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

MINUTES OF THE MEETING HELD ON 29 FEBRUARY 2024

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

Apologies: None

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

RESOLVED that the minutes of the meeting held on 18th January 2024 be approved and signed as a correct record.

11. **SOUTHAMPTON CITY COUNCILS APPROACH TO ENFORCEMENT OF THE
PRIVATE RENTED SECTOR**

The Panel considered the report of the Scrutiny Manager concerning Southampton City Council's approach to enforcement of the private rented sector.

The Panel received the following representations:

Steven Hayes-Arter, Service Manager for Private Sector Housing and Port Health, Southampton City Council outlined the Council's approach to enforcement. Key points raised in the presentation included the following:

- Reactive inspection of properties using Housing Act 2004 Part 1 powers (HHSRS) - only where tenants have made complaints or raised issues. This includes HMOs (not covered by licensing) and all other private rented accommodation.
- All work is carried out across two teams – Private Sector Housing and HMO Licensing. The PSH Team consists of 3.5 FTE, the HMO Licensing Team of consists of 6.5 FTE funded by licence fees. Therefore there are ten FTE covering enforcement of a sector of approximately 28,000 properties.
- Demand for services and lack of resources means that all PSH service requests are triaged. An inspection is only carried out where a likelihood of significant hazard (Cat 1, HHSRS) is identified.
- There were only 489 complaints in 2022/23 and 2,180 complaints since 2019/20. Only 88 of the complaints led to an inspection in 2022/23 (18%).
- In 2022/23 only six enforcement notices were served by the PSH Team and 72 in total since 2019/20. Notices are generally issued after required work is not completed. No Civil Penalty Notices (CPNs) were issued by the City Council.
- There is a legal requirement for local authorities to license larger HMOs in their area, namely all HMOs with five or more residents from two or more households. In the City there are between 2300- 2500 mandatory HMOs, which require licensing every five years, out of approximately 6000-7000 HMOs.
- The majority of the HMOs are situated within the central wards of the City, predominantly in Bevois, Bargate & Portswood.

- Regulations impose certain mandatory conditions that HMOs and licence holders must meet. Southampton City Council has its own published HMO standards that cover all HMOs in the City, including those not requiring licensing.
- Every HMO is inspected prior to a licence being issued by either a City Council HMO surveyor or an Accredited independent Surveyor (CIEH or RICS certified).
- Failure to comply with any condition is a breach of the licence and can result in enforcement action and ultimately the revocation of the licence. Fifteen HMO landlords have been prosecuted since 2014, but none for eight years.
- Southampton City Council has also operated three additional HMO licensing schemes in certain wards within the City over the past ten years. Additional licensing schemes allow local authorities to licence smaller HMOs, and 'cluster flats' within purpose-built student blocks, any HMO with three or more persons forming two or more households. Schemes have covered the four central wards of Bevois, Bargate, Portswood and Swaythling and also the western wards of Shirley, Freemantle, Bassett and Millbrook. The most recent scheme covering the central wards ended on 30th September 2023. Additional schemes can only run for five years and run on a 'cost recovery' basis. Schemes must meet with prescribed conditions set out in the Housing Act 2004.
- The first designation was made in 2013 in central wards. The majority of the evidence used for justification of the scheme came from a 2008/9 Stock Condition and HMO survey of the City. That scheme resulted in about 3600 licensed premises and at the end of five years the compliance rate with conditions was at 62%.
- The second designation in western wards was introduced in 2015. Only 600 premises were licensed by the end of that scheme in 2020. Compliance rates were very high at 80%.
- The third designation was introduced in Autumn 2018 covering the same central four wards as the first scheme. Overall compliance was very high, ending at approx. 90%. Success of the scheme however makes further designations less easy to justify. In order to satisfy the legal tests, a robust case is needed to show that licensing is the most effective tool to ensure sufficient management of HMOs.
- Previous additional licensing has captured about 2800 HMOs across the city. (Mostly within the central spine). In conjunction with mandatory licensing it has resulted in about 5000 HMOs out of the estimated 6000-7000 in the City being covered by licensing.
- HMO licensing is an effective tool in managing the condition and impact of HMOs. In Southampton, licensing of HMOs has led to a 75% reduction in complaints from tenants relating to their conditions over the past ten years.
- Southampton City Council is proposing a further additional designation in 2024 to capture the majority of the City's HMOs (in eight wards) to keep standards high. Designation would capture between 2800-3000 HMOs including all of the Purpose-Built Student accommodation blocks.
- Ideally Southampton City Council would have new data sets for the City from a more recent stock condition survey to support the case for a new designation. So far this has not been commissioned due to costs of about £500,000 far exceeding budget of £125,000.
- Selective Licensing can be used separately or in parallel with additional HMO licensing. It would require legal tests to be met, which are similar but not the same as for additional HMO licensing. It is more challenging to gather

evidence, as lots of data is required, and ideally a stock condition survey is needed.

