

**For general release**

<b>REPORT TO:</b>	<b>Scrutiny Streets, Environment &amp; Homes Scrutiny Sub-Committee 19<sup>th</sup> March 2019</b>
<b>SUBJECT:</b>	<b>Private Rented Housing in Croydon</b>
<b>LEAD OFFICER:</b>	<b>Steve Iles Director of Public Realm</b>
<b>CABINET MEMBER:</b>	<b>Councillor Alison Butler Cabinet Member for Homes &amp; Gateway Services</b>
<b>PERSON LEADING AT SCRUTINY COMMITTEE MEETING:</b>	<b>Shayne Coulter, Head of Public Protection</b>

<b>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:</b> <i>Include here a brief statement on how the recommendations address one or more of the Council's Corporate Plan priorities:</i> <a href="#">Corporate Plan for Croydon 2018-2022</a>
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<b>ORIGIN OF ITEM:</b>	<b>This item has been identified the Sub-Committee's Work Programme as an area to review.</b>
<b>BRIEF FOR THE COMMITTEE:</b>	<b>To review the information provided on Private Sector Housing in Croydon and consider whether to make any recommendations.</b>

## **1. EXECUTIVE SUMMARY**

- 1.1. The number of dwellings which are rented out by private landlords has increased substantially in recent years as home ownership has become more difficult to access and the amount of social housing continues to decline in relation to demand.
- 1.2. This report considers:-
  - 1.2.1. How the private rented sector impacts not just on tenants but also on the wider community, and
  - 1.2.2. How the council deals with the problems and opportunities presented by the private rented sector
- 1.3. The report concludes that the council's best option is to renew the Selective Licensing Scheme and ensure that it is fully integrated with the appropriate policies of the Council and partner agencies.

## **2. Impact of Croydon's Private Rented Sector On Tenants And The Wider Community**

- 2.1. The statistics in Appendix 1 show that the levels of private renting in Croydon are higher than Government estimates and are increasing. Recent new-builds and conversions have added an estimated 5,000 dwellings since the scheme began, mostly in the private rented sector.
- 2.2. Survey work by the Licensing Team over the past few months has found relatively large numbers of properties which should be licensed but were not licensed at the time of inspection.
- 2.3. Experience has shown that the worst conditions in the private rented sector in Croydon are to be found in areas of mixed residential and commercial buildings. These tend to be located in somewhat run-down local shopping centres.
- 2.4. The big majority of landlords own less than 3 properties and often do not see owning property as a business with its attendant risks and regulatory framework. This means that many of the problems associated with the sector are the result of ignorance and negligence, neither of which can be considered as excusable.
- 2.5. While it may be self-evident how landlords can impact on the lives of their tenants it might be less clear how landlords can impact the wider community. Concentrations of poor quality housing are associated with higher levels of transience and anti-social behaviour as well as failing and marginal businesses. In the case of business premises it is becoming increasingly common in Croydon to convert and/or sub-divide buildings to provide residential accommodation without any form of official approval. This means that concentrations of poor quality housing can be equated with concentrations of poor quality landlords. The key ways landlord behaviour can affect the local community are:-
  - 2.5.1. Seeking appropriate references – if landlords don't take proper references then they are more likely to end up with tenants who cause or condone anti-social behaviour.
  - 2.5.2. Overcrowding –the housing crisis and lack of affordable homes combined with income and rent levels mean that families often have no choice but to move into properties which are too small for them in terms of the number of bedrooms and/or the size of the rooms. This often leads to all rooms being used for sleeping and on some occasions those with cooking facilities, apart from any other considerations, this is a fire hazard. It is not uncommon for prospective tenants to mislead landlords about the number of people who are going to live in the house. A proper system of referencing can usually prevent this.
  - 2.5.3. Maintenance of buildings – landlords should inspect their properties at least every six months and maintain them in good repair and free from serious hazards. Failure to do so can add to the run-down appearance of areas and detract from neighbouring properties.

