

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **HOUSING OVERVIEW & SCRUTINY COMMITTEE**

DATE: **MONDAY 23 SEPTEMBER 2013**

REPORT BY: **DIRECTOR OF COMMUNITY SERVICES**

SUBJECT: **DEVELOPING THE PRIVATE RENTED SECTOR TO
HELP MEET THE NEED FOR MORE AFFORDABLE
HOUSING**

1.00 PURPOSE OF REPORT

- 1.01 To inform Members of the work undertaken to date as part of the WLGA supported Private Rented Sector Improvement Plan.
- 1.02 To seek Members views on how the Council should work with the sector to achieve the key outcomes of growth, quality and accessibility.

2.00 BACKGROUND

2.01 The National and Local Context

Over the last 10 years the size of the private rented sector in Wales has almost doubled, to match the size of the social housing sector. It is anticipated that within the next year or so, 1 in 5 households in Wales will be renting from a private landlord. In Flintshire the levels of private rented housing is similar to the national average at 11.5%. However, there is a lower than average social rented sector at 15% compared to 17% nationally.

- 2.02 As part of its strategic housing role the Council must keep under review housing supply, demand and quality across all tenures within its area. This is therefore a Housing priority within the Flintshire Improvement Plan 2013-14. As Members will be aware the Plan states that in 2013-14 we will 'develop a strategy to grow and sustain the private rented sector.'
- 2.03 In order to support this improvement, the Council can rely on a number of pieces of evidence. This includes the Private Sector House Stock Condition Survey, the Local Housing Market Needs Assessment (LMHA) and the recently commissioned Private Rented Market Report. The latter document provides detailed information in respect of the size and growth of the sector across Flintshire over the last 3 years, along with details of property types and rental yields down to ward level. The Council also collects national and local performance indicators which support the latest intelligence of the

performance of the sector.

- 2.04 The evidence to date suggests that whilst the sector has grown in Flintshire, it remains slightly smaller than the Welsh national average and demand outstrips supply, exacerbated by the lower levels of socially rented properties.
- 2.05 The Flintshire Local Housing Strategy 2012-2017 was prepared with the above context in mind. The three key themes as you will be aware are 'more housing more choice', 'improving homes and communities' and 'better services to improve people's lives.' The work activity within this report therefore falls within the objective of 'more housing more choice.'
- 2.06 Flintshire has developed, with WLGA support, a private rented sector improvement plan. The Plan provides a framework for improvement structured around the following 5 objectives: -
- raising the profile and awareness of the private rented sector within Flintshire
 - developing a stronger corporate approach to working with the private rented sector
 - growing the sector and improving the corporate 'offer' to private rented sector landlords and owners
 - strengthening the relationship and improving communication with the private rented sector
 - improving access to private rented accommodation particularly through an enhanced social lettings approach.
- 2.07 In order to form the Plan, views were sought from the Cabinet Member for Housing, Head of Housing Services and nominated Officers from across the Council who have an involvement with the sector. The Officer's included staff from Housing Options, Housing Renewal & Strategy, Housing Enforcement and Housing Benefit. This report seeks further views from Members of Housing Overview and Scrutiny Committee and support for the approach taken to date.
- 2.08 **The rationale for further intervention in the Private Rented Sector**
- The lower number of both privately rented and socially rented properties in Flintshire will become increasingly problematic, as a highly competitive rental market will restrict access generally and particularly to those from vulnerable groups requiring support.
- 2.09 This restricted private rented sector offer is at a time when access to social housing is becoming more difficult, with significant reductions to the Welsh government Social Housing Grant (SHG) programme impacting on new build development for social rent. Partly in

recognition of this, a change to the homelessness legislation is coming forward to allow the discharge of homeless duty in to the private rented sector, expected to be rolled out in 2015, with some Welsh Council's piloting the new legislation in 2014.

2.10 Reductions in the availability of mortgage finance and the need for a large deposit have also resulted in more people seeking to rent rather than buy. The result of this is that private landlords have the ability to 'cherry pick' their tenants and may therefore overlook vulnerable groups, who may be deemed to be of greater risk. This further restricts people's housing options, particularly those with support needs and to a lesser extent those in receipt of local housing allowance.

