the landlord. This may be a significant reason why less than 50% of landlords use the services of a lettings agency. The charge and services provided vary widely: while a brief survey with local lettings agencies in Croydon revealed charges varying between 10 and 15% of rents received, it was revealed that negotiation can bring such charges down to 8% with some agencies.

**Housing benefits** represent a continuing challenge to landlords. 60% of comments made by landlords responding to the Scrutiny survey related to housing benefit problems of one kind or another. Indeed a large percentage of landlords in England decline to let their property to tenants on housing benefit: out of a sample of almost 13,000 private “to let” advertisements in local newspapers and magazines across the Local Housing Allowance “Pathfinder” areas, fewer than 10% were actually accessible to housing benefit recipients (*Reynolds, Liam, The path to success? Shelter’s research on Housing Benefit reform, Shelter, 2006*).

Findings of the survey conducted with “pathfinder landlords” showed that in the majority of cases, landlords’ reluctance to let their property to tenants on housing benefit was due to problems experienced with the housing benefit system prior to the introduction of LHA, such as delays in the claims process, housing benefit shortfalls, and what was seen as an unreliable administration of the benefit. Survey findings showed that willingness to let to housing benefit claimants could be increased if housing benefit claims were to be speeded up.

Again, this was echoed by Croydon’s landlords, some of whom expressed frustration with their inability to get through to relevant council departments to obtain housing advice and information on housing benefit. Overall, respondents to the survey stated that they made infrequent or rare use of various council departments.

The working party was concerned that the advent of the **Local Housing Allowance** may reduce rental yields by fixing local rent levels eligible for benefit regardless of the attractiveness of the property or its neighbourhood. So far, it appears that, in smaller properties at least, LHA rates are far more generous than “rent pre-determinations” (the previous way of determining the maximum amount of benefit a tenant could claim), and that landlords have raised rents in line with LHA rates - which may cause problems for individuals who are not eligible for benefits. LHA rates from April to August 2008 are shown in Appendix B.

A particular concern regarding the LHA was the introduction of payments to tenants in all but special circumstances, such as eight weeks’ rent arrears, vulnerability or a poor track record of rent payment. More than eight in ten “pathfinder landlords” responding to the DWP survey said that they preferred housing benefit to be paid directly to themselves rather than to their tenants, and almost one half of landlords who had let to tenants on housing benefit within the past two years, had made payment of the benefit directly to themselves a condition of tenancy. The introduction of LHA payments **to tenants** may encourage a number of landlords to stop renting property to individuals in receipt of this housing benefit.

In Croydon, the introduction of the LHA and the ending of direct payments to landlords raised widespread concerns: at private landlord fora held in January and June 2008, private landlords voiced their worries regarding the combined impact of delays in processing claims, tenants’ failure to pass on benefit payments once they had been made, and landlords’ inability to request benefit payments to themselves until the tenant was eight weeks in arrears. This concern was echoed in comments made by respondents to the Scrutiny survey of landlords, 80% of whom have tenants on housing benefit.

While the likelihood of abuse of the rules by tenants is relatively unlikely as it would lead to regular evictions, possible ways of forestalling such an outcome may be early communication between landlord and benefit staff in the event of non-payment, and effective systems to enable benefit staff to use discretion where a tenant has a poor payment track record.

As at June 2008, 717 new LHA cases had been set up as a result of a house move or a change of circumstances, with 556 cases being paid to the tenant, and 161 being paid to the landlord, in most cases at the tenant's request. The council then had 17,356 private tenant claims in total including the new LHA claims.

#### **RECOMMENDATION 2**

Having learnt from their early experience of LHA administration in Croydon, that benefit staff should set up clear guidelines for early detection of rent arrears, and on how to use the Council's discretionary powers to set up direct payments to landlords, thus averting:

- eviction for tenants
- income loss for landlords
- a further reduction in the number of landlords willing to let property to tenants on housing benefits

#### **RECOMMENDATION 3**

That training should be provided on such discretionary powers to all benefit staff involved in managing LHA claims to secure early resolution of arrears cases for the mutual benefit of tenant and landlord

Many landlords in England have a range of unmet **information needs**. As a consequence of lettings being a part-time occupation for many landlords, the vast majority of whom own about 4 properties, a number find it difficult to keep up to date with legislation and regulations relating to property management, benefits, etc. and anecdotal evidence suggests that some also fail to make the most of the financial opportunities open to them to maximise their incomes. Services provided by the council to bridge this information gap are discussed on pages 23-24.

The Scrutiny tenants' survey (see appendix A) showed the following tenant levels of satisfaction with landlords:

- 48 respondents were happy or very happy with their landlords
- 24 were neither happy nor unhappy
- 36 were dissatisfied or very dissatisfied

## **7 - LETTINGS AGENCIES**

Services provided by lettings agencies can vary considerably in range, quality and price.

### **A - Services to landlords**

They may be used by landlords to initiate lettings (advertising the property, arranging visits to properties, vetting tenants, setting up tenancy agreements), or to provide more extensive management services (rent collection, arranging repairs, property inspections, yearly gas and electricity checks, etc.).

8 lettings agencies operating in Croydon were contacted in the course of this review, and provided information regarding their fee for a full management service. They also stated that this amount was negotiable, depending on the difficulties involved in managing the property.

Additional evidence produced to the working group revealed that a number of lettings agencies would be prepared to negotiate lower management fees than those quoted above, of around 7-8%: three quotes were obtained, one for 7% and two for 8%.

Management fee charged to landlords	Number of lettings agencies charging this percentage
16%	1
15%	4
12%	1
10%	1
8%	1

A number of private properties let through council schemes are managed by lettings agencies on behalf of the landlord, who pays them a mutually agreed management fee, often around 15%. The Council has little involvement with these lettings agencies unless problems arise e.g. repairs issues which are left unresolved, which, are taken up by the Housing Enforcement team when reported to the Housing department by a private tenant. To date, Housing officers have reported encountering problems with only three agencies.

## **B - Services to tenants**

Tenants' feedback on satisfaction with services provided by lettings agencies varied widely (see Appendix A).

