
**SCRUTINY INQUIRY PANEL - HOW DO WE GET A BETTER DEAL FOR PRIVATE
SECTOR RENTERS IN SOUTHAMPTON?**

MINUTES OF THE MEETING HELD ON 18 JANUARY 2024

Present: Councillors McEwing, Evemy, Powell-Vaughan, Windle and Blackman

Apologies: None

8. **MINUTES OF THE PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

RESOLVED that the minutes of the meeting held on 21 December 2023 be approved and signed as a correct record.

9. **THE CONDITION OF PRIVATE RENTED HOUSING**

The Panel considered the report of the Scrutiny Manager concerning the condition of private sector rented housing in Southampton.

The Panel received the following representations:

Councillor Shaban Mohammed, Cabinet Member for Housing Management and Modernisation; Housing Needs, Homelessness and the Private Rented Sector, and Helen Masterson, Head of Private Sector Housing Standards, London Borough of Newham, outlined Newham's selective licensing scheme. Key points raised in the presentation included the following:

- 38.5% of households in Newham were in the Private Rented Sector. Research indicated that 52-54% of Newham's residents were renting privately.
- Property Licensing Schemes in Newham started in 2013. It was the first large-scale property licensing scheme in England.
- In 2018 a second scheme was introduced, providing selective and additional licensing for 19 out of 20 wards and 42,000 licenses.
- An unprecedented third Licensing Scheme was confirmed by the Secretary of State, Department for Levelling Up, Housing and Communities (DLUHC) in December 2022.
- Objectives included improvements to the quality, safety and choice of residents across Newham and to raise the housing standards across Newham by penalising landlords who failed to provide homes of suitable quality and requiring remedial action where necessary.
- Financial incentives were offered to accredited landlords and those with properties that had an energy efficiency rating of A to C.
- There were a total of 66 officers in Newham's Private Sector Housing Standards Team, funded from license fees.
- Newham's PSH Compliance Team undertake 800 inspections per month and refer about 100 per month to the enforcement referrals process.
- In the period 2018-2022 Newham banned 84 landlords from running licensed properties, launched almost 2,000 'breach of licence' investigations, issued 342 financial penalty final notices, issued 6,447 enforcement letters to landlords, had 26,000 licence holders and had 93 evictions avoided through Tenancy Liaison.

- The Letting Agents Project ensured compliance with consumer protection law and 79 Letting Agents were served with final Fixed Penalty Notices in the period 2022-2023.
- To improve information, advice and guidance, Newham had produced a landlords pack, a tenants pack, ran landlord forums in conjunction with NRLA twice a year, had an e-bulletin for landlords which 18,000 out of 26,000 landlords signed up to, and had relevant information on its website.
- The property licensing schemes enabled proactive inspections and had improved housing conditions and ensured healthy housing for occupants by driving up standards and stamping out poor and illegal practices for the benefit of tenants and responsible landlords.
- The scheme collected and collated data which informed how resources are used to target enforcement action and supported applications for future licensing designations.
- The scheme helped Newham to prepare for compliance with new duties under the Renters (Reform) Bill and demonstrated the local housing authority's ability to keep housing conditions in the area under review (Housing Act 2004).

Adam Goulden, Chief Executive, the Environment Centre (tEC), summarised the initiatives delivered by tEC in Southampton to improve the energy efficiency of properties in the private rented sector. Key points raised in the presentation included the following:

- tEC referenced the large number of poor quality private rented sector homes in Southampton. Draughts caused much higher heat loss than in owner occupied properties. They were often damp and mouldy. There was heavy reliance upon on-peak heaters.
- Now in its 12th year, the Southampton Healthy Homes Scheme had supported thousands of Southampton residents to access grant funding for heating upgrades, insulation, renewable technologies, help with energy bills and support for those who were vulnerable or on low incomes.
- Between April and December 2023 tEC helped 1,688 residents, approximately 14% of whom were in the private rented sector. Total gains or savings achieved for these Southampton households was valued at £862,710.
- tEC offered free and impartial advice for landlords and tenants, provided support for tenants to liaise with landlords (as often tenants are concerned about talking to landlords), and helped to facilitate access to national and local funding for energy efficiency improvements.
- Southampton City Council provides discretionary funding, topped up with at least 20% contribution required from landlords. Not many other local authorities are offering this resource.
- tEC worked closely with the Council's Private Sector Housing Team and advice partners, particularly Citizens Advice, who tEC referred clients through to regularly.
- There was little incentive for landlords to invest in energy efficiency initiatives, beyond the legal minimum. Most of the landlords tEC deal with were unconcerned (even with significant resource) and often begrudged spending 20% of the shortfall.
- The Home Upgrade Grant (HUG2) funding required a 1/3 contribution from landlords. No landlords wanted to pay this and ECO4 grants were quite restricted for private rented sector properties.

