

Delegated Cabinet Member Decision Report

Decision Maker and Portfolio area:	Councillor Hannah Roberts, Cabinet Member for Housing and Panning
Date of Decision:	21 June 2018
Subject:	Private Rented Sector Offer Report
Report Author:	Albert Margai, Principal Housing Market Intervention Officer
Ward(s) Affected:	All Wards

Reason for the decision: The purpose of this report is to gain approval for the implementation of a Private Rented Sector (PRS) Offer. The offer will be designed to increase access and improve standards within the private sector. The offer will be targeted at Landlords and Agents who have an interest or stake in Oldham.

Summary: This report is motivated by pressures placed on Local Authorities (LA), including Oldham through legislation, population growth and lack of affordable housing. All of these factors have contributed to poor PRS property standards; far removed from those outlined in the Housing Act 2004 and Housing Health & Safety Rating System (HHSRS). It is recommended Oldham Council introduce a PRS Offer for landlords, offering an alternative letting option to what is currently accessible in the marketplace. This report seeks permission to introduce a pilot scheme which not only enables Oldham Council to actively raise standards via a broad engagement with landlords but also, meet

current pressures relating to housing supply. The lack of sufficient social rented housing placed an enormous demand on the private sector to address the growing demand for housing. The demand for private rented accommodation in Oldham has been unprecedented, demonstrated by record numbers of applicants approaching Oldham Housing Advice Service (OHAS) for housing advice and assistance. The increased pressures led to the emergence of low demand areas in Oldham; rife with predominantly outdated pre 1919 terraced housing stock. The Council decided to take action to address the low demand in specific areas of Oldham, through the introduction of Selective Licensing (Housing Act 2004) in 2015. Approval of the intervention strategy outlined in this report will provide the means for Oldham to improve standards borough wide and offer affordable options to meet the rising housing demand in Oldham.

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

Option one – Develop a comprehensive PRS offer that incorporates various services and incentives which Oldham Tenants and Landlords can benefit from.

- Introduction of a minimum property standards criteria applicable to all landlords seeking to access the Bond
- Promote partnership working to provide advice, support and sustainment for private renters
- Increases housing supply which therefore reduces subscription to the Council's waiting list

Option two – Do not introduce a private sector offer operated by Oldham Council and outsource the service to an external organisation.

- This may present a reputational risk for Oldham Council
- Outsourcing will run the risk of duplication should there be a shift in the marketplace

Option three – Do nothing in the private sector to support selective licensing, improve conditions and increase housing supply.

- Ultimately this leaves Oldham in its current position, by not seeking to

Background: The PRS market over recent years has become a viable alternative for tenants, compared to social rent which is increasingly becoming difficult to achieve. Turnover of social housing across the board is at a record low, whilst demand for social housing continues to grow. The demand for social housing in Oldham is three times higher than our neighbouring authorities; Bury, Rochdale and Tameside. The dynamic nature of the private market has also impacted the standards, with a growing number of sub-standard properties being offered on the private market. As reported in the Private Sector Condition Survey (PSCS) 2015 Update; the private rented stock increased by 0.5%, indication of a steady increase. However, there was a substantial increase in private rentals (15,185) almost doubling the previous figure (8,293) in 2010. This is a significant change in Oldham's housing stock over a five year period, and was fuelled by various factors, not less the growth in population. The forecasted population increase of 5,000 by 2021 will present wider challenges which will impact the market trends outlined above.

The introduction of Oldham's Selective Licensing in 2015 within 8 areas in Oldham has proven successful to date. The conditions of Selective Licensing placed a legal responsibility on landlords to apply minimum safety standards to their properties. Landlord who do not abide to the terms and conditions of Selective Licensing will be committing a criminal offence. The Council currently has applications for 2,398 private rented properties, within SLA's on behalf of 1,077 private landlords a clear illustration of what has been achieved and worthy of additional support in the form of the proposed intervention.

Proposals: It is therefore recommended that option one proceeds as the preferred option; for Oldham Council to develop its own PRS Offer. The housing crisis and reduction in housing supply across the country lends suggestions that a private sector intervention offering a rental option to landlords is desired. At the same time it will be a benefit to clients on the waiting list who choose to access private rent. The proposal highlighted within the preferred option will initially be introduced into Oldham as a pilot, for the purpose of an intensive market test of Oldham's private sector. The private rented sector in Oldham has become the largest provider of rented accommodation, with 15,185 households living in private rented it has outgrown Oldham's largest provider FCHO which has approximately 12,000 rented properties. A suggestion can be made that without a strategic intervention strategy standards will vary and housing supply beyond the social rented option will not be addressed.