Letting agency services to tenants can come with a high charge, which compounds many tenants' problems as they endeavour to raise enough money for a deposit and one month's / six weeks' rent in advance. One estate agency contacted during this review quoted a £200 administration fee for vetting prospective tenants and setting up a tenancy agreement. Individuals are also often charged a "holding fee" to secure a property, as demand is high as a result of the ongoing housing shortage in the London area.

Where a property is managed by an agency, the agency becomes the intermediary between the tenant and the landlord, sometimes lengthening the response time between the reporting of a problem and the response, as it needs to obtain the landlord's authorisation before arranging for a repair to be carried out and paid for. Some agencies ask for a landlord's upfront authorisation of works under a certain amount of money (e.g. £200), thus speeding up response time on repairs, but this does not appear to be a very widespread practice.

A significant number of people access private rented property without resorting to a lettings agency: 34 respondents stated that they found their homes through newspaper and website adverts or through friends and family. Of the remaining 42 tenants responding to questions relating to lettings agents, 11 respondents were happy or very happy with their landlords, 18 were neither happy nor unhappy, and 13 were dissatisfied or very dissatisfied.

Feedback provided by dissatisfied tenants through the scrutiny survey included the following:

- bad service; the tenant had to pay a holding fee but others visited the property anyway
- no response to queries
- misinformed by agents and very unhelpful service in landlord's absence
- bad service and delays in getting repairs done
- "the estate agent ran off with my deposit"
- long wait to get repairs done
- "The agents tried to coax me into paying more money than the landlord was asking for"
- Repairs do not get done

At a working party meeting with representatives of lettings agencies and of the Association of Residential Lettings Agencies (ARLA), guest speakers remarked that quality of service and information provided to customers varied very widely from firm to firm, and that it would be difficult to impose any improvements as this sector was not regulated. ARLA endeavours to improve standards in this sector by providing a range of services such as training courses and a code of conduct which covers issues such as data protection and money laundering.

Representatives of lettings agencies strongly supported the idea of regulating this sector to raise standards. The Consumers, Estate Agents and Redress Act 2007 has introduced the possibility of redress in the case of property sales. However, there currently exist no regulations at all on operating as a **lettings agent** in the UK - unlike many other countries. Anyone can set up an estate agency business with no experience, no qualification or insurance, and without having to be registered or approved by a professional body or to abide by any rules or codes of conduct. The introduction of some form of professional qualification and / or mandatory professional registration prior to setting up a lettings agency could deter unscrupulous individuals from entering this sector. However, efforts made so far by the ARLA to lobby for regulation have not yielded any positive outcome.

#### **RECOMMENDATION 4**

That the Cabinet Member for Housing should lobby Central Government to bring in arrangements to license lettings agencies and to enforce a code of conduct, in order to reduce the poor practices of many agencies reported by tenants and representatives of the industry during this review.

## **8 - EMPTY PROPERTIES**

In the light of the current housing shortage, the working group sought to gain a better understanding of issues relating to empty private properties in the borough.

As at 31<sup>st</sup> March 2008, Croydon's council tax records show that there were 2085 long-term empty private properties (empty for more than six months) in the borough and 1353 which had been empty for less than 6 months. Across the South-West London Housing Partnership (comprising London boroughs of Croydon, Kingston, Lambeth, Merton, Richmond, Sutton and Wandsworth), there were 13,490 empty properties, of which 6,020 were recorded as having been empty for more than 6 months.

An examination of the list of empty properties shows that:

- District centres such as Thornton Heath and South Norwood have a significant number of empty properties (e.g. flats above shops) despite their good transport links and would experience greater vitality to these centres if the properties were occupied. In addition, South Norwood District Centre is a conservation area and could provide sought-after accommodation if empty properties above shops were upgraded by their owners - particularly as transport links will soon be significantly improved with the opening of the East London Line, with a stop at Norwood Junction.
- Areas which have attractive Victorian and Edwardian housing have a large number of empty properties (for instance, 252 were counted in Addiscombe and 425 in Thornton Heath),

- A number of blocks of flats or conversions around the borough are empty and becoming run down, and represent a considerable blight on their local neighbourhood, as they fall into disrepair and attract fly tipping, graffiti, squatting and vandalism and arson. In addition, while no hard statistical data is available for increased levels of crime and anti-social behaviour associated with empty properties, it is widely acknowledged by the police and fire service that arson and drug abuse are common risks associated with such buildings. Council records show that a number of these are owned by limited companies, some of which are out of the country and difficult to contact.
- Vacant dwellings also suppress market values of neighbouring properties and damage confidence, thus acting as a brake to further investment in such areas
- In a sample of 1662 empty Croydon properties, 53 (3%) were classified as “uninhabitable”. Owners are exempted from paying any council tax on such properties and are therefore not motivated to take action to bring them up to the Decent Home standard, to let them or to sell them. Anecdotal evidence suggests that some home owners remove essential equipment such as kitchen or bathroom fittings from their properties to render them “uninhabitable”, and leave these dwellings empty without being encumbered with any financial or other intervention from the Council.

The Council recognises the potential of bringing empty properties back into use:

- Renting or leasing homes which are currently empty would make a significant contribution to reducing homelessness in the borough (there were 2351 homeless applications in 2006-7), either through private lets, the Council’s Sponsored Tenancy scheme, or local leasing schemes
- Ensuring that a property remains occupied generally keeps it safe, in good condition and at a higher value than an empty property
- A strategic Council approach to areas with high levels of empty properties could help regenerate these areas, some of which comprise attractive streets, and attract new residents

The Council’s objectives and “tools” for dealing with empty properties are set out within the borough’s Empty Property Strategy. 2008-9 targets are to:

- Return 300 private sector empty homes back into use (BVPI 64) by March 2009
- Reduce the proportion of longer-term empty homes by 195 (10%) by March 2009
- Reduce the proportion of properties which are empty to 2.5% and empty for more than 6 months to 1% by 2016

The number of long-term empty properties as at 31<sup>st</sup> March 2008 (2085) was 37% lower than in 2005 (2860) and 48% lower than in 2004 (3097).

A wide range of approaches are used to deal with empty properties: owners are provided with advice on grants, letting and leasing, as well as a range of options for selling their property. The Council’s website is soon to be updated to make this information available electronically.

For instance, relevant owners are pointed to the “Flats Above Shops” company, which specialises in purchasing such properties, refurbishing them (the average cost of such a refurbishment being in the region of £20,000), and selling them on. Alternatively, through the Council’s property investor list, they can get in contact with developers who may purchase their property without the costly intermediary of an estate agent. Access to join the investors’ list is soon to be become available through the Council’s website.

