

Item 1

LGA work programme: Private Rented Sector

Purpose of report

For discussion and direction.

Summary

The Environment and Housing Board agreed at its September 2013 meeting to develop proposals to support a modernised legal and regulatory system for the Private Rented Sector (PRS). This paper includes an update on recent policy announcements from the government and opposition and suggests areas for focus for the Board in light of these announcements.

Recommendation

Members are asked to agree the recommendations at 6.1 and 6.3.

Action

As directed by the Board.

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Background

1. The Environment and Housing Board agreed at its meeting in September 2013 to develop proposals to support a modernised legal and regulatory system for the Private Rented Sector (PRS). This paper includes an update on recent policy announcements from the government and opposition and suggests areas for focus for the Board in light of these announcements.

Issues

2. Recent announcements by both the government and the opposition during party conferences have indicated that the PRS will remain a significant issue going into the next election. The Labour Party have established a Housing Commission, chaired by Sir Michael Lyons, to consider wider issues of supply and the PRS and the government has recently announced a package of measures on the PRS via its response to the Department for Communities and Local Government (DCLG) Select Committee's Inquiry into the sector.
3. Key announcements include:
 - 3.1. **New measures to encourage longer tenancies:** The government will develop a model tenancy agreement and a tenants' charter to raise awareness of the rights and responsibilities of tenants and landlords, and enable tenants to ask for longer tenancies. The government will hold a summit with mortgage lenders on the potential for landlords to offer longer tenancies. The Labour Party has also announced an intention to investigate options to enable longer tenancies and predictable rents.
 - 3.2. **Letting and managing agents:** The Enterprise and Regulatory Reform Bill includes a power for the government to require letting and managing agents to join a redress scheme. Local Authorities will be responsible for enforcing the scheme. Labour has also considered letting agents and announced that they would introduce mandatory licensing.
 - 3.3. **Support for investment:** The £1 million build to rent scheme has identified 45 schemes and is open for a second round of applications. The government is offering £10 billion government backed guarantees to attract institutional investment. A government Private Rented Sector task force is facilitating this activity.
 - 3.4. **Licensing:** DCLG have collected evidence from councils on their experience of licensing schemes with a view to updating the current guidance. Labour has announced that they will review licensing conditions, and would be prepared to liberalise them to help councils improve standards and quality of property management.

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- 3.5. **National register of landlords:** proposed by Labour to help local authorities to identify private landlords and strike off the worst performers.
- 3.6. **Regulatory framework to monitor and enforce:** The government has rejected a widespread review of PRS legislation, but will consult on the effectiveness of the Housing Health and Rating System, the main tool for councils to assess the risk of harm from poor conditions and require improvements from the landlord. DCLG are also considering extending rent repayment orders which would require landlords to repay rent and housing benefit where a property is found to have serious hazards. DCLG will also issue advice for local authorities when presenting private sector housing prosecutions, in response to concerns raised by the LGA and the DCLG Select Committee about the low levels of fines issued by Magistrates.

LGA activity

4. The Board agreed at its meeting in September 2013 that the work plan for 2013/14 will include the development of a modernised legal and regulatory system for the Private Rented Sector fit for the 21st century, to be outlined in a Landlord and Tenant's Bill.
5. **In light of the recent announcements outlined in Section 4 which encompass many of the areas likely to have been covered under this project, the Board is asked for its views on the continuation and scope of this project.**
6. Two options are presented below for consideration:
 - 6.1. **Continue on-going engagement with the government and opposition to feed into the policy announcements outlined in paragraph 3. This might include:**
 - 6.1.1. Engage with DCLG to influence its review of the Housing Health and Safety Rating System and licensing to streamline the system and expand flexibility.
 - 6.1.2. Press for the extension of rent repayment orders in cases of a serious hazard.
 - 6.1.3. Influence the proposed DCLG tenants' charter to ensure it is clear and accessible and appropriately reflects the role of Local Authorities.
 - 6.1.4. Provide evidence to the Housing Commission on the role of Local Authorities to support the PRS.
 - 6.1.5. Support investment in the PRS via the Board's agreed project to boost housing supply. This work is being taken forward working with the Improvement and Innovation Board to develop an institutionally funded housing offer for a group of local authorities. The project will also deliver examples of housing investment partnership models and advice for local authorities on options, risks, opportunities and barriers.

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- 6.2. This option would ensure that the LGA continued to represent the views of Local Authorities on PRS issues and seek to influence government and opposition planned activity on this agenda but would not involve proactive policy development. This would therefore release capacity for the Board to reprioritise its Housing work programme.
- 6.3. **In addition to the engagement outlined at 6.1, develop a series of policy proposals to reduce red tape and cost in the current system, increase flexibility and provide effective redress when things go wrong. This should include:**
- 6.3.1. **Proposals to streamline the current regulatory system:** Working with councils, the LGA will develop a robust evidence base to examine the costs and complexities of the current regulatory system and set out a series of proposals to streamline the system and provide flexibility to respond to local issues. This should include analysis of the operation of the licensing framework for housing and proposals to reduce burdens on landlords and councils, this work would be consistent with the LGA Safer and Stronger Communities Board's work to overhaul licensing in England.
- 6.3.2. **Proposals to increase the quality of homes in the PRS and tenant confidence in the sector:** Policy development to press for the simplification of the enforcement and assessment system to promote quality housing. This could include work to press for the extension of rent repayment orders in cases of a serious hazard. In addition it should include an examination of the levels of fines levied by Magistrates in PRS prosecutions, and that those fines are returned to local areas rather than absorbed by the Treasury.

Financial Implications

7. This work can be delivered within existing budgets.