- Limited work would happen under the Southampton Healthy Homes Service 2024-2029 without support and access to top up funding from the Council.
- The landlords' approach could change if there were a limited number of prosecutions for non-compliance of minimum energy efficiency standards by the Council.

Chloe Braddock and Phil Tyler, Directors, Southampton Tenants Union, provided the tenants' perspective on housing conditions in rented accommodation. Key points raised in the presentation included the following:

- Southampton Tenants Union had conducted a survey to gather feedback about housing conditions. Chloe Braddock outlined the key findings as follows:
 - The self-selecting snap survey received a number of responses commenting on the poor standard of accommodation despite the high rental costs, lack of repairs and unwillingness of tenants to complain for fear of eviction.
 - Complaints about damp and mould were common. Tenants were often told to ventilate rooms better, including keeping windows open in the winter.
 - There are limited incentives for landlords to address repairs and conditions.
 - Tenants should be empowered to speak with their landlords without fear of eviction or bad references, and to withhold rent until repairs are undertaken.
 - Southampton Tenants Union would welcome enforcement of letting agents, similar to Newham's approach and for selective and additional licensing schemes to be introduced in Southampton.

Samantha Watkin, Senior Policy Officer and Liz Mackenzie, Regional Representative, National Residential Landlords Association (NRLA) summarised landlords' perspectives. Key points raised in the presentation included:

- NRLA had made a freedom of information request. Based on the responses involving a private rented sector stock of 25,000 (DLUHC submission), Southampton would have received a total of 837 private rental sector complaints over the two years 2021-2022 and 2022-2023. Over the same period 131 Housing Health and Safety Rating Standard (HHSRS) inspections were carried out on private rental sector properties, and 15 Improvement Notices (a mixture of category one and category two hazards) were served on private rental sector properties in Southampton, and 0.2% of private rental sector properties in Southampton were estimated to have category one damp and mould hazards.
- The Council had taken formal and informal enforcement action on damp and mould hazards 18 times in 2019/2020, 3 times in 2020/2021 and 3 times in 2021/2022.
- There has been no use by the Council of Civil Penalties.
- NRLA were not opposed to selective licensing schemes if it was targeted effectively.

Rogel Bell, South Hampshire Chair and Phil Watmough, Committee Member, iHOWZ Landlord Association delivered a presentation providing landlords' perspectives on housing conditions in the private rented sector. Key points raised in the presentation included:

- All Private Rented Residential Property must meet HHSRS standards and have in place prior to renting a gas certificate from a GasSafe Engineer (CP12), an electric

certificate from a qualified electrician, an Energy Performance Certificate, and a risk assessment. A “Right To Rent” must have been served prior to the start of the tenancy. The landlords address must be available to the renter.

- iHOWZ Landlord Association made documentation available for members and included a checklist of what was required. Checks, including property conditions, were advised and IHOWZ ran training and accreditation courses and encouraged councils to become involved.
- There was recognition that it was not only homes in the private rented sector that failed the decent homes standard. Southampton was the second worst council in England for 'non-decent homes' for social housing (Daily Echo headline in November 2023).
- Tenants needed to be aware that they had a legal obligation to act in a tenant like manner and report problems to the landlord.
- They must do minor 'maintenance' around the property or notify their landlord if they were unable or unwilling to do so.
- Tenants must apply the necessary amount of heat to keep undue condensation at bay, thus avoiding damp and mould.
- Landlords must respond to tenants' complaints. Good communication was key and landlords should maintain property at their own expense promptly, rectify all HHSRS problems promptly and provide the tenants with an emergency number available all day every day.
- The Council must be firmer towards bad landlords, ensure prosecutions get press coverage and encourage tenants to complain to the Council.
- Raising Standards was vital for the private rented sector.

