

PRIVATE SECTOR LICENSING IN WALTHAM FOREST:

IMPROVING QUALITY OF LIFE

CLEAN GREEN SAFE LOVED





FOREWORD: COUNCILLORS ROBBINS AND LIMBAJEE

We know that Waltham Forest is a great place to live. More people are being attracted to the borough by our great transport links, open green spaces, and vibrant community life. The diversity of our borough is one of its strengths, and we want to continue to grow and to secure a high quality of life for everyone. Housing will be an essential part of this and the Council has already committed to an ambitious house building programme, creating 12,000 new homes by 2020. However this is only part of the housing picture in Waltham Forest.

Many residents rely on the Private Rented Sector for their housing – and this number is increasing across the country. Currently 27 per cent of Waltham Forest households rent privately. For many this is a choice, whilst for others, it is the tenure of last resort. We know that the majority of landlords provide good quality homes for our residents. However, there are a significant number who provide sub-standard accommodation for their tenants. That is why it is so important for Waltham Forest to ensure the Private Rented Sector provides good quality, safe accommodation that works for everyone, including addressing blights on the community such as Anti-Social Behaviour.

To address this issue head-on we launched our Private Rented Property Licensing Scheme in April 2015, with the goal of registering all private sector landlords in the borough. We have already achieved a number of successes through this, and believe we can achieve more if we are given the right tools to do so. This briefing sets out the background of our Licensing Scheme, the results so far and what steps we believe central government and the in-coming London Mayor need to take to ensure we have the tools to do even more to improve the Private Rented Sector for all of our residents.



Chris Robbins Leader of Waltham Forest Council



Cllr Khevyn Limbajee Portfolio Lead Member - Housing

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INTRODUCTION

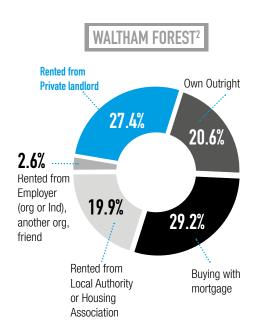
Our ambition in Waltham Forest is to ensure that all of our residents can enjoy a good quality of life. A secure and high quality home is a vital part of this, but at the moment, too many of our residents are missing out, particularly those living in the Private Rented Sector (PRS).

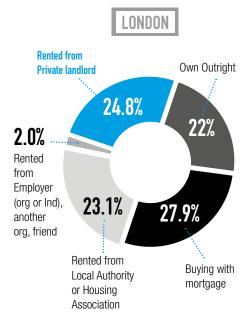
The Private Rented Sector is an important part of the housing mix and across the country the number of people living in privately rented accommodation is rising - the proportion is up 69 per cent since 2001. Yet more than one third of these homes fail to meet the Decent Homes Standard.1

Waltham Forest Council is determined to drive up the standard of rented accommodation locally by working with landlords, tenants, and communities. With Anti-Social Behaviour more prevalent in the Private Rented Sector, we also know that working within this sector will be critical to meeting our commitment to keeping residents safe. To meet these commitments the Council introduced a Private Rented Property Licensing Scheme in April 2015. This means that all privately rented properties in the borough must be licensed with the Council.

This report provides an introduction to the Licensing Scheme in Waltham Forest. and sets out our early achievements. It also explains what we believe needs to happen on a national and pan-London level to ensure that our efforts to improve rented accommodation can be even more effective.

We want to ensure that renting in Waltham Forest means access to high quality and secure housing and that everyone understands their part in delivering it. To do this we are always looking at ways to develop and enhance our work further.





¹ Shelter, Improving Private Renting, available at: http://england.shelter.org.uk/campaigns/why_we_campaign/ improving_private_renting

² GLA, London Datastore, Housing Tenure of Households, Borough, 2014



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1. THE PRIVATE RENTED SECTOR IN WALTHAM FOREST: THE CASE FOR ACTION

The Private Rented Sector is an important part of the housing on offer in Waltham Forest. 32 per cent of homes or an estimated 26,000 properties across the borough are privately rented, 3 greater than the average of 26 per cent across London.4

The cost of renting a home in Waltham Forest has increased significantly in recent years. Since 2012, the cost of renting one bedroom properties has gone up 16 per cent, two bedroom properties' rents have increased by 19 per cent, and three bedroom properties now cost 21 per cent more to rent. Properties with four or more bedrooms have seen a 32 per cent increase in rent in the last three years.

