

## All Party Parliamentary Group Housing in the North

### Inquiry – Property Standards in the North’s Private Rented Sector

#### Stakeholder Consultation - Spring 2020

#### About the All Party Parliamentary Group Housing in the North (APPG)

The APPG Housing in the North provides a forum for Parliamentarians to discuss and advance housing and related policy across the three northern regions and seeks to ensure the needs and ambitions of northern communities are addressed in national housing policy development.

As Secretariat, the Northern Housing Consortium supports the APPG in facilitating a work programme that has in recent years concentrated on the regeneration of mixed tenure communities, housing an ageing population, and the impact of poor-quality housing on health and wellbeing.

#### Inquiry Background and Objectives of Spring Consultation

The Private Rented Sector (PRS) plays a critical role in helping to meet growing demand and providing a flexible tenure choice. It is therefore essential that homes are decent and fit to live in.

To this end, the APPG Housing in the North launched their Inquiry in July 2019 to assess the scale of the problem and identify causes and solutions, focusing attention on the aspects of the sector which are representative of the northern housing market.

Three evidence gathering sessions have been held in Westminster, bringing Parliamentarians together with experts from Local Authorities, Housing Associations, and sector trade bodies representing tenants and landlords.

These formal meetings have been supplemented by the Northern Housing Consortium who have engaged throughout the year with key stakeholders. This activity has included site visits to areas of both persistent challenges and good practice in raising and enforcing housing standards, as well as providing inquiry updates to regional Local Authority Private Sector Housing Groups.

The purpose of this consultation is to:

- Share emerging findings with stakeholders and highlight the key issues from evidence.
- Work with stakeholders to develop priorities and recommendations.
- Update the Inquiry to consider homes not fit for purpose in the context of Covid-19 and the ongoing public health emergency.



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# ALL PARTY PARLIAMENTARY GROUP HOUSING IN THE NORTH

Chair: Ian Mearns MP

Vice Chairs: Kevin Hollinrake MP, Grahame Morris MP  
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### Section 1

#### The Regulatory Framework

##### Emerging Findings

- For many, the framework lacks cohesion - the disparate nature of regulation risks an increase in loopholes for rogue landlords and varying degrees of responses instead of consistency.
- Enforcing authorities report that powers are complex and costly to implement, the system relies too much on tenants acting and responsibility for standards sits in different places thereby allowing evasion.
- Landlord organisations point to the ‘burden’ of existing regulation on ‘good’ landlords and argue that more regulation, particularly in the form of registration schemes will be ineffective in identifying and tackling the worst offenders.
- A concern running throughout the Inquiry was the lack of comprehensive knowledge of who the landlords are in a local area. This contributes to rogue landlords being able to operate and makes setting up Selective Licensing schemes more difficult.
- There is evidence of a correlation between rental subsidy (either Housing Benefit or housing element of Universal Credit) and poor-quality housing and therefore poor value for money from a significant Housing Benefit bill.
- Market-led solutions such as private investment in Build to Rent don’t lift areas of market weakness in the North.

##### Consultation Questions

1. Is a ‘Root and Branch’ review of regulation needed? The aim would be to review the legislation and guidance in order to provide one set of coherent laws which is understandable by tenants and landlords/agents and the officers enforcing the legislation?
2. Should Government introduce a national landlord registration scheme?
3. If so, how should this operate e.g. landlords pass ‘fit & proper’ test, information on properties provided, property inspection ‘fit to let’, should such a database be run centrally?
4. Has the rogue landlord database been of benefit in promoting wider property standards?
5. What other sources of data do local authorities need to help identify private landlords?
6. How could MHCLG and DWP work together to secure leverage on good standards from the payment of Housing Benefit to non-decent homes in the PRS?



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## Section 2

### Consumer Reform

#### Emerging Findings

- For tenants in the North, the rented housing stock is often older, colder and more inefficient to heat -35% of all fuel poor live in privately rented homes.
- 42% of landlords not aware at the minimum EPC requirement.
- Reports of considerable barriers to tenants taking legal action against landlords – weakens use of the Homes Act 2018.
- System remains reactive despite efforts to rebalance.
- Evidence shows insecurity in tenancy linked to poor conditions - more than half of tenants who received a Section 21 eviction notice had made a complaint or request for repairs.

#### Consultation Questions

7. How could the new Renters Reform Bill be shaped to support private renters?
8. Should there be limitations on rent increases within longer tenancies, for example, linked to the Retail Price Index?
9. Will the proposals for complaints resolution work for tenants so that they can directly access redress?
10. Is there a greater role for social lettings agencies to support tenants in the private rented sector?
11. What else can be done to help tenants know their rights?

## Section 3

### Enforcement

#### Emerging Findings

- Responsibilities have increased for councils to regulate the private rented sector, but without an increase in capacity.
- The range of tools are comprehensive but full use is resource-intensive and heavily bureaucratic – this limits effective use of enforcement.
- Criticisms from landlords of a 'postcode lottery' of enforcement.
- Civil penalties welcome but in some cases penalties not enough for scale of the problems and recovery of penalties can be difficult.
- Calls for a simpler set of standards for new risk assessment (HHSRS).
- EPC data is less than 50% accurate - enforcing MEES needs up-to-date information
- Informal work such as voluntary schemes with landlords produce good results but generate no revenue.



