

BRISTOL CITY COUNCIL
People Scrutiny Commission
18th February 2016

Report of: Nick Hooper
Title: Improving the Private Rented Sector and Empty Properties
Ward: Citywide
Officer Presenting Report: Tom Gilchrist, Private Housing Service Manager
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RECOMMENDATION

That Scrutiny notes the progress in dealing with the issues of:

Part 1 : Improving the private rented sector (PRS) and

Part 2: Reducing the number of empty properties

Summary

This report provides a summary of the work currently being undertaken by the council to tackle conditions in the private rented sector to ensure that standards are improved in this rapidly growing area and also the actions that the council is taking to bring empty private properties back into use for housing.

This updates an earlier report to a joint meeting of the Commissions made in April 2015.

PART 1: Improving the Private Rented Sector

Background of PRS

1. The PRS in Bristol has grown significantly since 2001 to 2011 (from 12.2% to 24.9%) and council tax records show that it has continued to increase. The growth in the sector has been highlighted as an emerging issue and a range of options to improve the management, property condition and the providers of accommodation is reflected in Housing Strategy 2016-20. The Mayor's vision statement from the Housing Strategy 2016-2020 states: "Housing should provide a springboard to achieving a high quality of life and create the opportunity for all to thrive in mixed communities of their choice". One of its key outcomes is; 'To deliver the best use of existing homes with a key priority being to raise standards in the private rented sector by improving management and standards in the private rented through a variety of processes including advice, guidance and training'
2. The private rented sector is in the poorest physical condition (Private Sector House Condition Survey) and suffers from variable property management standards. These issues in combination with a transient population with little or no connection with an area can sometimes lead to an increase in anti-social behaviour and crime.
3. The House Condition Survey identified that:
 - Bristol has a higher proportion of older pre-1919 properties (36%) than the national average (25%) with all the associated problems of poor thermal efficiency and disrepair.
 - Bristol has a high level of non-decency in private sector housing (28.4%) which is spread equally across the owner occupied and private rented sector.
 - The most commonly occurring hazards found under the Housing, Health and Safety Rating System were trip and falls hazards, excess cold, fire, entry by intruders and damp and mould growth
 - Bristol has more converted flats (12%) and HMOs (5.3%) than the national average, many of these are let in the PRS.
 - Bristol has a higher than average proportion of households in receipt of at least one welfare benefit (28%).
4. The Council has a number of ways in which to improve the sector through licensing, enforcement and the promotion of voluntary schemes such as the newly launched West of England (WoE) Rental Standard and endorsement of ACORN's Ethical Letting Charter.

Licensing

5. Mandatory licensing of large Houses in Multiple Occupation (HMOs) was introduced in April 2006 under the Housing Act 2004. This covers HMOs that are three storeys and above; have five or more occupants, forming two or more households. There are approximately 1,500 HMOs covered by mandatory licensing.

6. The Housing Act 2004 also gave local authorities the power to introduce additional or selective licensing of other privately rented properties with the aim of improving property conditions and management. Licensing does not cover local authority owned or leased property or properties owned by Registered Providers.
7. The council believes that by making the designation for other licensing schemes and imposing licensing conditions, housing standards in the private rented sector in these areas will be improved.
8. The first discretionary licensing scheme in Bristol was approved by Cabinet in September 2012 and covers four super output areas in and around Stapleton Road, Easton. It became operational on 1st April 2013 and runs until 31st March 2018. There are approximately 1,200 properties licensed under Additional and Selective licensing in this area.
9. The City Council undertook a review of this in July 2014 and concluded that the Stapleton Road licensing scheme has been very successful in improving conditions and management practises in the private rented sector in that area.
10. It was recognised that licensing was making a significant difference and starting to achieve some of its original objectives and in particular it had improved housing conditions for more than 700 households who were found to be living in properties that failed to meet minimum housing standards and was also reducing anti-social behaviour in the area.
11. A report was taken to Cabinet on 2nd February 2016 and approval was given to designate additional and selective licensing in the Eastville and St George West wards.
12. Before an area can be designated for licensing the local authority must be satisfied that certain conditions are met and then undertake a minimum ten week consultation with all persons likely to be affected by the designation.
13. The two wards meet the criterion for designation and a consultation was undertaken over the proposal over a twelve week period from 12th August 2015 to 3rd November 2015. There was a very high level of response to the consultation process with 2,248 responses from individuals and organisations. It should be noted that the criteria used in this designation have been expanded by the government, since the earlier Stapleton Road designation, specifically in relation to anti-social behaviour.
14. The new scheme will come into effect on 1st July 2016 for a period of five years.
15. There are other areas which may meet the conditions for future additional or selective licensing schemes however further detailed analysis would need to be done along with a minimum ten week consultation before any decisions could be considered whether licensing would improve conditions in these areas.
16. A consultation exercise has recently been completed by DCLG on a possible extension of mandatory licensing definition to include a wider range of houses in multiple occupation i.e. fewer stories and/or fewer occupants than the current definition. The outcome of the consultation and DCLG response to it has not yet been published.