The above recommendations seek to present a viable solution to addressing the difficulties the Homeless Reduction Act 2017 will place upon the Council. The responsibilities placed on local authorities' by the Act will see an increase in duties owed to single and shared accommodation households. Therefore in light of the assumed demand and upcoming legislations; notably changes to the criteria of what constitutes a HMO, it would be prudent in seeking to make these provisions available.

A combined venture with the Greater Manchester (GM) a Social Lettings predicated on delivering a service which improves private sector property standards and seeks to increase housing supply would be well received. Although timescales of the GM wide Social Letting Agency are not clear, this should not have a bearing on Oldham's proposed implementation of its private market intervention, establishing the Oldham branded scheme initially will enable a more tailored service which will eventually link into the GM wide initiative.

Conclusions: It is important that a proactive approach is adopted to ensure that Oldham is not left with expensive options to address housing supply. The proposal and preferred

Risks:

No specific risk comments. (Mark Stenson)

Co-operative agenda


The introduction of a PRS Offer will support the Council's cooperative working ethos. Success will partly be dependant the support received from partners i.e. Department for Work and Pensions (DWP), Greater Manchester Combined Authority (GMCA), Citizens Advice Bureau (CAB) and Unity Partnerships. More importantly the PRS proposal fits into the Council's commitment to reviewing its current housing offer whilst supporting the Council's agenda of an Inclusive Economy.

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? Yes

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget? Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council? No

There are no background papers for this report

Report Author Sign-off:	
Albert Margai Principal Housing Market Intervention Officer	
Date:	21/06/2018

Please list any appendices:-

Appendix number or letter	Description
Appendix 1	Private Rented Sector Offer Breakdown
Appendix 2	Equality Impact Assessment

What are the financial implications?

This report expands on the agreed £15k budget allocation approved as part of the October 2017 Homelessness Cabinet report.

The cost of the Bond for 2018/19 is fully absorbed by the HRA Budget. The £15k budget will seek to engage with up to 24 private rented accommodation providers of various sizes to meet demand.

The offer to landlords will include a combination of a paper bond and a cash incentive. The paper bonds will be tied into each tenancy and have a life span lasting the duration of the tenancy.

Upon the signing of each contract an agreed cash incentive will be paid to the landlord.

The landlord can only claim against the bond when the agreed tenant (introduced by the Council) vacates the property and the property is not left in a suitable condition. Please see appendix 1 for a full breakdown

(Matthew Kearns)

What are the procurement implications?

N/A

What are the legal implications?

Alexander Bougatef, Group Solicitor- Litigation. I Support option one. The figures evidence the growing population and increased demands on Housing within the borough. A scheme such as this is an opportunity to bridge the gap between Social and Private Housing. Most sections of the Homelessness Reduction Act 2017 come into force in April / May this year, putting extra emphasis on Local Authorities to target Homelessness and also provide a better standard of Housing.

What are the Human Resources implications?

N/A

Equality and Diversity Impact Assessment attached or not required because (please give reason)

Yes

What are the property implications

N/A

maximise the opportunity presented by the success of Selective Licensing shown by the amount of licenced landlords and applications received. Lack of follow-up action will fail to act upon the findings reported in the Private Sector Condition Survey (PSCS) 2015.

Recommendation(s):

The recommendations are for Oldham Council to:

- Develop a competitive pilot PRS offer which will appeal to landlords. The pilot has to be market competitive without succumbing to the lucrative appetite of the private rented market. The offer should be innovative, with a focus on delivering services which would give the proposal a USP (Unique Selling Proposition) not currently offered in Oldham's PRS market
- The comprehensive PRS offer will provide Oldham Council access to landlords via a mutually accessible gateway, created by the Bond. The fundamental aim of this proposed pilot will be to improve property standards, raise awareness, improve engagement and increase housing supply within Oldham's private rented market.
- A targeted communication strategy that incorporates web, print and interface engagement. It is therefore recommended that resources are made available to upscale Oldham Council's Landlord Forum currently delivered by Environmental Services. Whilst maintaining a focus on raising awareness, subscription and attendance
- Consultation with landlords (through Selective Licensing) to ensure the Council are providing a service that landlords will choose to engage with, towards achieving the desired outcomes

Implications:

