

Gloucester City Council

OVERVIEW AND SCRUTINY COMMITTEE

TASK AND FINISH GROUP

ON ACTIONS TO IMPROVE HOUSING CONDITIONS IN THE PRIVATE RENTED SECTOR



FINAL REPORT AND RECOMMENDATIONS

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CONTENTS

Section 1	Introduction
Section 2	Scoping of study
Section 3	Summary of current position
Section 4	Findings
Section 5	Conclusions
Section 6	Recommendations
Section 7	Acknowledgements

Section 1 – Introduction

Background

On the 21st July 2014, Gloucester City Council's Overview and Scrutiny Committee commissioned a Task and Finish Group study to identify actions to improve conditions in the private rented sector, particularly focusing on houses in multiple occupation (referred to in the report as HMOs).

The Task and Finish Group was formed in December 2014. The report details the purpose and process of the review, the Task and Finish Group's findings, and its recommendations.

Membership

The following cross-party Members took part in the study:-



Councillor Mary Smith
Chair



Councillor Andrew Gravells



Councillor Jim Beeley

The Group was supported by Julie Wight, Private Sector Housing Manager, Michelle Thomas, Private Sector Housing Officer, and Sonia Tucker, Democratic Services Officer.

Section 1 – Introduction (continued)

Terms of Reference (as defined in the scoping document shown in Section 2 of this report)

The agreed **ambitions** for the review were:-

‘To agree an action plan to implement proactive programmes intended to improve the worst privately rented accommodation in HMOs’

‘To agree how these improvements can be sustained into the future’

‘To identify if there is a case for additional licensing schemes’

The **anticipated outcomes** for the review were set as:-

- Improved condition of rented accommodation in HMOs in the City

Length of Study

When the terms of reference were drawn up, it was anticipated that the review would take 3-6 months. However, from the outset it became clear that time had to be allowed for the Officers to undertake their series of proactive visits in order for them to be able to report back on progress made.



To allow for this factor, the study was more protracted with meetings of the Task and Finish Group being programmed around the work of the Officers.

Overview and Scrutiny Committee was briefed on the Group's progress when Councillor Smith, Chair of the Task and Finish Group, attended their meeting on 14 September 2015 in order to give Members a verbal interim report.

Additionally, during the course of the study, there were 3 press releases issued in June, October and November of 2015 which raised the profile of the work carried out by the Private Sector Housing staff by informing the public of successful prosecutions.

Section 2 – Scoping of Study (the Terms of Reference)

SCRUTINY REVIEW – ONE PAGE STRATEGY	
Broad topic area	Private Rented Housing Councillors Smith (Chair), Councillor Gravells, Councillor Beeley
Specific topic area	Proposed Actions to Improve Housing Conditions in the Private Rented Sector
Ambitions for the review	<ul style="list-style-type: none"> • To agree an action plan to implement proactive programmes intended to improve the worst privately rented accommodation in HMOs. • To agree how these improvements can be sustained into the future. • To identify if there is a case for additional licensing schemes.
How do we perform at the moment?	Team currently works in a reactive way responding to service requests. This approach only deals with the symptoms and not the causes of poor housing.
Who should we consult?	<ul style="list-style-type: none"> • Tenants • Landlords • Other colleagues within the Council • Other authorities • Health colleagues • Local Government Association • Police • Immigration Services • Fire Service • Advice Agencies • Trading Standards • 'Turning Point' • GEAR
Background information	<ul style="list-style-type: none"> • Gloucester House Conditions Surveys 2005 and 2011 • House of Commons Communities and Local Government Committee, The Private Rented Sector. http://www.publications.parliament.uk/pa/cm201314/cmselect/cmcomloc/50/50.pdf
Support	<ul style="list-style-type: none"> • Julie Wight and Michelle Thomas, Private Sector Housing Team • Democratic Services • Legal Services • Housing enabling and Homelessness Services • Community Engagement Services
How long will it take?	3-6 months (Series of proactive inspection programmes to be implemented for one year from early 2015)
Outcomes	Improved condition of rented accommodation in HMOs in the city

Section 3 - Summary of Current Position

Introduction

The Private Sector Housing team had been aware for some time that in the City there were unlicensed HMOs and also other HMOs (that did not require a licence) that were in a poor condition, particularly in Barton and Tredworth, Westgate and Moreland wards.