- 2.5.4. Environmental management – landlords are ultimately responsible for ensuring that rubbish is properly stored and disposed of. Also, they must as far as possible prevent accumulations and quickly deal with any accumulations that do occur. Landlords must ensure that tenants are fully aware of the rules and procedures regarding waste collection services. Landlords must also be aware that the more people who live in a property the more waste they will generate.
- 2.6. For individual tenants the key impacts are often psychological. Defects such as damp and mould while detrimental in their own right are exacerbated by the landlord's indifference, and the fear of retaliatory eviction.
- 2.7. The maps in Appendix 1 shows the distribution of private rented housing according to the 2011 census. While it is expected that all wards have seen an increase in private renting it is highly probable that the relative distribution remains the same. The lower map shows the overlap between deprivation and concentrations of private rented housing.
- 2.8. Appendix 5 contains a diagram which describes the links between health and housing.

### **3. Private Landlords**

- 3.1. A recent report from the Department for Communities and Local Government, English Housing Survey (Private rented sector, 2015-16) contains information about private landlords' as well extensive analyses of the private rented sector. The report can be found at <https://www.gov.uk/government/publications/english-private-landlord-survey-2018-main-report>.
- 3.2. The key findings are listed in Appendix 4 but perhaps the finding which causes most concern is the increase in the number of families with children in the private rented sector.
- 3.3. Affordability is also a key issue. Private renters in London spent, on average, 45% of their income (including Housing Benefit) on rent rising to 54% when any Housing Benefit is excluded. Outside of London, the comparative figures were 32% and 38%. These are averages and include house sharers.
- 3.4. 94.2% of landlords are private individuals rather than any form of corporate entity. 45% of landlords only own one property and 83% of landlords own less than 5 properties. 70% of landlords have been renting properties for more than 6 years.
- 3.5. The survey didn't find any "accidental" landlords. All those interviewed had made a positive choice to rent out properties for investment reasons. This has implications for all those landlords who claim to be unaware of regulation.
- 3.6. Only 17.5% of landlords saw themselves as being in business.

#### **4. Deprivation**

- 4.1. Deprivation statistics are based on the 2011 census but are updated by the Government from time to time. The census divides the country into small areas called Lower Super Output Areas (LSOA). Each Council ward contains several LSOA's. See the map in Appendix 1
- 4.2. The Index of Multiple Deprivation (IMD) places in order the most deprived areas in England.
- 4.3. In Croydon 6 wards have LSOA's in the most deprived 10% and 17 wards have LSOA's in the most deprived 20%.
- 4.4. Much of Croydon suffers greater deprivation than more than half of the country. If we look at all the LSOA's in the most deprived 50% then we find:-
  - 4.4.1. 142 out of 220 LSOA's in Croydon are in the 50% most deprived LSOA's in England.
  - 4.4.2. 26 out of Croydon's 28 wards have at least 1 LSOA in the most deprived 50% in England. (The only 2 not represented are Parkhill & Whitgift and Shirley North).
- 4.5. While the most deprived areas tend to be in the north of the borough, the distribution of deprivation throughout the borough cannot be ignored.

#### **5. Research Project**

- 5.1. As has already been stated some of the worst conditions in private rented housing are often found in flats over shops. The Council has recently been awarded a small amount of money to carry out a sample survey of the 9 district centres (Addiscombe, Coulsdon, Crystal Palace, New Addington, Norbury, Purley, Selsdon, South Norwood, Thornton Heath) and 9 local centres (Beulah Road, Brighton Road (Sanderstead Road), Brighton Road (Selsdon Road), Broad Green, Hamsey Green, Pollards Hill, Sanderstead, Shirley, Thornton Heath Pond) as identified by the Local Plan.
- 5.2. Much of London Road has already been surveyed and the findings include 19% of properties which should be licensed were not licensed.

#### **6. Enforcement**

- 6.1. Private rented housing encompasses several regulatory regimes including:-
  - 6.1.1. Housing conditions – where there is a risk to the health and safety of residents caused by the physical condition of the property. Usually by serving Improvement Notice
  - 6.1.2. Management issues – items not dealt with by Improvement Notices
  - 6.1.3. Threats to public health – typically accumulations of rubbish, vermin, and very dirty living accommodation
  - 6.1.4. Tenancy relations – such as illegal eviction and harassment.
  - 6.1.5. Anti-social behaviour – caused by residents or visitors

6.2. The Council's enforcement policy requires the tenant to initially make a complaint to their landlord and for the landlord to ignore at least one request to carry out the work. Council enforcement officers can then approach the landlord of a property regarding housing defects, even then, informal action is always tried first.

