



**OPEN REPORT
COMMUNITY AND ENVIRONMENT COMMITTEE**

Community and Environment Committee – 26th October 2023

PRIVATE RENTED SECTOR STUDY

Report of Director of Housing

Report Author and Contact Details

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Wards Affected

District wide

Report Summary

Derbyshire Dales DC and Amber Valley BC secured a £25,000 grant from the Local Government Association (LGA) and their Housing Advisers Programme at the end of 2021/22. The grant award followed a successful bid for funding to undertake research into the private rented sector across both council areas. Altair were appointed to undertake the research which took place between April 2022 and March 2023. The final report was received prior to the local elections in May, hence the delay in reporting to Members. Altair have put forward several recommendations for Derbyshire Dales DC to consider and these are set out in the report.

Recommendation

1. That the District Council recruit an additional Home-Options Officer on a temporary basis, funded by an earmarked reserve.
2. That the Director of Housing engage suitable consultants to develop an initial business plan for an Ethical Lettings Agency and direct provision of private rented homes that can be brought back to Members for further consideration

List of Appendices

Appendix 1 Altair Report – AVBC & DDDC Private Rented Sector Research – Final Report

Background Papers

Consideration of report by Council or other committee

No

Council Approval Required

No

Exempt from Press or Public

No

1. Background

- 1.1 DDDC and AVBC are neighbouring authorities who already share a common allocations policy, choice based lettings scheme and homelessness application scheme. DDDC and AVBC both have complex housing issues within the private rented sector. Issues of quality, price and management continually cause difficulty both in terms of creating homelessness and trying to house people in suitable accommodation.
- 1.2 The LGA Housing Advisers Programme is designed to give councils the extra capacity to investigate housing issues and develop ideas to improve access to housing for their residents. The Council used the same LGA grant to develop the council housing business plan. This new bid therefore focused on seeking support from appropriate consultants to review the available information we have about the sector, undertake research with pressure groups, landlords and tenants concerning the issues they face.
- 1.3 The aim of the research was to explore the policy options open to us to intervene in the sector and develop these to a point where Members can review the proposals. This project is important to DDDC and AVBC because we know the sector needs to change. We need to reduce the number of homelessness cases coming from private rented properties. Corporate priorities around energy efficiency and empty homes also need to be addressed as we take forward MEES and higher premiums for long term empty homes. We also face the challenge of trying to regenerate our market towns and improving the quality of the private sector is a key element of our wider regeneration ambitions.
- 1.4 The Housing Advisers Programme provides added value through bringing capacity and resource to both council strategic housing teams. We have limited resources to undertake this work ourselves. The Advisers would also be able to bring workable examples from other areas that could be considered in the DDDC/AVBC areas. In addition the Advisers would provide an independent viewpoint that senior officers and Members could consider.
- 1.5 Running alongside the research is the Council's existing work relating to the PRS. Within Regulatory Services work is ongoing to deliver a programme of inspections funded by DLUHC. The Council also previously received the Derbyshire wide homelessness strategy. The Derbyshire Homelessness Officers Group is a well established partnership that is working at a county level to jointly identify, tackle and resource some of the common PRS themes.

2. Key Issues

- 2.1 In June 2022, the Department for Levelling up, Housing and Communities ("DLUHC") published the White Paper – A Fairer Private Rented Sector, announced as the Renters Reform Bill. The Bill is progressing slowly through parliament but the aim is to improve security of tenure and impose obligations on landlords to improve property standards. The private rented sector (PRS) is the second largest tenure in England. In the Derbyshire

Dales the PRS is roughly the same size as the social housing stock with an estimated 4,264 properties or 12.3% of the total properties in the Dales. Nearly half of all PRS in the Dales were built before 1918. 26.7% of all PRS homes in the Dales are described as non-decent with the most common reason being poor thermal comfort. This is consistent with the age profile of the PRS sector.