Following a question from Overview and Scrutiny Committee about the condition of the private rented sector in the City, a report was submitted to Cabinet on 24 June 2014 which proposed the following options:-

- Designating an area for selective licensing and using the income to support a staff resource for continued proactive inspection projects.
- Prioritising workloads and targeting reactive work to the highest priority service requests to create capacity with the existing staff resource
- Working with legal services to ensure suitable resource is available for increased enforcement work
- Using existing HMO licence income to provide additional support for the team during the proactive programme period. Identifying unlicensed HMOs will increase income which can be re-cycled into staff resource.
- Exploring public health funding opportunities
- Using an Asset Based Community Development (ABCD) approach for dealing with neighbourhood issues by using the resources and skills within the communities as support. For example, good landlords in the target areas can provide advice and information to those landlords who do not understand the regulations around renting properties.
- Partnership working with other agencies such as the Fire Service, Immigration Authority and Trading Standards

As a result of the report it was agreed that the HMO licence income could be used to resource an additional member of staff to free up one member of the team to work entirely proactively to identify unlicensed HMOs and other HMOs in poor condition. This initiative would also include partnership working with Gloucestershire Fire and Rescue Service and other organisations where appropriate.

It was agreed that the proactive work would:-

- Improve conditions in rented accommodation in the target areas
- Establish whether there was a case for additional licensing schemes
- Identify where there were rogue landlords operating in the areas
- Publicise action to encourage further improvements
- Identify properties that have been illegally converted into HMOs or self-contained units

Section 3 - Summary of Current Position (continued)

What might the proactive work uncover?

- Unlicensed HMOs
- Poor conditions in HMOs
- Poor quality accommodation with resident landlords
- Unregulated B&Bs
- Poor quality in staff accommodation above commercial premises
- Illegal immigrants
- Vulnerable people such as exploited migrant labour, people in need of support, young vulnerable adults
- Other related issues such as environmental health, anti-social behaviour, general neglect

It was acknowledged that the project would necessitate support from the City Council's Public Protection, Neighbourhood Management, Homelessness and Building Control teams in addition to external agencies such as the Police, Fire and Rescue Service, Trading Standards and Immigration Services, and the Council's partner, One Legal

Definition of an HMO (House in multiple occupation)

An HMO is a privately rented property where there are two or more households with 3 or more individuals, except where:-

- A resident owner has up to 2 lodgers
- The property is composed of purpose built flats
- The property is composed of self-contained flats that meet current building regulations standards

A flat can be an HMO.

A household is defined as a group of related people or a couple.



Mandatory Licensing

Mandatory licensing currently only applies to HMOs that are 3 or more storeys high and accommodate 5 or more tenants where there is some degree of sharing. There are currently 168 licensed HMOs in the City and it is evident that the licensing scheme has resulted in improved housing conditions for these types of properties. Enforcement action is taken where properties identified as HMOs are not licensed.

The Private Sector Housing Team recognised at the outset that their proactive work was likely to uncover more unlicensed HMOs and would result in the requirement for further resources.

Section 4 – Findings



Introduction

This section summarises the discussions held at the Task and Finish Group meetings and the actions which were identified during these meetings.

Meeting 1 – 17 December 2014

The Group discussed the background to the study and agreed the scope of the project by completing a one page document which set out the ambitions for the review and the anticipated outcomes.

Outcomes from the meeting held on 17 December 2014

1. Julie Wight and Michelle Thomas outlined the targeted approach which the private sector housing team intended to take in order to identify areas of the City where there were particular issues with properties and landlords.
2. The Group was informed of the powers that private sector housing staff had in relation to entering properties and issuing cautions. The Group heard of the spot checks carried out at weekends which had proved successful.
3. The role of the Fire Service and Trading Standards was discussed and the Group noted that the private sector housing team had good liaison with both services.
4. The merits of the accreditation scheme for landlords was discussed, with the Group acknowledging that only the better landlords were likely to seek accreditation.
5. The Group agreed that relevant findings would be referred to the County Council's Health and Wellbeing Board, as necessary.