PRICES OF PRS IN WALTHAM FOREST

As the cost of renting rises we want to ensure that the quality of privately rented accommodation on offer keeps pace. However we know from research within Waltham Forest that many properties in the PRS are not adequately managed. Compared to other tenures, privately rented properties in the borough are more likely to be over-crowded, considered 'non-decent', and to have Class 1 Hazards.

STATE OF THE PRS IN WALTHAM FOREST⁵

Poor quality accommodation is unacceptable for our residents. But we also know that there is a clear link between Anti-Social Behaviour (ASB) in the borough and the Private Rented Sector, with 16 per cent of PRS properties the subject of an ASB complaint between 2011 and 2013, and areas of the Borough with greater levels of PRS accommodation seeing higher levels of Anti-Social Behaviour.⁶

Tackling Anti-Social Behaviour is an important part of meeting the Council's commitment to keeping our neighbourhoods clean and safe, so addressing the link with the PRS is a priority.

3 2011 Stock Survey, https://www.walthamforest.gov.uk/documents/2011-lbwf-final-private-sector-report.pdf

RENTAL PRICES IN WALTHAM FOREST⁷

BEDROOM

£789

2013

2014

2015

BEDROOMS

March 2012

£981

March

2013

2014

£1089

2015

BEDROOMS

March

2013

2014

BEDROOMS

March 2012

£1474

2013

£1625

2014 £1706

2015 £1950

CONDITIONS IN PRIVATE RENTED SECTOR COMPARED TO OWNER-OCCUPIED PROPERTIES⁸

PERCENTAGE WHICH ARE OVER CROWDED

17.60% PRS

7.90% OWNER-OCCUPIED

PERCENTAGE WHICH ARE CONSIDERED NON- DECENT

41% PRS

29% OWNER-OCCUPIED

PERCENTAGE WITH CLASS 1 HAZARDS UNDER THE HOUSING HEALTH AND SAFETY SYSTEM

21% PRS

15% OWNER-OCCUPIED

⁴ https://www.london.gov.uk/sites/default/files/Housing%20in%20London%202015%20v2.pdf

⁵ Update on Housing Strategy, July 2013, https://www.walthamforest.gov.uk/Documents/landlords%20 forum-update-on-housing-strategy.pdf

⁶ Waltham Forest, Anti-Social Behaviour and the Private Rented Housing Sector: Evidence base in Waltham Forest http://democracy.walthamforest.gov.uk/documents/s42604/Appendix%207%20-%20SL%20 ASB%20and%20PRS%20Evidence%20Base%20with%20Maps.pdf

⁷ Gov.uk Private rental market statistics (England Only) Years 2012, 2013, 2014 and 2015.

⁸ http://democracy.walthamforest.gov.uk/documents/s42604/Appendix%207%20-%20SL%20ASB%20 and%20PRS%20Evidence%20Base%20with%20Maps.pdf



2. MAKING A DIFFERENCE: PRIVATE RENTED PROPERTY LICENSING

In spring 2015, Waltham Forest introduced a Private Rented Property Licensing (PRPL) Scheme, otherwise known as a Selective Licensing Scheme. The key aims of the Scheme are to:

- Ensure that landlords take responsibility for tackling Anti-Social Behaviour in their properties; and
- Ensure that all of our residents can live in decent quality housing.

The Licence which we have introduced costs £500 per property, is valid for up to 5 years, and carries with it 24 conditions*. The conditions make the licence holder (the landlord) responsible for their tenants' behaviour, the condition of their property, and any management arrangements. This includes:

- Dealing with Anti-Social Behaviour
- Ensuring all housing is of a decent standard
- Ensuring that all outhouses, garages and sheds are kept secured and used for their intended purpose.

Under these provisions local authorities can also apply a 'fit and proper person' test to landlords. This test relates to the person rather than a specific address and this means that, where significant issues are identified with a particular landlord, steps may be taken to exclude them from direct involvement in the rental market.