- 2.2 Surveys and workshops took place with tenants and landlords with 173 individuals taking part. Findings from the initial data and document review highlighted that issues with property condition was a common theme within the PRS in both local authority regions
- 2.3 Qualitative and quantitative feedback from the resident survey further emphasised that poor quality property conditions was a frequent issue for residents. There were a wide range of issues with PRS properties, with many being unsatisfied with the service or resolution they had received from their landlord. Stakeholders also reiterated the range of property issues found and how landlords are often not aware of the condition of their properties.
- 2.4 From the data provided by both local authorities, the main reason for a loss of a settled home in both DDDC and AVBC was the end of a private rented assured shorthold tenancy (“AST”). In DDDC, this accounted for 134 of the 242 losses between April 2019 to March 2022. Looking further into the factors behind this, the main reason for the loss of these tenancies across both local authorities was due to landlords wishing to sell or re-let their properties. In DDDC, no fault evictions caused 89 of the 135 losses of PRS Assured Shorthold Tenancies.
- 2.5 Survey respondents were then asked which sector they plan to find a home in once they stop renting in the PRS. 55% were looking to go into the social rent sector, 16% home ownership and 19% did not know which sector they would be living in afterwards. Only 5% of respondents intended to stay in the PRS. An emerging theme concerning security of tenure was that a large proportion of respondents did not know about key aspects of their tenancy contract. For example, 28% of respondents did not know the length of their tenancy. Qualitative feedback in the survey highlighted that some respondents did not have a tenancy contract set up with their landlord at all.
- 2.6 Qualitative feedback in the survey indicated that residents were particularly concerned about being served a Section 21 notice from their landlord or being evicted for being unable to pay their rent. Finally, when asked where they would go for external advice/support in relation to their tenancy, 55% of respondents said they would go to Citizens Advice Bureau and 20% to their local Council.
- 2.7 Several of the interviewees explained that long-term tenancy agreements are not guaranteed as landlords can serve a Section 21 notice if the tenant has been in the property less than 12 months. It was also highlighted that residents were often too scared to complain about issues with their properties as they were scared of being evicted or the impact on their security of tenure. Finally, it was noted that finding a suitable property in the

PRS within the 2 months' notice period can be a struggle for households given the lack of supply in the region.

- 2.8 In the landlord survey only 24% of survey respondents said they would let a property to a household who had been homeless and only 53% of respondents said they would accept a household paying rent through state benefits. The survey asked what length of tenancy contracts the landlords typically offer to residents. 29% of respondents offered 6-month contracts or less, 42% offered between 7-24 month contracts and 29% offered tenancy contracts over 2 years. In relation to their plans over the next five years, several respondents said their decision on whether to keep the property in the PRS or not would depend on incoming government regulation, legislation and taxation. For those who were planning to leave the PRS, they cited increased regulation, taxation and government disincentives as the main reasons for leaving.
- 2.9 Of the 1005 applicants on DDDC's housing register, 237 (23%) are privately renting. 63% of respondent's annual household income was £25k or under, and 27% earned between £25k and £50k as a household. Survey respondents were also asked what percentage of their monthly income is spent on rent. The majority of respondents spent 40%-50% of their monthly income on rent. 18% of respondents spent 20%-29%, and a similar split of respondents (17%) spent 30%-39%. 43% of respondents felt their rent level was not affordable. 42% of respondents disagreed with the statement that their rent was good value for money. 70% of respondents answered that they would be unlikely to afford an increase in rent if their landlord decided to increase rents. Whilst only 14% said they are likely to be able to afford an increase.
- 2.10 A particular source of the unaffordability was due to Local Housing Allowance (LHA) rates not being able to fully cover rents. In particular, the freeze of LHA against the backdrop of increased inflation, interest rates and national rent levels have inflated the unaffordability of PRS properties for those who receive LHA. This issue is impacting the PRS nationally too. Several of the stakeholders interviewed felt that LHA rates are not high enough to incentivise landlords to rent at that level and therefore there is a scarcity of affordable private rental properties in the region. Landlords felt positively about the affordability of their properties, with 88% of landlord survey respondents agreeing that that the rent level of their properties are affordable to tenants, as well as 94% of respondents agreeing that their rent levels were good value money. When asked about how likely they would be to increase rents in the next 12 months, 41% of respondents said they were likely to increase.
- 2.11 In summary the PRS makes up a small but important part of the local housing market. Nearly half of the stock is over 100 years old, impacting on the condition and energy efficiency of the sector. Private tenants and landlords have opposite views about the affordability, standards and sustainability of their homes. Tenants are spending much of their income on their rent and the sector struggles with the LHA rate. The sector could be described as 'fragile', with landlords concerned about impending legislation. For many tenants they see the PRS as the access point to social housing, whilst at the same time the PRS is also the main source of homelessness.