2.11 Evidence is also emerging from the Housing Options team which bears out the above statement. It is becoming more difficult for the team to prevent homelessness and in Quarter 1 of 2013/14, 42 people were accepted as homeless with a full duty owed. This compares with Quarter 1 of 2012/13, when only 21 people were accepted as homeless. The Council has always been highly successful at preventing homelessness and this therefore supports the need to intervene to ensure more accommodation is made available.

2.12 The sector is also beginning to see the impact of welfare benefit changes. Discretionary Housing Payments (DHP) can be made available for a short fixed term period to those tenants in receipt of Housing Benefit or Council Tax Benefit and in difficulty paying their rent. During April/May 2013 there were 186 claims for DHP, which is an increase of 42% on the same period last year. This further supports the need to work much more closely with landlords if they are not to leave the LHA market, or the rental sector altogether.

2.13 **Changes which may deter the growth of the sector**

There will also be new duties and responsibilities placed on private landlords which may deter them from entering and/or remaining in the private rented market in the future. These include mandatory licensing, which is likely to come in to force during 2015. Licensing should allow Council's to better regulate the sector, with the ability to withdraw licenses from landlords, preventing them from operating in this capacity in Wales. However, licenses will attract a fee, require the owner to demonstrate that they are a 'fit and proper person' and ensure that they have undertaken the required training through Landlord Accreditation Wales. These may all act as disincentives.

2.14 A further impact on landlords is that during 2016 it will become illegal to rent out properties with an energy rating of F & G, requiring many to make further improvements to their properties. This is particularly an issue for older properties and those of solid walled construction. This is the property type most common in the private rented market in

Flintshire. This will require many landlords to improve heating systems and insulation for their tenants. Whilst this is welcome in terms of reducing fuel poverty, once again it is those at the lower end of the rental market that could be affected. Landlords could seek to increase rental yields in order to pay, or recoup the required investment, thereby exiting the Local Housing Allowance (LHA) market. In a highly competitive rental sector this would be possible in most areas of Flintshire and could lead to a further reduction in the availability of properties at LHA rents.

3.00 CONSIDERATIONS

3.01 Activities already underway

Growing the sector and improving the corporate 'offer' to private rented sector landlords and owners

- 3.02 Whilst all areas within the Plan are a priority, the need to attract more potential landlords to the sector and in to working in partnership with the Council is most urgent. To achieve this the Council's revised Private Sector Housing Renewal and Improvement Policy contains provision for supporting owners of actual and potential rented accommodation.
- 3.03 It is recognised that one of the key enablers to growing the private rented sector is the use of long term vacant properties. Flintshire currently has approximately 500 properties which have been vacant over 6 months. This figure is relatively small in the context of the estimated 22000 vacant long term vacant properties across Wales. Targeting of these properties should increase the pool of available homes. As Members will be aware, this is currently a high priority for Welsh government and additional capital resources have been provided to operate a loan scheme. This is in addition to the Flintshire grant and loan schemes which have been in operation since the approval of the Private Sector Renewal & Improvement Policy in 2012. The Schemes have supported owners to bring a number of properties back in to use, many of which are to rent at LHA rates and some have been linked in with the 'Keyring' Scheme, which offers low level support to tenants. In 2012/13 a total of 32 properties were returned to occupation through direct action by the Housing Service. The Council's Improvement Plan for 2013/14 has a target of a further 30 properties to be returned to occupation during the current year.
- 3.04 The Renewal Policy has also allowed for targeted energy efficiency investment in housing across all tenures. The Council has been proactive in its approach to the private rented sector, working with a larger portfolio landlord in a scheme area. An example of this approach is in Connah's Quay, where the Council has worked with a landlord who supports our private sector leasing scheme, thereby

ensuring some of our vulnerable tenants are protected and supporting the future use of those properties as private rented accommodation, when the legislation change around energy ratings come forward in 2016.