PRIVATE SECTOR LICENSING CONDITIONS9

The scheme has 24 conditions setting out landlords' responsibilities across a range of areas. These include:

Health and Safety: Including gas and electricity safety, and fire safety

Tenancy rights and conditions: Including the duty to provide tenants with a written statement of terms and conditions, and an inventory of the property; compliance with regulations around houses in multiple occupation, and the tenant's responsibilities around refuse

Property management: Confirming that the licence holder is a 'fit and proper person', and requiring them to make six monthly inspections of the property

Anti-Social Behaviour: Setting out the landlord's responsibility to deal with any Anti-Social Behaviour by tenants; and

Environmental and neighbourhood management: Requiring the landlord to maintain the exterior of the property in decent condition.

* From February 2016, the cost of the Licence will be £650 per property

COST PER PROPERTY



VALID FOR



CONDITIONS



⁹ The Full list of conditions can be seen here: http://www.walthamforest.gov.uk/pages/services/sl-selective-licensing.aspx

3. THE STORY SO FAR

Our Private Rented Property Licensing Scheme was launched in April 2015. In the nine months since, we are already seeing positive impacts, with a significant number of landlords registering for the scheme, steps taken to tackle Anti-Social Behaviour, improvements in the standard of accommodation, and an increase in our Council Tax base.

By the end of 2016 we hope to achieve the following:

- Complete 30 Actions Days
- Identification of 1,000 unlicensed properties
- Completion of 2,500 programmed inspections of properties of concern
- An increase in the number of prosecutions of rogue landlords
- A decrease in Anti-Social Behaviour in the Private Rented Sector.

SUCCESSFUL TAKE UP OF THE SCHEME

We recognise the important contribution that the PRS makes to our housing mix and the approach that has been taken so far has encouraged cooperation between the Council and the sector. We were encouraged by the large number of Early Bird applications made to the scheme, and exceeded our Early Bird target. Since the Early Bird period closed, we have received over 1,000 further applications. In total, we have now had over 17,000 applications. The take-up of the scheme within each ward is broadly in-line with our expectations about the number of PRS properties in the area.

Following this initial phase, and the launch of the scheme in April 2015, we have been working closely with landlords to support compliance with the requirements of the Licence, through:

- Ensuring landlords know about the scheme
- Confirming that they are registered with the scheme
- Working with landlords to make any improvements needed in their properties.

WHAT WE HOPE TO ACHIEVE



ACTIONS DAYS TARGET UNLICENSED PROPERTIES AND TAKE ENFORCEMENT ACTION











LICENCES ISSUED PER WARD COMPARED TO PROPORTION OF PRS PROPERTIES **INVOLVED WITH ASB**

CONSTITUENCY	WARD	LICENCES ISSUED	PERCENTAGE OF PROPORTION OF PRS WITH 1 OR MORE INCIDENTS OF ASB
Chingford and	Chingford Green	359	6.6
Woodford Green	Endlebury	229	11.61
	Valley	290	14.18
	Larkswood	333	11.35
	Hatch Lane	267	9.05
	Higham Hill	240	19.27
	Hale End & Highams park	302	20.72
Walthamstow	Chapel End	531	21.28
	William Morris	1,299	20.92
	Hoe St	991	10.23
	Wood St	679	13.35
	High St	1,158	13.31
	Markhouse	686	20.55
	Lea Bridge	1,011	20.29
Leyton and	Forest	713	18.27
Wanstead	Leytonstone	698	8.78
	Grove Green	1,294	22.89
	Leyton	820	14.88
	Cathall	692	15.49
	Cann Hall	654	19.13
	Not specified	33	

ANTI-SOCIAL BEHAVIOUR IS BEING ADDRESSED

We know that there is a link between the PRS and ASB. The level of Council recorded ASB linked to private rented properties is 16 per cent. That is ASB was recorded at 16 per cent of PRS properties in the borough between December 2011 and December 2013. We also know that this link is stronger in some wards than in others. In one ward, the percentage of PRS properties with one or more incidents of ASB was 6.6 per cent, whilst in another this figure is 22.9 per cent. 10 The licence sets out the responsibilities of landlords to prevent Anti-Social Behaviour.

Under our scheme, the landlord is required to take all reasonable steps to prevent and deal with ASB. Steps to ensure this include:

- Clauses in contracts which make clear that tenants are responsible for any ASB by themselves and their visitors
- Responding to complaints of ASB within 14 days, and informing tenants of the complaint and any consequences of its continuation
- If requested the licence holder must provide us details of investigations undertaken in relation to their tenant's and/or their visitors' ASB.