Enforcement tools are also available, such as Compulsory Purchase Orders and Empty Property Management Orders, but are only used as a last resort as positive advice usually produces better results, and because these measures are resource-intensive.

### **Hurdles to effective reuse of empty properties**

The Housing Department faces the following hurdles in its endeavours to bring empty properties back into use:

- Obtaining the **up-to-date contact details** of a current property owner can be a protracted and labour-intensive task
- A number of property owners are **unwilling** to take any type of action regarding their property. Some simply fail to respond to council approaches or advice on letting or selling their property. Others use various strategies, such as taking advantage of rules relating to the implementation of planning applications, to delay action for years.
- This work requires effective liaison with a wide range of officers who may have some involvement with empty properties (e.g. council tax, the planning department, environmental health, etc.). **More systematic approaches to joint work** and to information sharing would be very valuable. For instance, better links with Planning officers would help to resolve delays due to planning applications pending, and to identify opportunities for local regeneration.
- Staff involved in work relating to empty property use information systems which are **incompatible or unwieldy**. Currently, council tax records of empty properties provided to manage empty properties cannot be manipulated to show the number of empty properties by length of void period, or by alphabetical street order - which would speed up work, and allow a more strategic approach.
- As a combined result of high property prices and the current “**credit crunch**”, many landlords have not found it cost-effective to take up empty property grants through the Council. In a survey by the South West London Housing Partnership in summer 2008, landlords who did not take up a grant cited the following hurdles:
  - publicity for the grant needed improving (45% of landlords who responded were not aware of the grant)
  - the cost of works required was higher than the grant available
  - funding was needed at the start of the works
  - leasing to the council or to a housing association after the completion of works was not cost-effective
  - costing more than which obliges them to lease the property to a Housing Association at rents which fall well below market rates.

As a result, the take-up of empty property grants this year has fallen by approximately 50%.



- Compulsory Purchase Orders and Empty Property Management Orders may constitute a useful tool when properties have been allowed to stand empty for a significant amount of time. However, they can involve a long-drawn process, require specialist legal skills, and be costly in terms of staff time and financial resources (the cost of CPOs can run into thousands of pounds). In addition, when an empty property is in good condition and statutory enforcement action is not required, the Council is obliged to pay compensation to the owner, which can more than double the final cost of the process.

It is acknowledged that low resources are currently devoted to this area of work within the South-West London Housing Partnership, and, as a consequence, the potential for enforcement action when all other measures have failed has not been fully developed.

### **Possible solutions**

- An improvement in information systems could have a significant impact on the management of empty properties in Croydon. A simple measure would involve Council Tax staff providing the Housing Department a list of empty properties which can be sorted according to staff needs, thus allowing a more strategic approach to managing empty properties in Croydon.

In the longer term, it may be useful to investigate and make use of synergies between computer systems used by Environmental Services, Planning Officers and empty property staff, all of whom need to keep some form of database of local properties.

- Improved links between empty property and planning staff may constitute another area for development. The importance of the Planning and Regeneration Department in bringing empty properties back into use is highlighted in the Croydon Plan:

*“The Council seeks to encourage the reuse of long-term vacant property in residential or other use to meet its housing requirements and will enable proposals for the adaptation, conversion, mixed-use schemes, or a change of use to housing”*  
(Policy H5, p. 188, Croydon Plan)

Issues which would benefit from systematic partnership working between empty property and planning staff are as follows:

- providing swift assistance to resolve any problems and delays experienced by a property owner wishing to make adaptations to a property, particularly when a property has been left empty for over six months
- regular information-sharing on areas with large numbers of empty properties which would benefit from refurbishment or regeneration, and about the strategic use of land in the borough
- where relevant, developing effective action against owners leaving their property empty and in poor condition for significant periods of time
- developing a better understanding of synergies between both services, either through discussion or training, to make better use of Croydon’s housing stock and bring empty properties back into use with as few delays as possible

- Empty property management represents a “miscellaneous” element of many different officers’ workload. Individual officers have expertise in their own fields, but no one has an understanding of the full range of legislation and powers available to deal with empty properties. In addition, officers may need added confidence to use valuable but rarely used powers, such as the use of the enforced sale, where a property owner cannot be reached, but can claim the proceeds of such a sale within 12 years of the completion date.

However, performance can be much improved when the relevant parties (e.g. staff from legal, planning, environmental health and council tax teams) gain a broader understanding of these powers, share information about their experience and tools, cherry-pick the most useful powers to use and agree a joint approach to enforcement. Joint training sessions for all staff concerned can provide an opportunity for staff to share information about their approaches and learn to make confident use of extensive legislation and powers, including the following:

- Housing Acts 1985 and 2004
- Town and Country Planning Act 1990
- Building Act 1984
- Prevention of damage by Pests Act 1949
- Empty Dwelling Management Orders
- Enforced Sales Procedure
- Environmental Protection Act 1990

Further information regarding the above is set out in Appendix D.

This type of training has been used by Kent County Council to enable staff to regenerate and bring back into use a large number of properties in declining seaside resorts.

## **Recent developments**

### **Work with Croydon’s Town Centre Management Team**

Useful contacts have recently been made between the empty property staff and Croydon’s Town Centre Management team who share concerns regarding the large number of empty and run down flats above shops, and feel that renovating, letting or selling them would significantly improve the image and vitality of Croydon’s district centres.

As this team has regular contacts with shop owners who own flats above their premises, there exists the possibility of information sharing and joint work regarding empty flats above shops. District Centre Management also hosts various local business events, where leasing, letting and funding opportunities for local landlords can be publicised. One such event was attended in July by empty property staff, who provided information and advice to local landlords, and plan to provide further publicity to local landlords via the channels used by District Centre Management.

### **Adapting empty property grants to the current financial climate**

As a result of the falling taking up of empty property grants, Housing staff now provide a new option for landlords of 2 and 3 bedroom properties: this involves a renovation grant of up to £15,000 with no minimum contribution from the landlord, and full rent receipts, at rates set by relevant Housing Associations (approximately £715 per calendar month for 2 bedroom properties, and £800 per month for 3 bedroom properties).

### **A new funding stream from the GLA**

A number of properties currently standing empty have aesthetic value and deserve to be refurbished, in order to be used to the full and to continue to enhance the local area in the long term. In recognition of this, the Mayor for London has recently launched a £60 million funding stream to assist London Boroughs to preserve buildings listed by English Heritage.

The South-West London Housing Partnership, of which Croydon is a member, has put in a bid, which will include the following features:

- a. The partnership's grant structure will prioritise larger properties suitable for families.
- b. Loans will be introduced for certain cases.
- c. The standard of work required will be above the Decent Homes standard and will specifically address sustainability and energy efficiency.
- d. More emphasis will be placed on enforcement and related interventions to bring back into use empty properties where other measures have failed; this will include a target for Compulsory Purchase Orders (CPOs) and Empty Dwelling Management Orders (EDMOs) actions.
- e. A sub-regional contract will be developed for the management of properties subject to EDMOs.
- f. There will be a physical audit of voids in order to identify the priority cases.
- g. Listed buildings, properties on the English Heritage Register of Buildings at Risk, listed buildings, voids within regeneration areas and high profile eyesore voids will be targeted and joint work undertaken with Planning Conservation Teams.
- h. Partnerships with Residential Social Landlords (RSLs) will be sought in order to provide another option for development and possible sale of empty properties.
- i. Temporary staff will be engaged to progress the project and will work across the sub-region.

The partnership will be informed of the outcome of its bid in November this year.

#### **RECOMMENDATION 5**

That the Council should provide effective training between various agencies involved in dealing with empty properties, with a view to working better together and making judicious use of all powers available to reduce the number of long-term empty properties and "uninhabitable" empty properties in the borough

#### **RECOMMENDATION 6**

That housing and planning officers should establish agreed systems to work together more effectively and reduce avoidable delays in refurbishing and bringing empty properties back into use

#### **RECOMMENDATION 7**

That empty property staff should continue to work with District Centre Management and develop effective joint working systems to make significant reductions to the number of empty properties in district centres, and improve the appearance and vitality of such centres

## 9 - COUNCIL SERVICES INVOLVING PRIVATE SECTOR RENTED HOUSING

The council provides a range of services to tenants and to landlords to minimise or resolve problems occurring in private rented homes, to make efficient use of private rented housing and to reduce the housing shortage in the borough.

The following descriptions of these services are classified as “services to tenants” and “services to landlords” according to the type of need catered for, although in many cases a particular service will address the needs of both customer groups, by providing a home to an individual, and a tenant (and an income) to a landlord.

### A - Services to tenants

#### \* Information and Advice

The **Housing Advice service** provides specialist advice on a wide range of housing issues, including advice on tenancy rights and duties, queries regarding disrepair, neighbour and noise nuisance, domestic violence, court procedures, etc. In more serious cases, and to help people to remain in their homes where it is safe and appropriate to do so, this service liaises with a wide range of council departments and outside agencies to resolve tenants’ problems. For instance,

- To provide support to tenants suffering from Domestic Violence, the team works with the Police, the Sanctuary Project, Victim Support and the Family Justice Centre to make homes safe and support legal action
- To fight anti-social behaviour, the team refers cases to Croydon’s Private Sector Racial Harassment Case Worker, Tenancy Relations Service, the Anti-social Behaviour Enforcement Team, as well as the Police, Victim Support, Youth Offending Team and Youth Inclusion Support Services.

When homelessness cannot be prevented, the team is also engaged in working with specialist agencies and referring tenants on for further support and advice, and provides advice on re-housing options in the private and voluntary sectors.

The team also provides information on landlord/tenant issues, benefit entitlement, relevant new legislation, etc, through outreach surgeries, meetings and private tenant conferences. In the first half of 2007/8, Housing Advice dealt with 256 approaches and prevented homelessness in 179 cases.

The **Tenancy Relations service** deals with the prevention of eviction, and with prosecution of criminal offences within the private rented housing sector. Much of the work focuses on preventing harassment and homelessness resulting from illegal evictions. The service dealt with 58 households threatened with unlawful evictions and harassment in the first half of 2007-8, and prevented homelessness in all cases. The service also takes action to prevent racial harassment in the borough, and successfully brought an end to this behaviour in 15 cases in the first half of 2007-8.

#### \* Accommodation

The Council uses the private sector as an important resource in addressing the shortage of affordable housing in the borough. The table on the following page shows the private housing schemes in operation in 2007-8 and the number of new cases housed during that year.

Scheme	Description	No of new cases 2007-08
"Prevention of homelessness"	Individuals seeking housing from the council and accepting opportunity of private tenancy in many cases in the long term Deposit and rent in advance paid by the Council	227
"Qualifying offer"	Homeless applicants consenting to homelessness duty being discharged into the private sector in many cases in the long term Deposit and rent in advance paid by the Council	28
"Transition tenure"	"Medium term" private tenancy (a few years) for tenants awaiting offer of social housing Deposit and rent in advance paid by the Council	23
Care leavers	Private tenancy offered to care leavers on reaching the age of 18 Deposit and rent in advance paid by the Council	64
"Croydon Rent in Advance scheme" (CRIAS)	Lettings scheme with financial support (deposit, rent in advance) for single people, many in need of occasional support Some assistance with HB issues & other problems Deposit and rent in advance paid by the Council	70 2008-9 target: 100
Sponsored Tenancy Scheme	Lettings scheme with financial support (deposit and landlord incentive) mainly for families	336

The Council is making use of approximately 2,000 private properties through a variety of schemes to help households who present as homeless or are threatened with homelessness through a range of private sector schemes, thus benefiting local residents and helping landlords to let and manage their properties. On average, the Council procures 40 properties a month through direct letting and private sector leasing. This has enabled the Housing Department to cut the use of bed and breakfast accommodation for homeless households and to meet the Government's requirement that, from April 2004, no family with dependent children be placed in B&B, except in an emergency, and then, for no longer than 6 weeks.

In these schemes, the Council's involvement contributes towards smoother co-ordination with the housing benefit division. In schemes designed for tenants in need of support, e.g. CRIAS, tenancy sustainment staff is on hand to help resolve issues re rent payments, benefit claims, and housing condition.

The shortage of social housing - there are currently approximately 10,000 households on the Housing Register - means that applicants have a very long wait for such accommodation. The Council officers access to the private sector as an alternative to social housing or as a "transition" tenure, whilst tenants await an offer of social housing. Applicant needs have been met in the private sector with support and guidance provided to both tenants and landlords to help sustain tenancies.

### \* Financial Assistance

The Council has a small budget for "discretionary housing payments" to provide private tenants with financial assistance to prevent eviction and homelessness.

## \* Housing Condition

The **Housing Enforcement Section** deals with around 800 requests for assistance from private tenants each year. The section ensures that landlords have had an opportunity to remedy problems reported by tenants before it gets involved. After an officer has inspected the property, an informal notice is sent to the landlord detailing any hazards present and the works required to remove or alleviate them. If the landlord responds at this informal stage, grant assistance is made available to carry out the works. If the landlord does not respond, or responds but does not carry out the works, a statutory notice is served, a charge is made for this and the landlord loses eligibility for grant assistance. If the landlord still fails to respond, the council carries out the works in default, the landlord is charged for the cost of the works + a 30% administration fee.

For urgent works the informal stage of the above procedure is omitted. The Council is able to serve emergency notices (which give the landlord a very short time to carry out the works), or to carry out emergency works without prior notice to the landlord.

In the last two financial years, the Council issued 439 informal notices and 134 statutory notices. The latter were mainly for dealing with Category 1 hazards in single family dwellings, under the Housing Health and Safety Rating System (HHSRS).

While the Council has the option to progress to legal action when landlords fail to comply with their legal duties to maintain their properties in good condition, it prefers to make effective use of other tools available to them to ensure that properties are improved, rather than to committing staff resources to a lengthy and time-consuming process which does not generally lead to a satisfactory outcome for tenants. To date, officers have felt no need to initiate legal action regarding failure to maintain private rented property in line with HHSRS regulations.

## \* Support for tenants with special needs

Individuals with special needs (.e.g. care leavers, vulnerable young people, people with mental health problems or drug /alcohol problems, ex-offenders) are provided with a range of services to help them obtain accommodation in the private sector, to sustain the tenancy successfully and resolve problems with rent payments, housing benefit, repairs, etc.

A large number of schemes assist individuals to select and arrange a private tenancy, e.g. the Croydon Rent In Advance Scheme (CRIAS). This type of service is also offered to care leavers, young people who have been in care and have reached the age of 18. Some schemes specialise in assisting individuals with a specific need, e.g. the Stepping Stones Trust (ex-offenders) or the Quo Vadis Trust (mental health problems). The schemes pay the deposit and rent in advance to the landlord.

“Floating support” is provided as the need arises to a large number of individuals living in privately rented accommodation, which far exceeds the number of people housed through the above-mentioned schemes, and covers a wide range of needs, which include the following:

- Help in maintaining the safety and security of the dwelling
- Help in managing finances and benefit claims
- Help in gaining access to other services
- Access to local community organisations
- Advice, advocacy and liaison
- Developing domestic/life skills
- Liaison with Probation (where applicable)
- Supervision of health and well being
- Supervision or monitoring medication (where applicable)

Altogether, such services are provided by 13 different providers around the borough, employing a total of 31 different staff.

Support is also provided by voluntary organisations such as MIND. These in turn are kept informed of new developments relating to their work through once-yearly “Inclusive forums” and service users’ forums organised by the Council.

It has long been recognised that effective access to housing and support services has been hampered by the sheer number of needs, services, providers and on-going developments one needs to keep abreast of. This problem was encountered in the course of this review when investigating the needs of people with mental health problems.

To address this acknowledged issue, the Council launched the “Support Needs Assessment and Placement (SNAP) scheme on 2 June 2008, which provides a single point of contact and assessment for housing and support needs for all vulnerable people in Croydon, who may be referred by the Council or another agency, or self-refer, particularly when publicity for this assessment scheme becomes available through libraries, GP surgeries, etc.

After assessment of housing needs, the individual concerned will be provided with a package of services from the providers who the SNAP team is best placed to address the individual’s housing and related needs. The SNAP team will liaise with service providers to make referrals using a SNAP website detailing all vacancies available on various schemes.

As there is not enough social housing available in Croydon to meet demand, the service will use the private rented sector to provide homes and has assigned a specialist worker to deal with smooth transitions from supported housing to living in a private rented home.

As it is the role of SNAP to keep abreast and make use of all service providers available in the borough, the service can also be contacted by organisations such as MIND to resolve queries on which that organisation needs to obtain up-to-date information.

## **B - Services to landlords**

### **\* Information needs**

As a consequence of property letting being a part-time activity for many landlords, many are not fully informed on their legal rights and responsibilities, fail both to manage their properties adequately and to make full use of their rights to claim a range of grants and expenses against tax, and struggle to make effective use of agencies which are available to assist them.

However, Croydon and a number of other councils are now offering a range of services to landlords to help them keep up with new legislation and regulatory changes, make the most of their properties and minimise some of the risks associated with property letting (e.g. rent arrears, maintenance and management problems)

**Landlord accreditation** is being encouraged by Croydon Council to improve good practice among landlords. Accreditation informs landlords of their responsibilities under the latest legislation and of key issues regarding property management. The Council publicises the London Landlord Accreditation Scheme (LLAS) on its website, refers landlords to the LLAS website for further information, and advertises it at its twice yearly landlord fora and in newsletters. Accreditation under the LLAS provides Croydon's landlords with reduced HMO licensing fees, access to a "decent home grant" to improve their housing stock, as well as up-to-date information on issues regarding private renting. 103 of Croydon's landlords have received accreditation in the last two years.

The Council holds a **Private Sector Landlord Forum** twice a year, each of which is attended by approximately 50 to 80 landlords, to provide information on new legislation, regulations and topical issues. Information provided on these occasions is supplemented and reinforced in regular **newsletters** to over 1,000 landlords.

#### \* **Landlord liaison**

The **Housing Advice section** liaises and negotiates with landlords and lettings agents with a view to mediating in disputes, stopping or delaying possession proceedings or extending tenancy agreements.

As stated above, the **Tenancy Relations service** deals with the prevention of eviction, and with prosecution of criminal offences within the private rented housing sector. Within this remit, it provides advice to landlords on correct procedures to follow to terminate tenancies.