Section 4 – Findings (continued)

Meeting 2 – 17 February 2015

The Group welcomed the following witnesses:-

- Katherine Jenkins, Interim Chief Executive, Elim Housing (GEAR Projects)
- Steve Isaac, Solicitor, One Legal

Outcomes/Learning Points from meeting

1. Katherine Jenkins briefed the Group on the work of GEAR which had become subsumed within Elim Housing in October 2014. GEAR ran various projects in the City including 'dry' houses for those with addictions. The Group learned that GEAR received high support referrals for housing for troubled individuals who had chaotic lifestyles. After 6 months these persons were moved into private rented accommodation with a lower level of support provided by organisations 'Green Square' and 'P3' for a further 6 months. Katherine Jenkins reported that some landlords were reluctant to take on tenants from supported housing because of perceived problems associated with such tenancies. These landlords were not subject to the same scrutiny as housing associations, but tenants could use a support worker or advocate to raise concerns on their behalf.
2. As a result of the discussion with Katherine Jenkins there was recognition of how the Council's initiatives might impact negatively on vulnerable tenants who were likely to be living in the worst privately rented accommodation in the City. It was agreed that a leaflet produced by the City Council to raise tenants' awareness of poor housing conditions would be passed to Katherine Jenkins in order for it to be incorporated in briefing sessions for 'Green Square' and 'P3'.
3. There would be partnership working with Gloucestershire Fire and Rescue Service and Gloucestershire Trading Standards Service. For example, an inspection of a premises in Southgate Street revealed a fire safety issue in both the accommodation and the commercial unit below. In this case a joint approach was particularly effective in addressing the hazards for the tenants.
4. From March 2015 there would be a series of unannounced inspections in targeted wards in the City. The City Council's Homelessness Team would be on standby in case any emergency housing needs emerged from the inspections.
5. Legal support for the Private Sector Housing Team's work was also discussed at this meeting with the representative from One Legal.

Section 4 – Findings (continued)

Meeting 3 – 29 June 2015

There had been a deliberate gap since the last meeting held in February 2015 to allow the Private Sector Housing Team to carry out their programme of unannounced inspections.

Outcomes/Learning Points from meeting

1. The Group was pleased to note the recent [prosecution](#) of father and son landlords who were operating an unlicensed HMO in the Barton area of the City. This was as a direct result of the proactive work of the Private Sector Housing Team. It was agreed that further press releases would be produced to maintain public interest in the project.
2. The Private Sector Housing Officer briefed the Group on inspections she had made to 24 properties in the City. On many of these occasions she had been accompanied by a member of the Fire and Rescue Service and occasionally by a County Trading Standards Service Officer. Due to the severity of the hazards identified it had been necessary to revisit the properties several times. Below is a snapshot of just some of the properties visited.

2.1 Flat above a shop in Barton Street

Warrant granted for entry as the property was feared to be overcrowded. Poor condition, rat infested, faulty fire alarm. Believed the flat was occupied by up to 18 people. Faulty electric supply also found in shop and cellar. Prohibition order issued to limit number of occupants to 10. Electrical faults reported to Western Power.

2.2 Commercial building in Westgate Street

Discovered that premises above shop being used for residential purposes by at least 8 people. No washing facilities, poor kitchen, fire concerns. Prohibition order issued. Social services contacted as 2 young children found to be living on the premises.



Section 4 – Findings (continued)

Meeting 3 – 29 June 2015

2.3 Property in Barton Street

Warrant granted due to previous dealings with property and landlord. Poor condition, defective fire alarm, means of escape compromised by large kitchen appliances and white goods in 1st floor hallway and on 2nd floor landing, indicating the property could be overcrowded as there was not enough room or facilities in the existing kitchen. Entry gained into 3 bedrooms. 2 of the tenants had children in their rooms, a young baby and a boy aged approximately 8 years old. Although unable to access all the rooms there was evidence that at least 12 tenants were living there, making it an unlicensed HMO. Owner was very hostile and used racially abusive language.

After revisits Emergency Prohibition Order granted and owner and manager were successfully prosecuted in June 2015 for failing to register the house as an HMO. The resultant press release attracted a lot of publicity (referenced in 1. above).

The Group recommended that Officers took the necessary precautions to protect their personal safety at all times and suggested that they should carry personal alarms.