By introducing the scheme the Council can act swiftly and effectively to tackle ASB.

¹⁰ Waltham Forest, Anti-Social Behaviour and the Private Rented Housing Sector: evidence Base in Waltham Forest http://democracy.walthamforest.gov.uk/documents/s42604/Appendix%207%20-%20SL%20 ASB%20and%20PRS%20Evidence%20Base%20with%20Maps.pdf

OUR APPROACH IN ACTION: CLAMPING DOWN ON ASB

Property: Block of flats in Church Hill Area

Situation: The Council identified anti-social behaviours such as fly-tipping in the communal stair-well and outside areas such as garages and the car park. We also found hazards within the property such as damaged glass in communal areas. The flats within the block are owned by multiple landlords. The freeholder of the block of flats also acts as the management committee.

Action: We worked with the local Resident Association and our local Neighbourhood Officer to identify the breaches of licence conditions which included unsecured garages, rubbish on the stair-well, fire safety hazards and hazardous windows. The Licensing Team contacted the management committee who agreed to:

- Clear the rubbish and make the communal drying room safe
- Clear the garage area of all fly tipping and rubbish and secure all garages
- Extend camera coverage to cover more of the car park area to prevent fly tipping
- Write to all tenants advising them that decent levels of cleanliness in the communal areas such as stairwells, parking and garage areas and gardens should be maintained

- Remind all tenants to put their rubbish in the provided bins, or that for larger articles such as furniture, beds, appliances they can contact the Council who will collect and remove this rubbish for free and that failure to do so would result in the management committee writing directly to the owner advising them of their tenant's Anti-Social Behaviour
- Repair the damaged glazed window on communal staircase
- Repair and extend the property's fence to prevent further fly-tipping.

Waltham Forest Council continued to monitor conditions at the block of flats. Eventually, we served the management company formal notices regarding the ASB occurring within the block and the various hazards which were still evident.

Result: The Council have now written to all the landlords involved informing them of our intention to issue one year licences. We have used the powers within licensing to hold the management company to account for the Anti-Social Behaviour and for the hazards within the block. We expect to see a decrease in Anti-Social Behaviour and an improvement in the standard of housing being provided. We will continue to work with the landlords and regularly check on the progress made in the block.



STANDARDS ARE IMPROVING

The Private Rented Sector is, and will continue to be, an important part of the London housing mix. It often provides the right tenure for many people in London - be they students, young professionals who need to remain mobile, or those who are opting not to buy.

We also know that the PRS is often the sector of last resort. Many low income families and vulnerable people find themselves housed in private rented accommodation largely as a result of a shortage of good quality affordable homes. All tenants, especially these vulnerable tenants, need the law on their side against rogue landlords.

OUR APPROACH IN ACTION: IMPROVING STANDARDS IN PRIVATE RENTED PROPERTIES

Property: A two-storey, three bedroom ex-Council home was identified where there was an outbuilding in the back garden which was being used as a 'Bed in a Shed'.

Situation: The property has been let out to multiple households or individuals for several years as a House of Multiple Occupancy (HMO). There were a total of ten people living at the property, including two children and two adults who were occupying the 'Bed in Shed' structure in the rear garden.

The owners live in Kent and have little or no interest in the up-keep of the property. There is no locally appointed managing agent and rent is paid in cash to a locally-based relative of the owners.

Action: The Council took formal action under part 1 of the Housing Act. We instructed the landlord to make improvements to the main house and to stop using the 'Bed in a Shed' structure at the back. We also informed the landlord that they had a responsibility to comply with all the requirements of HMO properties.

Despite this, conditions in the house deteriorated further. Several small fires highlighted a serious – and dangerous – electrical defect, the central heating boiler was not working, part of the kitchen ceiling had collapsed, and the first floor bathroom and WC were unusable because of a collapsed floor.

At this point the Council stepped in. Our contractor carried out emergency works on the electrics, boiler, and floor. The cost of this will be recharged to the landlord.