Despite the availability of the above-mentioned services, feedback from the tenants' survey and contacts with landlords during this review suggest that improvements in two-way communication with the Council could provide valuable assistance to landlords and encourage more of them to work closely with housing officers to address homelessness in the borough.

Many landlords manage their properties on a part-time basis and therefore have little time to keep up to date with new developments in their field or increase their existing skills, in addition to managing and maintaining the properties on a day-to-day basis. In particular, landlords spoken to have found difficulty in accessing officers by telephone: this may discourage some from working in partnership with the Council. Yet, as has been said before, their properties constitute an increasingly important part of the local housing stock.

#### **RECOMMENDATION 8**

As private landlords are becoming an increasingly important group of stakeholders in local housing provision, but have acknowledged needs which have to be catered for to strengthen partnership work with the local authority, the Council should consolidate links with landlords and build on existing good practice by providing landlords easier access to advice by telephone, e-mail, in person and online, and by promptly and effectively helping them overcome practical issues relating to tenancy relations, housing condition, benefits, etc.



## \* Grants

In 2006-8, south-west London was allocated £6m for decent homes and £3m for empty properties, of which Croydon's share was £1m and £0.5m respectively. This was supplemented by a further £1.4 from the Council's resources.

Grants enable properties to either fully meet the decent home standard (e.g. empty property grants) or to meet specific elements such as thermal comfort and repair. Small-scale projects have involved installing safety measures into the homes of families with children under five and renewing defective drains. The Housing Department also works in partnership with the Fire Brigade and fitting smoke alarms on its behalf.

Houses in Multiple Occupation (HMOs) present particular challenges as many dwellings in this category are in poor condition, and are known to represent higher than average fire risks. The Council has introduced a new licensing scheme for HMOs, which builds on the HMO registration scheme which has been in place since 1993. It is including as wide a range of properties as possible in this scheme, e.g. converted houses as well as bedsit-type accommodation and, in partnership with the South-West London Housing Partnership, it is striving to establish the most effective way of dealing with properties found not to be "fit and proper". The Council has a small budget for about 20 HMO grants a year.

The table on the following page provides further information on grant budgets and number of grants awarded:

Type of grant	Number of grants awarded 2007-8	Budget 2007-8
Decent Homes Grant	128	£1.1m
Empty Property Grant	30	£340,000
HMO Grant	22	£80,000

Decent Homes grants were used to bring properties up to the "Decent Home Standard" and to address any hazards, particularly Category 1 hazards under the Housing Health and Safety Rating System (HHSRS). Empty property grants awarded averaged about £15,700 and were used predominantly to convert properties into flats. Owners were encouraged to put in energy efficient heating and insulation. HMO grants were mainly used for fire prevention works.

## \* Landlord Incentives

As stated above, the Council is currently using approximately 2,000 private properties through a variety of schemes to house households who are homeless or threatened with homelessness through a range of private sector schemes, thus benefiting local residents and helping landlords to let and manage their properties.

The landlord benefits from these schemes by quickly accessing a pool of prospective tenants, whose deposits are paid by the Council. In addition, where the rent is paid to a landlord rather than to his management agency (which generally charges approximately 15% of the rent for its services), the landlord receives an “incentive payment” from the Council which is calculated according to the level of demand for his type of property: an incentive payment of £300 is paid out for 3 bedroom properties, but this payment surprisingly rises to £849.99 (a full month’s rent according to 2008 Local Housing Allowance rates) for 2 bedroom properties, which are in far greater demand.

### \* Leasing schemes

The leasing schemes available to landlords owning property in Croydon have the following advantages:

1. They relieve the local housing shortage as well as homelessness by making more homes easily accessible for letting, and by providing the Council with an opportunity to assess their condition and encouraging landlords to bring them up to standard before they are leased and let.
2. They assist landlord in maximising the use of their property portfolio without onerous management and maintenance duties, and guaranteeing an income during the period of the lease - albeit at lower rates in some cases than if the landlords managed the properties themselves

Leasing schemes managed in partnership with a number of Housing Associations provide landlords with a risk-free income and relieve them of most maintenance and management responsibilities for the period of the lease. The schemes are summarised in the table below.

	<b>“Private Sector Leasing”</b>	<b>“Housing Association Leasing Scheme” (HALS)</b>	<b>“Croylease”</b>
<b>Length of lease</b>	3 years	5 years	5 years, renewable to 10 years
<b>Housing Association involved</b>	Amicus Horizon and Thames H.A.	Hyde H.A.	N/A - Leased to the Council
<b>Rent guaranteed for period of lease?</b>	Yes	Yes	Yes Landlord also has option of buy-to-let mortgage on preferential terms
<b>Other comments</b>	HHSRS inspection before leasing Gas & electricity safety certificates required	Improved (ready-to-let) and unimproved units (to be upgraded with either “Empty property” or H.A. grants) accepted	Property must be brought to Decent Home standard by landlord before leasing
<b>Number of properties leased</b>	<b>300</b>	<b>40</b>	Target: 50 *

\* 4 landlords have been signed up since the launch of Croylease. Landlords appear to be waiting for an improvement economic climate in 2008 to expand their portfolios.

## CONCLUSION

Research conducted as part of this review has shown that Croydon Council has carried out extensive work to engage with the private rented sector, and has developed a wide range of services to address the varied needs of private tenants and landlords.

However, a number of issues still remain to be addressed before private renting becomes as popular as other forms of tenure. Some issues e.g. security of tenure and licensing of lettings agencies, relate in part to national legislation. Others, such as the provision of swift solutions to practical problems experienced by landlords and tenants, are matters that the Council can help to resolve. An increased engagement in these areas may turn out to be of benefit to all parties concerned.