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## Consultation Questions

12. Does funding gained from enforcement activity enable sufficient capacity to tackle poor standards?
13. Should there be higher financial penalties for the very worst landlords and property forfeiture in the worst cases?
14. Should local authorities be required to publish data on enforcement activity to show comparable enforcement levels in similar authorities?
15. Should local authorities that primarily undertake informal enforcement activity receive more upfront support for schemes? If so, should councils be required to demonstrate good outcomes?
16. What support is needed to help landlords reach the higher EPC ratings to ensure that the task of enforcing these rising standards is manageable?
17. What incentives could be available to landlords to improve housing quality?

## Enforcement continued: Selective Licensing

### Emerging Findings

- Many benefits reported from operating schemes including: providing details to many more private sector properties; to be able to act proactively; contributes towards regeneration of an area.
- Used in moderation and as a last resort. Northern authorities: 20 of 72 councils have schemes.
- Repeated calls for greater local freedom to operate schemes.
- Consensus that this is an extremely intensive process to consult and implement with significant resource implications to manage.
- Setting up SL schemes can be prohibitively expensive due to the scale of the consultation and challenges to the setting up of schemes.
- Landlords report little noticeable improvement in scheme areas.

## Consultation Questions

18. Should the Government remove the 20% cap above which local authorities must seek permission from the Secretary of State to implement selective licensing schemes?
19. Should Government consider 'implementation funding' to support councils in establishing schemes?
20. Is it necessary to have a "light touch" for authorities seeking to re-designate an area at the end of the initial 5 year period?
21. Should Government explore alternatives to judicial review as the primary method of challenging a designation?
22. How can local authorities communicate the benefits of SL schemes?



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## Section 4

### Housing Renewal

#### Emerging Findings

- The bottom end of the private rented sector is growing and in too many neighbourhoods this has become the majority tenure. This is a 'structural market failure'.
- Rental yields will cover mortgage debt but investing in quality or energy efficiency is seen as not worth the investment for many landlords with lower value properties.
- Many report that standards in some areas will not improve significantly through enforcement action alone. Even Selective Licensing won't work where poor quality is entrenched over large areas.
- Area renewal should be an alternative to Selective Licensing in some places with a business case established for demolition or refurbishment.
- Making PRS fit for the future (decarbonising) needs clarity on trajectory towards energy efficiency. Currently little compulsion to force early action and loopholes for landlords on MEES.
- Increasing recognition (underlined by public health crisis) that PRS is not fit for purpose – continued anxiety/stress for many households may undermine community resilience, more so than ever.

#### Consultation Questions

23. Is there a need for government to establish a flexible renewal funding to allow Northern towns and cities to raise the quality of the existing housing stock and reach a fit-for-future standard?
24. If so, what type of investment will be needed? For example, what form of grant funding will be needed for public sector or housing association acquisition of existing homes where the wider economic benefits are clear?
25. Is there an opportunity to build on the Town's Fund approach with devolution to local leaders and groups to determine provision for local places?
26. What other central intervention would be needed to allow the acquisition of poor quality PRS stock to be used to replenish social housing stock or to support new owner occupation? This may be particularly relevant if landlords seek to exit the market at scale.



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## Next Steps

Four consultations are being held online throughout April to allow stakeholders across the North to feed into the Inquiry:

North East: 7<sup>th</sup> April 2020, in collaboration with Sunderland City Council

Lancashire: 8<sup>th</sup> April 2020, in collaboration with Preston City Council

North West: 15<sup>th</sup> April 2020, in collaboration with Liverpool City Council

Yorkshire and the Humber: 23<sup>rd</sup> April 2020, in collaboration with City of York Council

*Please contact Liam Gregson, Northern Housing Consortium (details below) to register your attendance at one of these sessions.*

Current events permitting, the next meeting of the APPG Housing in the North is due to take place 9<sup>th</sup> June 2020, this meeting will be used to finalise and approve the Inquiry's report and recommendations to Government.

## Submission Guidelines

**The deadline for submission of written evidence is 5.00pm, 8<sup>th</sup> May 2020.**

Please note that submissions will be published unless specifically requested not to.

Please send written submissions by email with the subject 'APPG Inquiry' to Liam Gregson, Member Engagement Officer, Northern Housing Consortium:

[liam.gregson@northern-consortium.org.uk](mailto:liam.gregson@northern-consortium.org.uk)

## Further Information

The Northern Housing Consortium acts as secretariat to the Inquiry and is the main point of contact relating to this Inquiry. Please contact:

Liam Gregson

Senior Member Engagement Officer, Northern Housing Consortium

[liam.gregson@nhc.org.uk](mailto:liam.gregson@nhc.org.uk)

T: 0191 566 1034