17.Licensing enables the council to work pro-actively to inspect properties requiring a licence and to require the landlord to make improvements if they fail to meet standards of both management and condition. It therefore protects tenants from revenge evictions if they make a complaint to the council or raise concerns with the landlord.

West of England Rental Standard

18.Following a review of the current WoE Accreditation Scheme, the four West of England (WoE) LA's have agreed on the introduction of the WoE Rental Standard with a set of minimum standards that landlords, letting or residential managing agents in the private rented sector should meet. This scheme was approved by Cabinet on 4th August 2015 and was launched by the Mayor in Bristol on 5th January 2016.

19.The aim is that the WoE Rental Standard becomes the single 'accreditation' badge for compliant landlords and agents across the sub-region and beyond. It should be noted that this scheme is voluntary and does not replace the enforcement tools available to us to make landlords comply with minimum standards.

20.The WoE Rental Standard will endorse organisations and, through them, their members, not individual properties. The Standard will include a Code of Practice that landlords and agents must comply with including minimum property conditions and management practices. The overall objectives have been agreed with officers, and have formal approval from all four West of England local authorities.

21.The endorsed organisation (or Accreditation Provider) will be expected to ensure its members (individual landlords or agents) meet and continue to meet the organisation's membership requirements and have a procedure in place to deal with tenant complaints. The organisation will be responsible for investigating tenant complaints as a way ensuring compliance.

22.In the event of non-compliance by a landlord, the Accreditation Provider will be expected to have a disciplinary procedure and take appropriate action on a case by case basis.

23.In the event of the Accreditation Provider to fail to properly oversee the scheme, their Agreement would be terminated by the council and they would cease to be entitled to use the WoE Rental Standard branding. We have already had discussions with accreditation providers interested in becoming licensed under the WoE Rental Standard including, Bristol Association of Letting and Management Agents, SW Landlords, the Association of Residential Letting Agents, National Approved Letting Scheme, ACORN, RICS, National Landlord Association, and Bristol University.

ACORN Ethical Lettings Charter

24. The Bristol Ethical Lettings Charter is a “declaration of decency and a statement of intent, to help create a fair, professional and ethical private rental sector in our city”. It has been developed by ACORN, a community union operating mainly in east Bristol, and which has been campaigning on private rental sector issues. The intention is that ACORN will encourage landlords and agents to sign up to their voluntary charter and in doing so ensure that rental properties are of a decent standard, are managed satisfactorily and their tenants are charged a fair rent for the accommodation. This charter was supported by a full council motion in March 2015. Following this officers have been working closely with ACORN, giving help, advice and support in developing this further. In October 2015 Cabinet agreed to support ACORN’s work, agreed that the Council (in its capacity as a landlord) would abide by the Charter, and agreed that endorsement of the Charter would occur once certain conditions are met. The charter is currently being finalised and is due to become operational in the spring of 2016. ACORN has already been approached by a number of landlords who are interested in signing up to the charter.

Successful Funding Bid to tackle rogue landlords

25. Bristol has recently made a successful bid to DCLG for ‘Rogue Landlords’ funding to pay for action to target poor landlords in Bristol.

26. The project will target rogue landlords who let properties above poor quality cafes, restaurants and takeaways. We suspect that in many cases these properties are let without regard to housing standards so would robustly enforce these, taking all legal action at our disposal as is appropriate.

27. Other issues will also be considered when the accommodation is inspected, including antisocial behaviour, possible tax and benefit fraud, criminal activity, nuisance, undocumented immigrants, human trafficking and child sexual exploitation. Working in partnership with the police, the South West Immigration, Compliance and Enforcement team, HMRC and other council departments including planning, trading standards and benefits.

28. Inspections and raids will be carried out with partner organisations at times when we’d expect to gain access, including evenings and weekends.

29. A social media campaign will take place at the same time. Targeted Facebook advertisements, in a variety of languages, will inform communities of the work we’re doing and give tenants and local residents the opportunity to engage with us and help us tackle rogue landlords.