DRAFT

## SCRUTINY REVIEW OF PRIVATE RENTED HOUSING - SURVEY FINDINGS

132 responses were received:

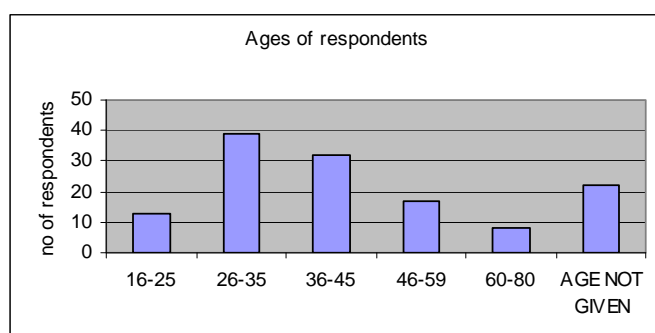
- 84 from the Council's website
- 19 from customers at the Housing Benefit reception
- 10 from customers seeking assistance from Croydon Housing Aid
- 10 from the private tenants' forum held in April 2008
- 9 from individuals handed in at the Council reception

POSTCODE	WARDS	NO OF RESPONSES
CR0	Croydon area	1
CR0 0	New Addington	1
CR0 1	Fairfield	6
CR0 2	Selhurst	13
CR0 3	Waddon, Broad Green	10
CR0 4	Waddon	2
CR0 5	Fairfield	5
CR0 6	Addiscombe	17
CR0 7	Addiscombe, Ashburton	0
CR0 8	Shirley	1
CR0 9	Fieldway (New Addington)	0
CR2	South Croydon, Croham, Heathfield, Sanderstead, Selsdon and Ballards	13
CR3	Whyteleafe	0
CR5	Coulsdon East and West	3
CR7	Thornton Heath, Bensham Manor, West Thornton	14
CR8	Purley & Kenley	5
SE19	Upper Norwood	5
SE25	South Norwood	23
SW16	Norbury	4
E6	Outside the Borough	1
Not given		8
<b>TOTAL</b>		<b>132</b>

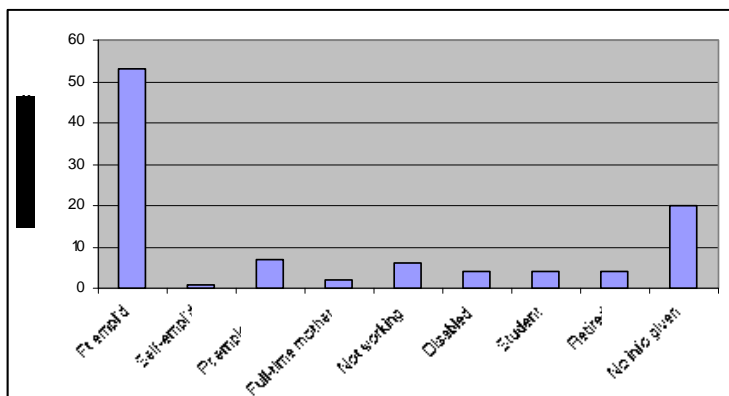
Numbers of responses by post code

### 1 - The Respondents

43 respondents stated they were male, 67 that they were female and remaining respondents did not state their gender. Respondents' ages are set out in the table below.



The majority of respondents (73) were in work, with 61 in full-time employment and 12 in part-time employment. 12 stated they were out of work.



## 2 - Year respondents moved into current accommodation

YEAR MOVED IN	NUMBER OF RESPONSES
PRE-2000	8
2000	8
2001	2
2002	6
2003	4
2004	5
<b>2005</b>	<b>12</b>
<b>2006</b>	<b>23</b>
<b>2007</b>	<b>38</b>
2008	6
<b>TOTAL ANSWERS PROVIDED</b>	<b>112</b>

## 3 - Accommodation of respondents

51% of respondents stated that they lived in a flat and 30% in a house.

NO ANSWER	10
ROOM	12
STUDIO	4
FLAT	67
HOUSE	39
TOTAL	132

## 4 - Property details

Only 6 respondents stated that they shared part of their accommodation with other households.

The average number of occupants per household was 2.4 - only 13 households had more than 2 children. The average number of bedrooms was 1.45. 4 respondents living in a flat stated that they had an open-plan kitchen and reception room. Many more dwellings on this model are being built and are coming on stream.

## 5 - Condition of rented property

GOOD CONDITION	53
BAD CONDITION	53
BLANK	26
TOTAL	132

Exactly half of the respondents to this question stated their property was in good condition, and the other half stated the opposite.

## 6 - Satisfaction with landlords and lettings agencies

52 out of 132 tenants said they found their home through an estate agency, and 11 online, some specifying that they used an estate agent's website. 21 were happy or very happy with the service provided by their lettings agent, 20 were neither happy nor unhappy, and 18 were dissatisfied.

13 respondents stated that they found their home through a newspaper advert, and 16 stated that they heard about the property they moved into through family, friends and acquaintances.

As regards tenants' satisfaction with their landlords, 48 said they were happy or very happy and 36 stated they were dissatisfied or very dissatisfied. See below for further comments on the types of problems tenants experienced.

SATISFACTION WITH LANDLORDS	
V HAPPY	14
HAPPY	34
NEITHER NOR	24
DISSATISFIED	16
VERY DISSAT	20
BLANK	24
TOTAL	132

## 7 - Types of problems reported

Respondents reported the following types of problems:

TYPE OF PROBLEM	No OF CASES
Quality of service to tenant	21
Finance	44
Condition of property	90

Problems relating to quality of service included a range of concerns regarding the landlord, including difficulties in getting a response (10 mentions) and reluctance on the part of the landlord to carry out works/repairs.

Problems relating to finance focused on housing benefit problems (11 mentions) and on finding a landlord who would accept a tenant on housing benefit (12 mentions). Very high deposits were also a cause of concern, for 16 respondents.

The survey drew a wide range of concerns regarding the condition of the properties respondents lived in. The table below the 12 most commonly mentioned problems, although there were many more, such as mice, rats and mould.