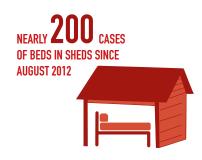
Result: Soon after this case the Council introduced our Selective Licensing Scheme and the owner of this property applied for a licence. The Scheme requires us to be satisfied that the licence holder is a 'fit and proper person' to be in control of a rented home. In this case, and bearing in mind the history of the property, we have used the additional licensing powers available to insist that the owners appoint a managing agent to manage the address on their behalf.

The Licensing Scheme we have introduced should make it easier for us to ensure that landlords provide good quality and safe housing for their tenants.

ELIMINATING UNACCEPTABLE PROPERTIES

London is facing a growing problem with so called 'Beds in Sheds'. These are sub-standard, usually illegal, structures which are rented out as accommodation often to vulnerable people who are in desperate need of housing.

We had already been proactively seeking out 'Beds in Sheds' and the licensing arrangements have made it easier for us to identify these illegal practices. As this is a hidden problem, it is difficult to know how many 'Beds in Sheds' there are but Waltham Forest have received nearly 200 cases since August 2012. Across the country, since 2013, there have been more than 3,000 enforcement actions or prosecutions against landlords who provide this type of accommodation.¹¹



OUR APPROACH IN ACTION: ELIMINATING DANGEROUS AND ILLEGAL STRUCTURES

Property: The Council discovered an unlicensed property on Garner Road during a day of action aimed at identifying dangerous or illegal buildings.

Situation: The structure was found at an address in Garner Road – and was one of 24 properties linked to the landlord of the main property.

Action: The Council conducted audit checks on all 24 addresses linked with the landlord. Further undeclared HMOs were found at the other properties—including two where the wrong licence had been applied for. Faced with the possibility of having all licence applications refused or approvals revoked, the landlord has since been more cooperative.

Result: The two illegal HMOs in Garner Road have been returned to single family use without the need to take formal enforcement action. The two applications that were submitted with the wrong type of licence will be refused and one year licence will be given for the remaining addresses to reflect the fact the owner is a 'landlord of concern'. The Council will monitor compliance with licence conditions over the next 12 months and a decision will then be made as to the length of any future licence at the renewal stage.

Our licensing conditions have allowed us to get rid of the illegal 'Beds in Sheds' and to identify a landlord who was providing poor quality, potentially dangerous, properties to tenants.

¹¹ https://www.gov.uk/government/news/new-funding-to-crack-down-on-rogue-landlords-and-tackle-bedsin-sheds



INCREASING THE NUMBER OF PROPERTIES REGISTERED FOR COUNCIL TAX

One of the unintended benefits from the scheme was the 'discovery' of previously unregistered properties in the borough. We have already identified around 160 properties that will lead to an increase in our Council Tax receipts of over £150,000.

OUR APPROACH IN ACTION: INCREASING THE COUNCIL TAX BASE

Property: High Road Leytonstone

Action: The Licensing Team, working with colleagues in the Enforcement and Planning Team, alongside our Council Tax Team to identify two new properties where Council Tax was owed. We are now able to claim backdated Council Tax payments for the past six years of around £11,000 on the two properties.

The Licensing Team have identified another 10 properties which are under investigation for Council Tax underpayments.

Result: This will generate more income for the borough in the short and long term. In the first six months of the scheme we have identified an additional 160 properties and we will start the process of claiming the unpaid Council Tax on these properties.

We believe that the Licensing Scheme also offers an opportunity for us to work more closely with our central government partners. In our experience, many of our roque landlords also operate in the "grey economy" and we have already encountered situations where tenants are have not been provided with any written tenancy agreement and where all rental payments are made "cash in hand".

We want to explore and exploit all possible legal avenues in order to impose the highest possible penalties on landlords who flout the law. With this in mind, the Council is keen to work closely and collaboratively with central government departments such as HMRC to crack down on criminal landlords. Through licensing, we are compiling a powerful database of private landlords and addresses, often multiple homes that are linked to them. We are keen to explore options for Waltham Forest to share intelligence and data with HMRC and others.



OUR ASKS TO GOVERNMENT AND THE MAYOR OF LONDON

NEXT STEPS: WHAT WE NEED TO GO FURTHER

Waltham Forest Council is ambitious about improving the quality of privately rented properties in the borough and we are using the tools available to us to do this. We know that licensing can make a real impact, however more could be achieved with the combined efforts of the government and the Mayor of London.

Together we can provide better rights and security for private sector tenants which will drive improvements in quality of housing and Anti-Social Behaviour.

NATIONAL GOVERNMENT

At a national level the government has the opportunity to help raise the standard of PRS properties and improve the experiences of both landlords and tenants across the country. We welcome many of the provisions set out in the recent Housing and Planning Bill on tackling rogue landlords, including data sharing between the Tenancy Deposit Scheme and Councils, and the introduction of a database of landlords and letting agents who have been convicted of certain criminal offences.12

But there is more that could be done to ensure that the aspiration for decent quality accommodation for everyone can be met:

PROMOTING TENANCY AGREEMENTS

We welcome the Government's promotion of a Model Tenancy Agreement to promote secure and stable tenancies. However, the success of a voluntary scheme is not assured. Government should conduct a review of the success of the Model Tenancy Agreement in promoting better conditions for tenants after one year, and consider introducing mandatory provisions if take-up of the model agreement is low.

¹² DCLG, Tackling rogue landlords and improving the private rental sector, Government's Response, Nov 2015



APPROVING PRIVATE SECTOR LICENSING SCHEMES

Since April 2015, local authorities that want to introduce a Private Sector Licensing Scheme that covers more than 20 per cent of the area or 20 per cent of private rented homes must seek permission from the Secretary of State. This threatens to make the process unnecessarily cumbersome, and could limit the scale and therefore effectiveness of these schemes.

London has a unique housing market, and with strategic responsibility for housing in the capital, the power to approve Private Sector Licensing Schemes should be devolved to the Mayor of London.

The Mayor should also be empowered to set the criteria for establishing private sector licensing schemes, and to modify the conditions that the schemes should cover.

As a minimum, we would expect these conditions to include ensuring that properties are fit for human habitation. Current legislation permits enforcement of this only where the rental value of a London property is less than £80 annually. This is clearly inadequate.

CLOSER WORKING ON TAX AVOIDANCE AND EVASION

Our work on private sector licensing has already discovered significant Council Tax evasion. We believe that there is also the potential to discover evasion and avoidance of national taxes. We are therefore keen to ensure that the government actively promotes cooperation between HMRC and local authorities, and believe that HMRC could set out a wider approach to working with local authorities in this way.

THE MAYOR OF LONDON

The London Rental Standard, which encourages private landlords to sign up and agree to a certain quality of services, is in place¹³ however we believe that more can be done.

In 2012/13, 13 per cent of rented households in London were overcrowded and around 22 per cent of London homes do not meet the "Decent Homes" standard. Alongside this, 27,000 landlord possession orders were delivered in London in 2014/15 which allows tenants to be evicted immediately. This was twice the rate in other areas in England. 14 Problems in the PRS, such as a lack of security and regulation, are of particular concern for people with vulnerabilities, which may present even greater challenges.¹⁵

As we set out above, we believe that the power to set the conditions of licensing schemes should be devolved to the London Mayor in order to strengthen their ability to promote high standards within the Private Rented Sector across the capital.

¹³ https://www.london.gov.uk/priorities/housing-land/renting-home/london-rental-standard/for-tenants

¹⁴ Trust for London, London's Poverty Profile, Housing

¹⁵ Crisis and Shelter, A Roof Over My Head: The final report of the Sustain project, 2014

However, we believe that the Mayor could also use their current powers and influence more effectively.

Ensuring that tenants know that they have redress against rogue landlords is vital to the success of licensing schemes. The Mayor should consider launching a campaign to inform tenants of their rights across Transport for London and work with local authorities to include details of their schemes.

As the GLA's Housing and Regeneration Committee set out in its report on the Private Rented Sector, many small landlords lack access to large cash resources to make improvements that may be needed to their properties. To ensure that necessary improvements can be made, the Mayor should consider the viability of a low-cost loan fund to support private landlords to make improvements to their properties in London to raise standards.

Good progress has been made in addressing some of the key concerns for those renting in the private sector. However it is clear that more could be done and this presents a great opportunity for the Mayor of London to take action to drive up standards in the sector.



MAKING SURE YOUR STREET IS

CLEAN GREEN SAFE LOVED

www.waltham forest.gov.uk/my street