6.3. Improvement Notices are really only the tip of the iceberg when it comes to enforcement. Numerous other notices are served which relate for example to gaining access.

6.4. Until Selective Licensing began, enforcement action would only be taken if a tenant or neighbour complained. The situation now is that following a Selective Licensing inspection the more serious hazards are referred for enforcement. However, it is the case that landlords so far have generally been cooperative.

6.5. Since the commencement of the Selective Licensing scheme more than 8,000 properties across the borough have been inspected. A table in Appendix 2 shows how many inspections have been carried out in each ward. Half of the properties which required enforcement action were not licensed at the time of inspection.

6.6. Appendix 2 contains some basic data on enforcement activity

## **7. Anti-social behaviour**

7.1. The effects of anti-social behaviour (ASB) can be far reaching. It not only disrupts the lives of immediate neighbours, it can demoralise local communities. When a family is already in severe housing stress the impact of ASB can be magnified to beyond intolerable.

7.2. Licensing conditions require landlords to take references before granting a tenancy and also to take responsibility for dealing with ASB which occurs in their properties.

7.3. ASB comes in many forms and sometimes it isn't specifically referred to as ASB because it is dealt with by other legislation. E.g., in 2018 the Pollution Team served 325 notices to stop nuisances which could also be considered to be ASB. The notices served are in addition to verbal warnings where no notices were served.

7.4. The ASB Team can be called upon to support the Pollution Team when stronger enforcement measures are needed. When the ASB is caused by a private tenant then the landlord can be made liable, especially when there is a licensing scheme in operation. In 2018 the ASB Team closed 83 cases.

7.5. Selective licensing inspectors have worked with the ASB Team regarding 18 addresses during 2018 and there have been several joint meetings with landlords. So far, no formal action has been necessary.

## **8. Homelessness**

- 8.1. Homelessness is a very complex issue and would require a separate report to be able to be considered in any depth. This report can only refer to homelessness as it impacts on the Council's private sector housing service.
- 8.2. Evictions from the Private Rented Sector (PRS) remain the biggest cause of homelessness. As part of the survey referred to above, 500 cases of homelessness which originated from private rental properties are being analysed with a view to assessing how the Selective Licensing Scheme could be used to help prevent evictions.
- 8.3. An eviction is said to be "retaliatory" if it is done because the tenant complains to the Council about their living conditions. Evictions are not lawful if a licensable property is not licensed or if a formal Improvement Notice has been served.
- 8.4. It should also be said that Croydon and neighbouring Councils in exercising their duties regarding the housing of homeless people relies very heavily on the private rented sector. Numerous families have been placed in Croydon by other local authorities.

## **9. Permitted Development**

- 9.1. For some years developers could convert commercial buildings to residential use without Planning Permission. Although this has now been stopped in Croydon town centre (the Croydon Opportunity Area) because the Council made an Article 4 direction, there is still a legacy of converted office blocks with large numbers of flats of an unacceptably low standard. This accommodation is often marketed as suitable for local authority temporary accommodation.
- 9.2. Anecdotal evidence from the Housing Enforcement Team suggests that some of these conversions represent a new generation of slum housing.
- 9.3. It is also the case that with the reduced demand for retail units, many shops would also be attractive investments for unscrupulous landlords regardless of planning legislation. If conversions such as these are not found quickly then they may have established use and thus only Housing Enforcement can rectify the situation
- 9.4. The current research project will identify any unacceptable retail conversions but a more strategic approach may be needed for the office buildings.

## **10. Selective licensing In Croydon**

- 10.1. The current Selective Licensing Scheme commenced in October 2015 and covers the whole borough. The scheme runs for 5 years so will end on 30th September 2020.
- 10.2. Selective licensing is intended to be additional to the enforcement powers found elsewhere in the Housing Act 2004. Selective licensing conditions make it possible to address key issues which cannot be dealt with by the serving of Improvement Notices in that they:-