<b>PROBLEMS</b>	<b>No REPORTING THE PROBLEM</b>
Leak	5
Windows	5
Kitchen in poor cond.	5
Problems with heating	5
Bathroom in poor condition	5
Damp	7
Decoration	4
Roof in poor condition	4
Drafts / cold	4
Electrics	3
Very dirty	3
Doors in poor condition	3

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**APPENDIX B: LOCAL HOUSING ALLOWANCE RATES APRIL - AUGUST 2008 - OUTER SOUTH**

	WEEKLY RATE						MONTHLY RATE					
	Shared room	1 room dwelling	2 room dwelling	3 room dwelling	4 room dwelling	5 room dwelling	Shared room	1 room dwelling	2 room dwelling	3 room dwelling	4 room dwelling	5 room dwelling
<b>APRIL</b>	84.69	150.00	196.00	242.31	346.15	410.00	366.99	650.00	849.33	1050.01	1499.98.	1776.67
<b>MAY</b>	84.69	150.00	196.00	242.31	346.15	410.00	366.99	650.00	849.33	1050.01	1499.98.	1776.67
<b>JUNE</b>	83.08	155.77	196.15	253.85	346.15	430.96	360.01	675.00	849.98	1100.02	1499.98	1867.49
<b>JULY</b>	83.08	155.77	196.15	253.85	346.15	426.92	360.01	675.00	849.98	1100.02	1499.98	1849.99
<b>AUGUST</b>	83.08	155.77	196.15	253.85	346.15	418.46	360.01	675.00	849.98	1100.02	1499.98	1813.33

**LOCAL HOUSING ALLOWANCE RATES APRIL - AUGUST 2008 - INNER SOUTH-EAST**

	WEEKLY RATE						MONTHLY RATE					
	Shared room	1 room dwelling	2 room dwelling	3 room dwelling	4 room dwelling	5 room dwelling	Shared room	1 room dwelling	2 room dwelling	3 room dwelling	4 room dwelling	5 room dwelling
<b>APRIL</b>	95.00	173.08	213.46	276.92	380.77	461.54	411.67	750.01	924.99	1199.99	1650.00	2000.01
<b>MAY</b>	95.00	173.08	213.46	276.92	380.77	461.54	411.67	750.01	924.99	1199.99	1650.00	2000.01
<b>JUNE</b>	90.00	173.08	219.23	276.92	380.77	461.77	390.00	750.01	950.00	1199.99	1650.00	2001.00
<b>JULY</b>	86.54	173.08	219.23	276.92	391.16	461.77	375.01	750.01	950.00	1199.99	1695.03	2001.00
<b>AUGUST</b>	86.54	176.54	220.00	280.00	392.31	462.00	375.01	765.01	953.33	1213.33	1700.01	2002.00

- The following postcodes fall within the Inner South East London area: SE25 6BN, SE25 6BQ, SE25 6DP, SE25 6DU, SE25 6DR, SE25 6DS, SE25 6DT, SW16 4AA, SW16 4BT, SW16 4EU, SW16 4AD , and postcodes beginning SE19 and SW16 3
- Croydon has a small area which falls within both areas. This area contains properties which have postcodes CR7 8EH, SE25 6SU and SE25 6SX.



## APPENDIX C: A BRIEF OVERVIEW OF LEGISLATION AND REGULATIONS RELATING TO EMPTY OR HAZARDOUS BUILDINGS

LEGISLATION / REGULATION	WHAT POWERS LEGISLATION/REGULATIONS CAN CONFER
Housing Act 2004	<ul style="list-style-type: none"> <li>- Improvement Notice (s.11 and 12)</li> <li>- Prohibition Order (s. 20 and 21)</li> <li>- Hazard Awareness Notice (s.28 and 29)</li> <li>- Emergency Remedial Action (s. 40) for Category 1 (imminent) risks</li> <li>- Emergency Prohibition Order (s. 43)</li> <li>- Demolition Order (s. 265 Housing Act 1985 as amended) - Category 1</li> <li>- Clearance Area (s. 289 Housing Act 1985 as amended ) - Category 1</li> </ul>
Town and Country Planning Act 1990	<p>Section 215: land/property detrimental to the area Factors to consider:</p> <ul style="list-style-type: none"> <li>- Visible from the public domain?</li> <li>- condition of the site?</li> <li>- impact on the surrounding area?</li> </ul> <p>Section 324 and 325: power of entry: Officer authorised may enter at any reasonable time (24 hours if residential) - no need for warrant</p> <p>Section 196A-C: Justice of the Peace can grant warrant to enter (by force if necessary) - Only in case of breach of Planning Control</p>
Building Act 1984	<p>S. 79 re ruinous and dilapidated building and neglected sites</p> <ul style="list-style-type: none"> <li>• Property is seriously detrimental to the amenities of the area</li> <li>• Powers allow council to execute repair works or demolition</li> <li>• Subject to building being listed, in conservation area or covered by a preservation order</li> </ul> <p>Power of entry: Officer authorised by LA may enter after 24 hours' notice to owner (if known) and occupier (residential premises) if any</p> <p>S. 77: Dangerous or dilapidated buildings: where a building or structure is in such a condition, or is used to carry such loads as to be dangerous, the authority may apply to a magistrates' court to require the owner to undertake remedial work</p> <p>S. 78: Dangerous buildings: emergency works</p> <ul style="list-style-type: none"> <li>• Dangerous and immediate action is necessary</li> <li>• Notice must be given to owner and occupier if reasonably practicable</li> </ul>

Local Government Miscellaneous Provisions Act 1982	S. 29: Building in area unoccupied or occupier temporarily absent, and property not secured against unauthorised entry or likely to become a danger to public health
Prevention of Damage by Pest Act 1949	Section 4 where steps needed to destruct rats or mice or to keep land free of rats or mice
Empty Property Management Orders	<p>A new power under the Housing Act 2004</p> <ul style="list-style-type: none"> <li>• EDMOs bridge the gap between voluntary measures e.g. private sector leasing and existing enforcement procedures e.g. CPO</li> <li>• The property must have been vacant for a minimum of 6 months, with no prospect of the owner bringing it back into use</li> <li>• Allows the LA to take over the management of the property, but must seek authorisation from the Residential Property Tribunal</li> <li>• Interim EDMOs secure occupation with consent of proprietor</li> <li>• Final EDMOs secure occupation without the need for consent</li> </ul>
Council Tax / town and Country Planning Act 1990 Enforced Sales procedure	<ul style="list-style-type: none"> <li>• This method can be used for Council Tax Debts and other debts</li> <li>• Generally takes priority over other mortgage and private debts</li> <li>• Can be used for recovering costs of works in default carried out by the Council</li> <li>• Council Tax debt leads to liability order</li> <li>• An Interim Charging Order is obtained from County Court</li> <li>• A final Charging Order is obtained from County Court</li> <li>• Intentions are advertised in local and national press</li> <li>• An Order of Sale is instigated in accordance with standard procedure</li> <li>• Debt is recovered and rest of money paid into Court</li> </ul>