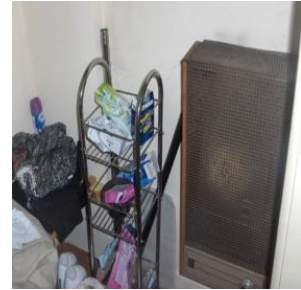
(Barton Street, Gloucester)

Section 4 – Findings (continued)

Meeting 3 – 29 June 2015

2.4 Property in Regent Street

Flats converted without planning consent or building regulations. No fire detection, fire doors and top flat has no safe means of escape. Improvement notice served.



2.5 Property in Nettleton Road

6 tenants living in property prohibited for use. Prosecution file prepared. (This led to a successful prosecution in October 2015).

2.6 Property in Eastgate Street

Nail bar with room above. Fire extinguisher out of date, hallway at rear of shop in secondary escape route blocked with cooker and fridge freezer. Fire door locked and when opened revealed obstructed by full metal gate which was chained and padlocked. Exposed asbestos ceiling in shower room. Emergency prohibition order issued. Health and Safety team also inspected shop and found damaged extraction equipment, dirty toilet and non PAT tested electrical equipment.



3. The Private Sector Housing Manager briefed the Group on the additional licensing scheme operated at Oxford City Council and noted the general consent process which Oxford had gone through, including a 10 week consultation period. The Group agreed that further information should be sought from Oxford City Council on their scheme.
4. It was agreed that further press releases would be issued to highlight the important work of the Private Sector Housing team and to maintain public interest.
5. The Chair agreed to attend Overview and Scrutiny Committee on 14 September 2015 to give the Committee an update on the Group's progress.

Section 4 – Findings (continued)

Meeting 4 – 6 January 2016

Summary of activity since the last meeting

Since the previous meeting of the Group in June 2015, the Private Sector Housing Team had continued with their programme of unannounced inspections, revisits and preparation of prosecution files.

On 14 September 2015, the Chair of the Group attended a meeting of the Overview and Scrutiny Committee to brief the Members on the Group's progress.

In October 2015 there was a successful prosecution of the owner of a property in Nettleton Road for continuing to let the property despite having been served with a Prohibition Order. This was publicised as part of a [press release](#) highlighting the Council's initiatives on 'rogue' landlords.

In November 2015, the owner of a house in Barton Street was successfully prosecuted for failing to manage the property and for failing to provide gas and electrical safety certificates to the Council. This case received good publicity when it was [reported](#) in the press.



Section 4 – Findings (continued)

Meeting 4 – 6 January 2016

Discussion with Ashley Bayliss, Homelessness and Housing Options Team Leader, Gloucester City Council

1. Mr Bayliss commended the Private Sector Housing Team on the work undertaken to secure properties to help the Council in discharging its homelessness responsibilities and for their current initiative to raise the standard in the private rented sector.
2. He advised the Group that it was difficult to identify vulnerable families who could not access the benefits system or were in the country illegally.
3. The Group noted that Prohibition Orders could limit the number of people in a property, but many displaced tenants then disappeared. It was agreed that early involvement with the Homelessness team could help identify these persons.
4. Mr Bayliss reported that people often took in a room mate to share the cost of the rent which could lead to overcrowding which was overlooked by some landlords.
5. The Group noted that as a result of the proactive inspections, the Private Sector Housing Officer had become aware of a ring of landlords operating in the Barton and Tredworth ward who were involved in selling illegal cigarettes and money laundering. The Police and the Gloucestershire Trading Standards Service had been notified of this.
6. The Chair asked Mr Bayliss if anything further could be done to assist. Mr Bayliss replied that good communications and early involvement between the two teams was key.

Other matters discussed at the meeting

1. The Private Sector Housing Officer circulated an updated progress report, including photographs, on the proactive inspections carried out. The Group noted that 36 cases were pending.
2. The Group noted that the outcome of a consultation carried out by the Local Government Information Unit on 'Tackling Rogue Landlords and Improving the Private Rented Sector' was awaited.

Section 4 – Findings (continued)

Meeting 4 – 6 January 2016

3. There was a discussion on the recent [consultation](#) on extending mandatory licensing of HMOs, the results of which were awaited. The Group noted that Oxford City Council required all their HMOs to be licensed, but that there were 5,000 HMOs in Oxford and a large team including 9 administrative officers to run the scheme.
4. The Group agreed that the Private Sector Housing Team's initiative was vital as it was helping to raise standards in rented accommodation and protecting the health and safety for the most vulnerable tenants in Gloucester. It was noted that the Private Sector Housing Officer was half way through the project which had been funded for 1 year. The Group considered that the post should continue to be funded until at least April 2017.