- 10.2.1. Promote good management e.g. Ensure adequate provision and management of rubbish disposal
  - 10.2.2. Protect the wellbeing of residents e.g. Ensure that the resident is provided with a written statement of the terms of occupation
  - 10.2.3. Prevent problems arising e.g. Require the licensee to inspect the property at reasonable intervals and to take references before granting a tenancy
  - 10.2.4. Ensure that tenants in high rise buildings are kept properly informed about evacuation policies and procedures in the event of a fire.
- 10.3. The scheme has proved to be very successful in dealing with relatively low level problems relating to licensing conditions. In the majority of cases a single email was enough to resolve issues.
- 10.4. The proactive inspection regime which was made possible by the selective licensing scheme has enabled the Council to find and take enforcement action against Category 1 and Category 2 hazards which were not reported by residents, often due to fear of retaliatory evictions, lack of knowledge of acceptable standards or their rights as tenants, fear of rent increases or a desire to keep knowledge of their way of living from their landlord (for example, sub-letting or overcrowding)

## **11. Experience Gained from the Current Selective Licensing Scheme**

- 11.1. Breaches of conditions are not confined to, nor concentrated in specific areas – even where there are no Category 1 or Category 2 hazards, the breaches of conditions indicate management failures which should not be allowed to lead to such hazards.
- 11.2. In the majority of cases, landlords who licensed without the need of Council intervention remedied breaches quickly following the receipt of an email from the Selective Licensing Officer.
- 11.3. The worst properties, the worst deprivation, and the highest rate of unlicensed properties are concentrated in specific areas.
- 11.4. The high turnover of landlords and tenants combined with the large number of private rental units coming to the market every year means that the work of selective licensing, like all private sector housing enforcement, will always be needed.

## **12. Renewal of the Selective Licensing Scheme**

- 12.1. Because the current scheme has proved to be so useful and successful officers are currently working on a submission to the Ministry of Housing, Communities & Local Government (MHCLG) to seek approval for a new Selective Licensing Scheme to run for 5 years from 1st October 2020.
- 12.2. There has to be a consultation process but this won't start until Cabinet authority has been received.

12.3. The new selective licensing scheme will be essential to helping ensure that homes and neighbourhoods provide safe and healthy environments for residents, visitors, and businesses.

12.4. The key challenges the selective licensing scheme will have to address are:-

12.4.1. Poor and deteriorating housing conditions which many vulnerable households have to endure because they do not have the means to access better quality housing. Tenants are often frightened to complain because they fear eviction. A selective licensing scheme greatly reduces the ability for landlords to use retaliatory evictions.

12.4.2. Unsafe environments caused by ASB and crime. Selective licensing means that landlords can't just walk away when their tenants or tenants' visitors are responsible for Anti-Social Behaviour in or near their property.

12.4.3. Large numbers of high rise flats which are privately rented. It is vital that all tenants are made aware of evacuation procedures and policies in the event of a fire.

12.4.4. Borough-wide distribution of potential problem properties. While most problems are concentrated in discrete areas (typically local centres as demonstrated by the attached research) the nature of the private rental property market is now such that rogue landlords can appear in any neighbourhood.

12.5. A Selective Licensing Scheme which is targeted to those parts of the borough with the greatest concentrations of private rented housing is what the Government say they prefer. However, it is clear that all parts of the borough would benefit from the scheme.

12.6. In order to evade their responsibilities some landlords may themselves target areas where there is no licensing.

12.7. It is clear that there are pockets of deprivation located all over the borough which will inevitably attract unscrupulous landlords.

12.8. With a borough wide scheme most (but not all) proactive work would be focused on the concentrations of private rented housing. However, all parts of the borough will be subject to random inspections. Also, the framework will already be in place when serious issues arise in areas with little private rented housing.

**13.** It is therefore recommended that officers continue working on a submission for Government approval for a borough wide Selective Licensing Scheme in 2020.



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**CONTACT OFFICER:** Shayne Coulter, Head of Public Protection

**BACKGROUND DOCUMENTS:**

[Corporate Plan for Croydon 2018-2022](#)

<https://www.gov.uk/government/publications/english-private-landlord-survey-2018-main-report>.

**APPENDICES:** Appendix 1 Overview of Private Sector Housing in Croydon  
Appendix 2 Enforcement Data  
Appendix 3 Teams Involved in Selective Licensing  
Appendix 4 Main finding of the English Housing Survey  
(Private Rented Sector 2015-2016)  
Appendix 5 Relationship between Housing and Health