30. Community development organisations and groups will be informed of our work, and given information on the work we do. As part of this campaign the public would be given the opportunity to anonymously report rogue landlords to us.

31. As a result of this we would expect that tenants would be aware of their rights and landlords their responsibilities.

Enforcement

32. As a general offer to tenants there is a Private Housing Enforcement Policy on how the organisation will respond to complaints relating to property standards and poor management as a responsive service to tenant's complaints. Enforcement is pursued when landlords fail to comply with their responsibilities of licensing conditions. In the most serious cases, landlords are prosecuted.
33. DCLG is currently consulting in the Housing and Planning Bill which is currently going through Parliament on targeting rogue landlords. These include defining a 'rogue' landlord and tools to deal with landlords who fail to comply with the legislation governing the private rented sector.
34. Residential Letting and Managing Agents are required to be members of a Government approved redress scheme if not they are liable to a penalty charge of up to £5000. We have reviewed compliance with this requirement in Bristol and a number of initial notices have been served on agents. We are currently waiting for responses from the businesses concerned.

PART 2: Empty properties

Background to empty homes in Bristol

35. At any one point there are around 900 homes in Bristol that have been unoccupied for more than 6 months. Understanding the length of time a property has been empty (Appendix 1) has helped in the development of the succession of approaches to deal with empty homes at different stages of their vacancy.
36. The large number of short-term empties gives the greatest potential for bringing volumes of empty units of accommodation back into use. Dealing with the much smaller number of longer-term empties is much more resource intensive and results in comparatively fewer additional units (however these longer-term empties are often in a dilapidated condition and bringing them back into can have the added benefit of resolving a local eyesore).
37. The reasons for houses and flats lying empty are varied and Appendix 2 gives an idea of the range of issues along with corresponding responses from the Council.

The Council's escalating response to the empty homes problem

38. The approach to dealing with an empty home varies with the length of time it has been empty: initially information and advice is offered, progressing towards more direct action as the period of vacancy increases.
39. **Stage 1** (vacant for up to 2 years) – includes many owners who have every intention of bringing their property into use but are uncertain about what to do. The process of providing owners with information and advice on how to let, renovate or sell the property reduces the average time these properties remain vacant.
40. This pool of largely cooperative owners also presents good opportunities for drawing more properties into the Council's homelessness initiatives. In the year 2014/15 111 empty properties were brought back into use in this way.'
41. **Stage 2** (vacant for 2 – 5 years) – individual visits are made and all owners contacted personally to establish their intentions; tailored advice and assistance is offered and owners are warned of the inevitable prospect of formal action if reoccupation does not happen. Empty Dwelling Management Orders (EDMOs) are considered and, in appropriate cases, pursued and preparation is made for possible Compulsory Purchase Order (CPO) action.
42. **Stage 3** (vacant for 6 years or more) – the few empty houses that still remain at this point are systematically fed into the CPO programme.

The range of tools used in Bristol

43. **No-Use-Empty brand and communications plan** - the No-Use-Empty 'brand' was created by the Kent local authorities in 2005. The four West of England authorities joined the partnership in 2011-12. A central feature of this initiative is a website dedicated to giving information and advice on the many options and opportunities that can be taken up by empty home owners.
44. **Information and advice on renting** – information that encourages owners to consider renting out their accommodation is sent to them in regular letters and factsheets and laid out in detail in the No-Use-Empty-West website.
45. **Procurement for homelessness initiatives** - participation by owners of empty properties in the Council's homelessness and housing need initiatives (deposit bond schemes, etc.) is promoted at all stages but particularly while a property is in its first two years vacancy.
46. **Leasing schemes** – leasing schemes are available in which a housing organisation manage the property on the owner's behalf for a period of years.
47. **Low cost loans** – are available to owners for remedial work where properties are to be let for a period of at least five years after renovation.
48. **Empty Dwelling Management Orders (EDMO)** – EDMOs are used and enable the Council to take over direct management of a vacant property.
49. **Compulsory Purchase Orders (CPO)** – Compulsory Purchase Order action is taken as a last resort enabling the Council to take ownership of the longest-standing empties where other courses of action have failed.
50. **Nuisance and enforced sale action throughout time-line** - Prompt formal enforcement action is taken on all empty dwellings that are causing nuisance or blight to a locality, regardless of how long they have been vacant. If the result of this action is an outstanding financial charge against the property, the Enforced Sale action can be used to recover the debt. This process will also resolve the vacancy issue.