Section 5 – Conclusions

The Task and Finish Group reached the following conclusions:-

1. 37 inspections of properties in the targeted wards have revealed that 25 are poorly managed. Many have very serious hazards or have been found to be overcrowded and 6 were found to be unlicensed HMOs. There are currently another 33 properties on a pending list which are scheduled for investigation.
2. The work has resulted in three successful prosecutions with costs being awarded to the Council/Legal services. The work has also produced additional income of £4,370 from the six unlicensed HMOs that subsequently became licensed.
3. 25 enforcement notices have been served addressing 40 Category 1 hazards which will save the NHS a one off cost in excess of £4000 (this is based on an established formula equating the elimination of a housing hazard with the cost to the NHS to deal with the injury or ill health caused by that hazard).
4. The inspections have uncovered properties that have been converted into self contained flats without planning and building regulation authorisation. These have been classed as HMOs and many were found to be poorly converted and substandard.
5. The project has also resulted in accurate Council Tax band valuation changes being made. For example, properties classed as a single dwelling have now been re-banded to flats, resulting in the correct Council Tax charges being imposed by the City Council.
6. The Council will benefit from the closer working relationship with Gloucestershire Trading Standards Service. Joint working to recover monies from prosecuted landlords under the Proceeds of Crime Act 2002 has been proposed for future cases, where appropriate. This could potentially be an income generator for the Council because landlords are required to repay all benefits (such as rental income and assets bought with the rental income) that were accrued whilst a property was being operated illegally.

Section 5 – Conclusions (continued)

7. This work has also started to have positive impacts for other areas within the Council. We know that we have a significant problem with dumped rubbish and badly presented refuse in certain wards and this is in part due to the overcrowding of HMOs. The more we can reduce the numbers living in a house, the less waste they will produce and we can also work with the landlords of these properties to ensure they take more responsibility in dealing with their tenants waste.
8. Evidence of landlords involved in money laundering and selling illegal cigarettes has been discovered during the inspections and this has led to positive benefits for the Police and Gloucestershire Trading Standards Service.
9. The Government is targeting rogue landlords and has recently published two consultation documents. The first 'Tacking rogue landlords and improving the private rental sector' suggests an increase in penalties against landlords operating illegally. The second 'extending mandatory licensing of Houses in Multiple Occupation and related reforms' looks to increase the number of HMOs that would require a licence. **If we now reduce our staffing levels, we will not be in a position to react to any changes in the HMO licensing scheme.**
10. **There is clear evidence from the Task and Finish Group's study that the proactive work of the Private Sector Housing team needs to continue.**



Section 6 – Recommendations

The Task and Finish Group’s ambitions for the study were:-

- *To agree an action plan to implement proactive programmes intended to improve the worst privately rented accommodation in HMOs*
- *To agree how these improvements can be sustained into the future*
- *To identify if there is a case for additional licensing schemes*

The Task and Finish Group’s recommendations are:-

1. The current programme of proactive work to improve the worst privately rented accommodation in HMOs should be maintained into the future.
2. Funding to support the Private Sector Housing Officer’s work should continue until at least April 2017 to allow these improvements to be sustained into the future.
3. The City Council should await the outcome of the recent Government consultation on extending mandatory HMO licensing before taking any further steps to introduce a discretionary licensing scheme.

RECOMMENDED

Section 7 – Acknowledgements

The Task and Finish Group would like to thank the following individuals/organisations for their input to the study:-

- Katherine Jenkins, former Interim Chief Executive, Elim Housing (GEAR Projects)
- Graham Parker and other colleagues from the Gloucestershire Fire and Rescue Service
- Colleagues from Gloucestershire Trading Standards Service
- Steve Isaac, One Legal and other One Legal colleagues
- Ashley Bayliss, Homelessness and Housing Options Team Leader, Gloucester City Council
- Public Protection Team, Gloucester City Council

Particular thanks go to:-

- Julie Wight, Private Sector Housing Manager, Gloucester City Council
- Michelle Thomas, Private Sector Housing Officer, Gloucester City Council
- Sonia Tucker, Democratic Services Officer, Gloucester City Council

Thank You!