Ros Lyon, Head of Occupancy and Residential Customer Services, Dan Cole, Associate Director of Facilities and Kate Fay, Public Affairs Manager (Estates), University of Southampton, summarised the University's expansion proposals and Southampton Accreditation Scheme for Student Housing (SASSH). The key points raised in the presentation were as follows:

- The University was planning to increase student numbers from 25,000 to more than 30,000 by 2033.
- £1 billion was to be invested in its physical and digital estate.
- With an increase in students, the University would need more accommodation. The Southampton Local Plan required that academic floor space built was matched by bedspaces built.
- The University estimated that by 2027, there will be a need for an additional 3,800 bedspaces in the City and to meet their existing accommodation guarantee they would need approximately 2000 additional rooms, which could be either owned, leased or nominated.
- It was expected that 3,000 additional bed spaces will be required in the private rented sector by 2027.
- Southampton Accreditation Scheme for Student Housing (SASSH) is a web platform that lets agents and landlords upload adverts for their properties. The day-to-day administration is undertaken by the University and Solent University, and the Council is involved in the setting of the standards for each year.
- To be published on the platform, the advert must meet all statutory minimum requirements for letting. Certificates are checked by either the University or Solent University accommodation team.

- The number of properties registered had plateaued since 2020. From 2015 to 2020, 130-160 properties were added each year, and since 2020 it had been around 35.
- Supply was not keeping pace with demand, and the scheme was not growing.
- The University and Solent University were keen to reinvigorate SASSH with a new user interface, property reviews, and information on living in the city safely and respectfully.
- The University was planning to re-start property inspections and review standards. Homes should be more than the current 'bare minimum' standards.
- The University was keen to encourage more landlords to join the scheme and was keen to work with landlords who were willing to provide accessible accommodation.
- A full-time City Housing Relationship Manager at the University complemented Solent University's full-time Housing Officer.
- The University would welcome additional Purpose Built Student Accommodation in the city centre of Southampton, especially cluster flats, and were supportive of HMO licensing schemes.

Professor Helen Carr and Dr Mark Jordan, University of Southampton, delivered a presentation outlining the regulation relating to housing conditions in rented accommodation. Key issues raised included the following:

- The HHSRS was a risk-based assessment tool to triage local authority enforcement consisting of 29 hazards which could be assessed at either Category 1 or Category 2.
- Actions included improvement notices, prohibition orders, and emergency remedial action. It was a valuable tool which could be used more extensively and creatively.
- Tenants had little say in the system but can claim Rent Repayment Orders for breach of improvement notices and prohibition orders.
- Simplification and production of base line standards was planned.
- Landlord's repairing obligations were included in s11 Landlord and Tenant Act 1985 (to keep in repair structure and exterior and installations) and the Homes (Fitness for Human Habitation) Act 2018 (homes must be fit for human habitation at the commencement and throughout the tenancy).
- The Renters (Reform) Bill includes an extension of the Decent Homes Standard to the private rental sector, enforced through civil penalties and rent repayment orders and imposes a duty on local authorities to ensure housing meets the standard.
- To meet the Decent Homes Standard a property has to meet the current statutory minimum standard for housing (free of category 1 hazards from the HHSRS), be in a reasonable state of repair, have reasonable facilities and services, and provide a reasonable degree of thermal comfort (EPC band E).
- The Decent Homes Standard is not an exacting standard but a lot of private rental sector properties would still fail it, particularly the older dwellings and overcrowded housing that will not have adequate space or facilities.
- Despite widespread licencing schemes, the private rental sector had the worst conditions. The English Housing Survey (2021) showed that nationally 14% of private rental sector homes have a category 1 hazard (by extrapolation that would be 3,900 homes in Southampton) 23% of private rental sector homes do not meet the Decent Homes Standard (by extrapolation that would be 6,400 homes in Southampton). The extrapolations for Southampton are likely to be a conservative estimate given the profile of housing in Southampton and the results of the 2008

stock condition survey. The Renters (Reform) Bill promises to double the scope of enforcement.

- The Renters Reform Bill is likely to have significant regulatory and resource implications for councils. The limits of complaint driven reactive enforcement are clear. Adopting a more proactive and responsive regulatory approach can demonstrate compliance, develop novel data led enforcement practices by combining data sources such as NHS hospital admissions data, and Indices of Multiple Deprivation data can be mapped onto housing conditions survey to target enforcement.
- Success would depend upon regular housing stock condition surveys.
- In conclusion houses in England, and therefore Southampton, are in very poor condition. This has health and financial consequences. A fairly extensive legal framework has not eliminated poor standards in the private rented sector. Landlords need to understand that the maintenance of property requires regular investment, local authorities need to be more pro-active on housing standards, and tenants need to feel free to exercise their rights and use rent repayment orders and the courts as appropriate.