Achievements to date

51. The number of empty dwellings in the City has been falling since the establishment of the Empty Property Unit (Appendix 3). Bristol now has relatively low levels of long term empty properties as a percentage of total housing stock, when compared to other housing authorities in England. See Appendix 6.
52. This fall can be taken as a good indicator of the impact of the Council's approach to tackling the issue although it should also be noted that there are wider economic and market factors that influence the level of empty properties in the City.
53. The number of empty dwellings brought back into use after council involvement has increased since the establishment of the Empty Property Unit (Appendix 4).

54. At any one time around 8 properties are at some stage in the CPO process (from the initial stage of offering to purchase voluntarily through to Public Local Inquiry and confirmation of an Order). During any one year around 5 properties will be brought back into occupation as a result of the Council taking this course of action.

New Homes Bonus income

55. Each empty property brought back into use by local authority action attracts central government funding in the form of New Homes Bonus (matching the Council Tax received from these properties over the first six years). Over the recent past the New Homes Bonus subsidy has brought to the City Council a considerable sum (appendix 5). In the current year it is expected to bring in around £1.1M.

56. However it should be noted that the government is currently consulting on proposed amendments to the New Homes Bonus. They are consulting on a) options to reduce how long the payments are made for and b) options to focus the bonus and re-incentivise additional house building.

57. The government's preferred proposals would reduce the time any bonus for increases to housing stock (including bring empty homes back into use) from six years to four (and possibly further to three or two in the future).

Current issues

58. **Council Tax changes:** Until March 2013 empty residential properties were exempt from Council Tax for the first six months of vacancy and beyond that an owner could claim a 'Zero Occupiers Discount' for a further indefinite period. New arrangements came into force in April 2013 removed the initial exemption and the Zero Occupiers Discount and imposed a 50% premium on properties that remain vacant and unfurnished for more than two years. This has resulted in a further drop in properties recorded by Council Tax as being empty for more than 2 years.

59. **Second, additional or holiday homes:** There is some concern that in a number of cases previously empty properties where Zero Occupier Discount had been claimed before the Council Tax changes but owners are now declaring the property to be a second, additional or holiday home, and so avoiding the 50% premium. A declaration by an owner of additional or holiday home use makes direct legal action by the council (EDMO or CPO) problematic.

60. **Empty dwelling units in leasehold and mixed use premises:** Empty residential accommodation over shops present particular challenges with shared access or change-of-use issues; however where these types of properties can be renovated and brought back into residential use there will often be a number of benefits beyond the simple increase in available accommodation – bringing more activity to localities and resolving blight issues. *Legal options are constrained by leasehold circumstances especially where the retail unit on the ground floor is in use. Owners are kept up-to-date with loan initiatives and other information designed to assist in converting and bringing empty residential units back into use.*

Appendices:

Appendix 1 – Graph showing numbers of empty houses against time

Appendix 2 – Bar chart showing the falling number of empty properties

Appendix 3 – Empty Property Performance

Appendix 4 - New Homes Bonus income over four year period

Appendix 5 - Percentage of housing stock vacant in English Core Cities

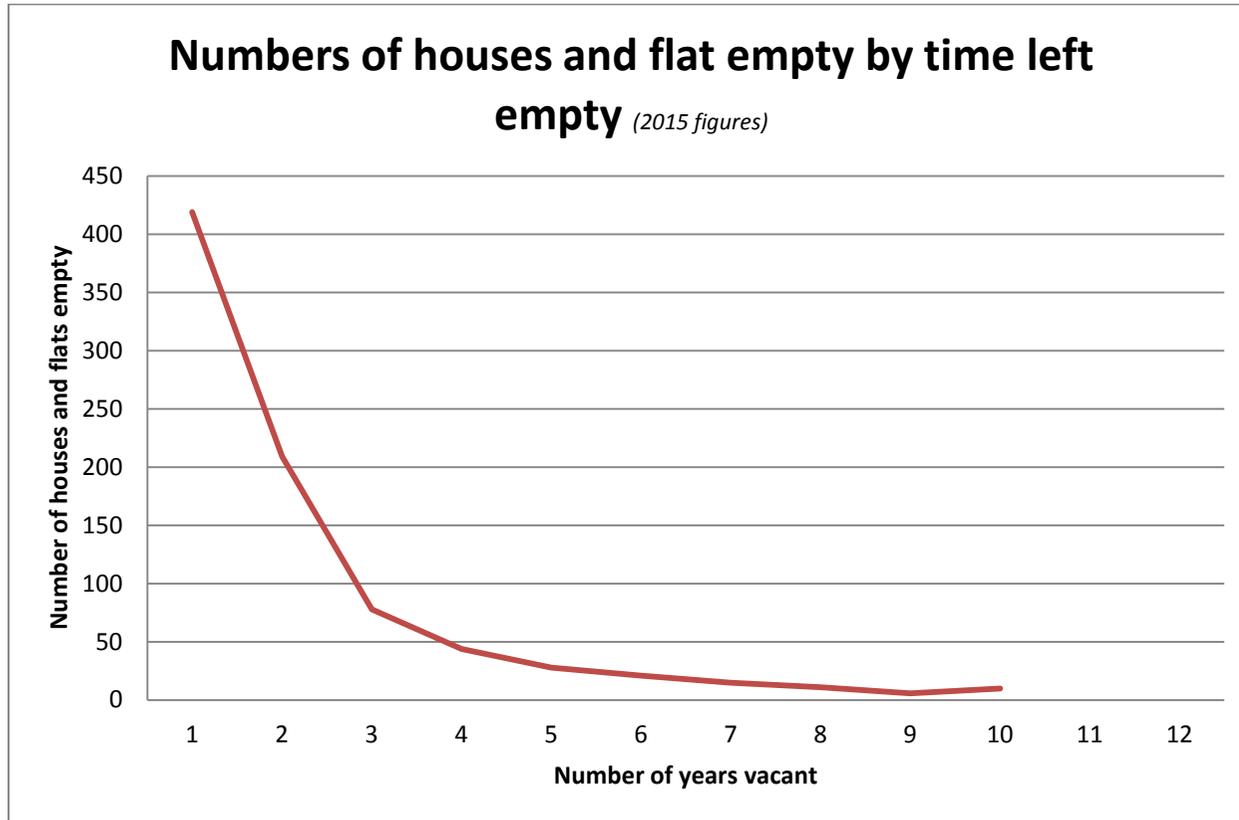
LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