- 3.05 In addition a temporary Officer has been appointed to work in Housing Options to enhance the Flintshire Bond Scheme and manage and improve existing private sector arrangements. The funding for this Officer is being provided through the homeless prevention budget. The Officer will be tasked with consulting with landlords and potential landlords to see what incentives could be put in place to encourage property owners to work with the Council. It is recognised that incentives in the form of financial assistance will be severely limited in the current climate. However, incentives might include; chargeable property management services, through direct letting or a full leasing scheme; access to accommodation support through Supporting People; a competitive repairs service for private landlords through the Council's DLO and discounts on materials through the managed stores at Travis Perkins. The purpose of this report is to stimulate Member debate and further suggestions or revisions to the above list would be welcomed.
- 3.06 The Council has entered in to a small number of leases, through delegated authority, to secure temporary accommodation. This strategy began in 2005 and allowed the Council to reduce its historic reliance on bed and breakfast accommodation. The Council has also recently taken a lease on 6 two bedroom terraced properties in Flint, to support the town centre regeneration project. Private sector leasing offers the Council the opportunity to make sure that the types of properties required are available for rent, principally 2 bedroom houses and larger shared accommodation for single people. The latter type is especially valuable, as it is extremely difficult to achieve through the HRA and the current arrangement for providing secure tenancies.
- 3.07 The joining together of the Supporting People Team and the Housing Options team has been successful in ensuring that appropriate accommodation support is linked in for vulnerable groups.
- 3.08 **Accommodation Support Activity**

Month	Referral Numbers	Allocated Internally	Signposted to other agencies	Refused Support or NFA
January	15	6	9	0
February	10	6	4	0
March	8	8	0	0
April	28	17	8	3
May	34	30	3	1
June	39	27	10	2

July	69	28	39	2
August	80	13	67	0

- 3.09 As evidenced above, the numbers of people referred for support is rising as a consequence of improved targeting and links with both the income team and bond scheme. This has placed more demand on that element of the service, but is helping to ensure the sustainability of tenancies. This is vital in a private sector rental market where tenants not requiring support can easily be sourced by landlords in favour of those whose tenancies that may be at risk of failure. An Accommodation Support Officer has been appointed to work exclusively with the bond scheme for a temporary period up to 31st March to ensure that tenancy breakdown remains low. This additional resource is being funded through the Supporting People Grant. However, the Council will need to consider working much more closely with property owners to support tenancies in future.

3.10 Strengthening the relationship and improving communication with the private rented sector

As part of the Welfare Reform response the Council received specific grant funding to establish a Housing Options & Housing Benefit Liaison Officer. The main duties and responsibilities of this Officer include engaging with landlords to resolve funding problems as they arise and providing support to ensure continued letting for existing private tenants on Housing Benefit along with new tenants. This link has proved vital at a time of change to welfare benefits and the increased call for Discretionary Housing Payments (DHP).

- 3.11 The Housing Service is planning to meet with private sector landlords and consult on what they believe the Council's offer should be. The intention is to consult as widely as possible, utilising data from Housing Benefit, the housing bond team and landlords registered with the All Wales Landlord Accreditation Scheme. An open consultation will also take place through the Council's new corporate website. There is recognition that financial incentives to landlords will be limited in the current financial climate. However, there is an opportunity to work much more closely with the sector to mutual benefit, if the appetite from private landlords exists, or can be developed.

4.00 RECOMMENDATIONS

- 4.01 The Members support the Flintshire Private Rented Sector Improvement Plan.
- 4.02 That Members provide their views on how the private rented sector can be developed to help meet the key outcomes of growth, quality and accessibility.

5.00 FINANCIAL IMPLICATIONS

5.01 There are none arising out of this report

6.00 ANTI POVERTY IMPACT

6.01 The profile of the private rented sector is broadening out, with tenants across the financial spectrum. However, the impact is that some of the most vulnerable, particularly financially vulnerable are finding it increasing difficult to access the sector.

6.02 The aim of this report is to support access to private renting for all groups, thereby supporting an anti poverty impact.

7.00 ENVIRONMENTAL IMPACT

7.01 There are non arising out of this report

8.00 EQUALITIES IMPACT

8.01 Implementation of the private rented sector improvement plan should support better access to the private rented sector for all, including vulnerable groups

8.02 Policies developed as a result of the private rented sector improvement plan will undergo an Equality Impact Assessment (EIA).

9.00 PERSONNEL IMPLICATIONS

9.01 There are no immediate personnel implications arising out of this report. However, a review of duties and responsibilities, particularly those within the current bond scheme may need to be revised to support greater intervention within the private rented sector.

10.00 CONSULTATION REQUIRED

10.01 None required as a result of this report

11.00 CONSULTATION UNDERTAKEN

11.01 None required as a result of this report

12.00 APPENDICES

12.01 The Private Rented Market in Flintshire – An Evidence Base (June 2013)

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

None

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