3. Options Considered and Recommended Proposal

- 3.1 Altair considered the suitability, feasibility and acceptability of different policy options open to DDDC and AVBC. This involved reviewing the findings of the research, considering examples of best practice elsewhere and undertaking an options appraisal workshop with a range of officers from across both Councils.
- 3.2 For DDDC the recommendations fall in to three main options/areas of work;
- A. Developing better information and advice for landlords and tenants, including multi agency working and making better use of DASH (Decent and Safe Homes) and DLC (Derbyshire Law Centre).
 - B. Undertaking a greater number of proactive inspections and enforcement work as well as reviewing the outcomes from such inspections and what other interventions should be considered.
 - C. Consider the provision of an ethical lettings agency and direct provision of PRS accommodation via some form of council owned company.
- 3.3 Option A is a relatively low risk and short-term area of work. However given the current workload of the Housing Department it will need a dedicated officer resource to deliver over a 12 to 18 month period. It is therefore recommended that an additional temporary Home Options Officer is recruited to refresh and enhance the advice and information provided for landlords and tenants, develop partnerships and multi agency working across the sector, assess the service provided by DASH, DLC and potential accreditation schemes. This post will be funded from government grants relating to homelessness prevention held in an earmarked reserve.
- 3.4 Option B is a low risk short to medium term area of work, much of which should be delivered through the DLUHC funding to support the delivery of PRS inspections. At this stage it is not proposed to do anything further until the outcome of the inspection work is known.
- 3.5 Option C is a high risk, medium to long term piece of work. It will require a more detailed and considered approach. External advice and support will be needed to take this forward. There is a balance of £8000 remaining from the original LGA grant and so it is recommended that the Director of Housing engage suitable consultants to develop an initial business plan that can be brought back to Members for further consideration.

4. Consultation

- 4.1 Consultation with tenants and landlords provided the basis for the report produced by Altair. This took place through an online survey and via focus groups. Council officers and staff from other agencies were consulted on the approach, methodology and results.

5. Timetable for Implementation

- 5.1 Option A can be delivered from Q4 2023/24 to Q2 2025/26 subject to recruitment of an additional Home-Options Officer. Option B is currently in the procurement phase and should run alongside the same timeline as

Option A. Option C will take time to review in more detail comparable arrangements delivered by other rural councils before developing a specification. Consultants could be instructed the end of Q4 2023/24 with a report delivered Q3 2024/25.

6. Policy Implications

- 6.1 The PRS impacts on several services including Regulatory Services, Housing, Community Safety and Revenues and Benefits. Many of the Council's most vulnerable residents live in the PRS and when tenancies breakdown they can lead to substantial interventions by the council. A functioning and good quality PRS is necessary to help people move for employment, tackle homelessness and accommodate those who might otherwise find it difficult to access social housing.

7. Financial and Resource Implications

- 7.1 The cost of a Home Options Coordinator for 18 months including employer oncosts will be in the region of £70,000. Funding is available in earmarked reserves up to a value of £102,358 and approval for use of this reserve will be requested in quarter 2 revenue monitoring reported to Council 14 December. The financial risk associated with the approval of the report's recommendations is assessed as low.

8. Legal Advice and Implications

- 8.1 This report relates to a £25,000 grant from the Local Government Association (LGA) and their Housing Advisers Programme.
- 8.2 There are 2 recommended decisions to be taken and should those decisions be taken in accordance with the recommendations, the legal risk has been assessed as low.

9. Equalities Implications

- 9.1 The Altair report did not go in to detail about equalities, however improving opportunities for tenants within the private rented sector will have a general benefit for everyone. The impact on vulnerable adults and others less able to manage a tenancy will be more pronounced.

10. Climate Change Implications

- 10.1 The Altair report itself does not address any specific climate change issues. Implementing the report's recommendations will have some impact but this will be assessed as part of the delivery of the options outlined in section 3 above.

11. Risk Management

- 11.1 There are no outstanding risks associated with the Altair report. In relation to the 3 options set out in Section 3, the risks have been identified. Given the value of the works remaining, the relative risk of each option overall is low.

Report Authorisation

Approvals obtained from:-

	Named Officer	Date
Chief Executive	Paul Wilson	18/10/2023
Director of Resources/ S.151 Officer (or Financial Services Manager)	Gemma Hadfield	18/10/2023
Monitoring Officer (or Legal Services Manager)	Kerry France	18/10/2023