Background Papers: None

Joint People/Neighbourhoods Scrutiny Commission

18th February 2016

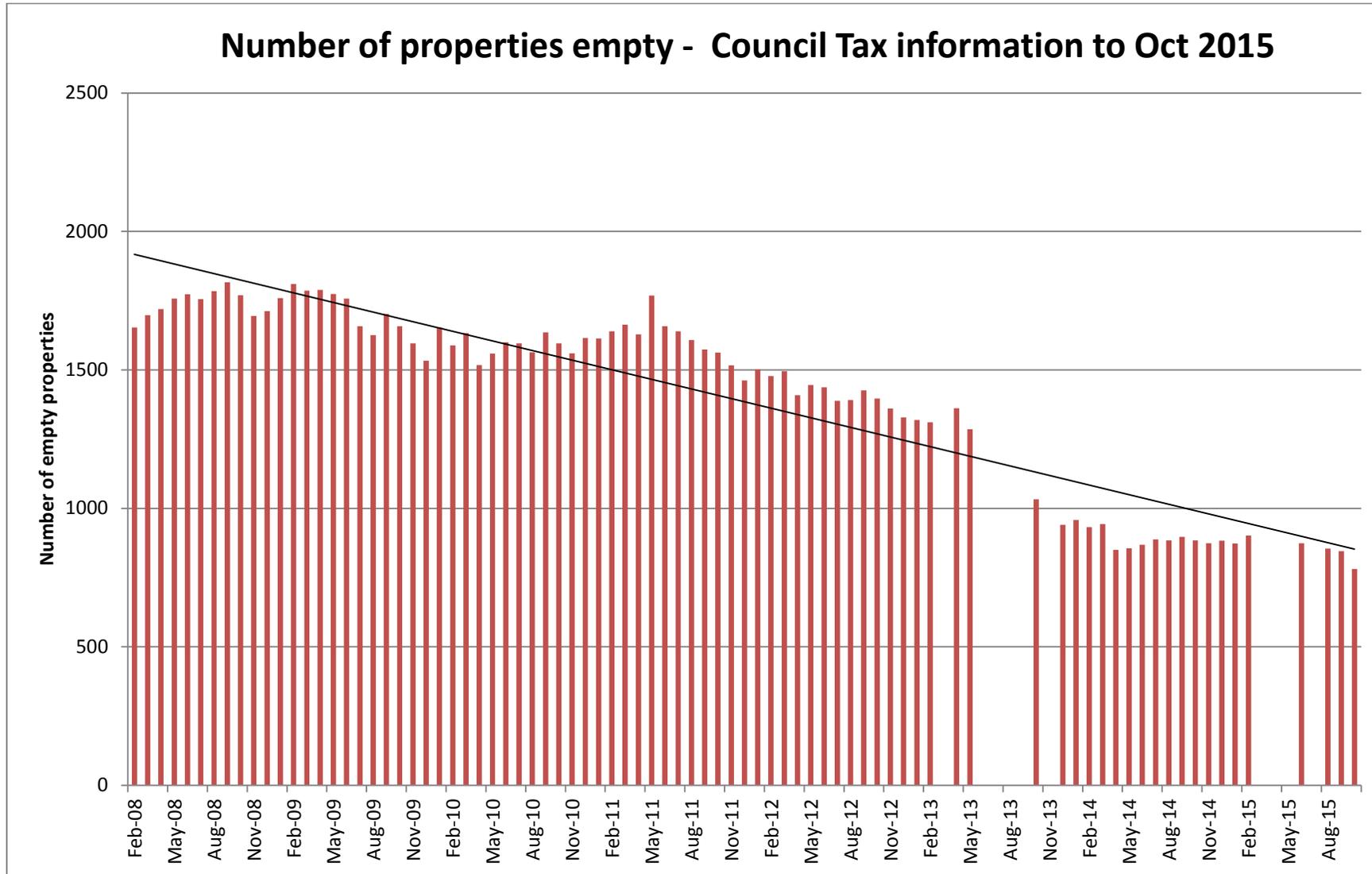
Appendix 1



Joint People/Neighbourhoods Scrutiny Commission

18th February 2016

Appendix 2



Joint People/Neighbourhoods Scrutiny Commission

18th February 2016

Appendix 3

Empty properties brought back into use: target and outturn by year

Year	Target for year	Out turn
2007-08	238	266
2008-09	270	312
2009-10	320	390
2010-11	400	443
2011-12	400	508
2012-13	510	677
2013-14	680	744
2014-15	680	666

Joint People/Neighbourhoods Scrutiny Commission

18th February 2016

Appendix 4

Table showing the New Homes Bonus received this year from three sources: new units built, empty homes brought back into use, and of these the number that are new affordable housing units.

The bonus for each unit is received over a six year period - so this table shows income received this year from activity that has taken over the past six years.

It can be seen from the 'Empty Homes' column in the table that the NHB income received this year from empty properties that have been brought back into use over the past six years totals £1,383,842.

Financial Year	Period Covered	Net Additions			Net Additions			Total	Total Grant
		(excl. Empty Homes)	Empty Homes	Affordable Housing	(excl. Empty Homes) £	Empty Homes £	Affordable Housing £		
2016/17	Oct 14 - Oct 15	1,378	246	272	1,647,268	295,068	95,200	2,037,536	13,535,593
2015/16	Oct 13 - Oct 14	1,427	142	253	1,729,607	200,787	88,550	2,018,944	11,498,057
2014/15	Oct 12 - Oct 13	1,262	497	462	1,481,963	545,850	161,700	2,189,513	9,479,114
2013/14	Oct 11 - Oct 12	1,721	188	570	1,985,518	212,448	199,500	2,397,466	7,289,601
2012/13	Oct 10 - Oct 11	2,254	39	367	2,482,524	-	128,607	2,611,131	4,892,135
2011/12	Oct 9 - Oct 10	1,946	105	-	2,151,314	129,690	0	2,281,004	2,281,004
		9,988	1,139	1,924	11,478,194	1,383,842	673,557	13,535,593	

Data from New Homes Bonus Provisional Allocation 2016/17

Joint People/Neighbourhoods Scrutiny Commission

18th February 2016

Appendix 5

Percentage of housing stock (all tenures) vacant in English Core Cities

DCLG figures 2014

	% of stock vacant
Bristol	1.96
Manchester	2.22
Birmingham	2.23
Newcastle	2.28
Sheffield	2.34
Nottingham	2.98
Leeds	3.18
Liverpool	4.23

	% of stock long-term vacant
Bristol	0.59
Manchester	0.86
Birmingham	0.86
Nottingham	0.90
Sheffield	0.91
Leeds	0.92
Newcastle	0.94
Liverpool	1.37

Source - DCLG Live tables on dwelling stock 2014: Table 615 Vacant properties by local authority district; Table 100 Number of dwellings by number and district.