- It has the potential to target parts of the sector that are otherwise hard to reach or engage with, such as the smaller non-HMO market.
- It can also be used to raise income for private sector housing enforcement work and lead to increased enforcement activity. Whilst resource intensive and costly to set up, there are options to 'outsource'.
- About 20,000 private rented properties are not covered by HMO licensing schemes. No landlord registration is required so that sector can slip under the radar of the Council.
- Selective licensing can target some or all of these, depending on the ambition of a local authority. Larger schemes capturing more than 20% of the sector require Secretary of State approval but small schemes do not. Many local authorities start small, targeting a small number of wards.
- In Southampton the wards most likely to meet the criteria would be the central areas. This could mean certain wards would require all PSH & HMOs to be licensed.
- Selective licensing could therefore be a useful tool to tackle the sector in the city.
- There are future plans and challenges. New guidance on damp and mould and changes to HHSRS; Current and future work programme around high-rise fire safety; Renters Reform Bill will see biggest shake up in years to private renting; Increased focus on rent repayment orders and decent homes standard extended to PRS likely to see increased demand on PSH team resources. The abolition of s21 evictions may also result in an increase in complaints due to tenants being more confident to report issues.
- The Renters Reform Bill will introduce Decent Homes Standards likely to be implemented in late 2024. New powers will be granted to require landlords to make properties decent. The expectation is that local authorities will prioritise private rented sector enforcement. Many houses will not meet the standards and demand for inspection and assessment will probably be high.
- Government will be publishing new operating and enforcement guidance for local authorities with the potential for significant impact on the PSH Team and Southampton City Council's resources. Ideally additional funding will be made available to resource this work.
- Standards are at risk of falling if enforcement of the sector is not prioritised appropriately. The service therefore needs to be effectively resourced and all available enforcement tools need to be considered.
- Future additional HMO licensing and selective licensing within the City are the most appropriate tools currently available and need to be considered.

Cecilia Kovacs, Southampton Tenants Union, outlined the tenants' views. Key points raised in the presentation included the following:

- The Tenants Union support licensing of all the private rented sector in Southampton, not just HMOs.
- However, licensing is not enough. Tenants need an outlet to report disrepair.
- Timescales currently can mean tenants in homes with disrepair can be susceptible to prolonged danger of harm and health issues, even death. Legal support is inaccessible.

- The Tenants Union offered to help capture issues in Southampton in support of a future stock conditions survey or selective or additional licensing schemes.

Rogel Bell, South Hampshire Chair, iHOWZ and Liz Mackenzie, Regional Representative, NRLA, outlined the landlords' views. Key points raised in the presentations included:

- The Southampton City Council enforcement team is constructive and helpful.
- The HMO licensing schemes have driven bad landlords out of the market.
- Enforcement has been adequate and the use of Chartered Surveyors is valued.
- More resources to enforce licensing schemes, standards and conditions would be beneficial.
- iHowz would welcome selective licensing schemes in Southampton. There is a need for more landlords to become accredited with reputable landlord associations to raise standards.

12. **SECURITY, STABILITY AND OVERCROWDING IN THE PRIVATE RENTED SECTOR**

The Panel considered the report of the Scrutiny Manager concerning security, stability and overcrowding in the private rented sector.

The Panel received the following representations:

Maria Byrne, Service Lead for Housing Needs and Welfare Support, Southampton City Council outlined the link between the private rented sector and homelessness in Southampton. Key points raised in the presentation included the following:

- Local authorities have a duty to provide advice and information to people on housing issues. The number of households approaching the authority has increased over the past few years.
- The top three reasons that households become homeless in Southampton are family or friends no longer willing to accommodate; the end of a private rented tenancy under an assured shorthold tenancy; Domestic Abuse.
- The top reasons why households become homeless from private rented accommodation are the Landlord wishing to sell or re-let the property; Tenant's experiencing financial difficulties; Increase in rents.
- To assist households that become homeless Southampton City Council works with both tenants and landlords to resolve any issues where possible to enable the tenant to remain in the property; Assist households in securing alternative private rented accommodation; Provide financial assistance to help households find alternative accommodation.
- So far this year the team has assisted 320 households into the private rented sector.
- There are 7,666 live applications on the Housing Register.
- Due to the limited availability of social housing in the City households are looking for alternative housing options and rely on the private rented sector.
- There are 182 households in temporary accommodation at present funded by Southampton City Council. 150 people are in nightly paid accommodation. This is expensive provision.

- Southampton City Council wants to work more with landlords and tenants to sustain existing private rented accommodation and also assist those who need to move to new accommodation.
- Southampton City Council has recently launched a five-year homelessness and rough sleeping strategy which sets out a vision over the next five years of “A city where everyone has a safe place to call home”.
- Priority 1 is prevention; Priority 2 is intervention; Priority 3 is working together and Priority 4 is housing solutions.
- Southampton City Council will work with the private rented sector, reviewing its landlord offer and considering models around leasing options, and a rent deposit scheme. It is looking to work with landlords at the earliest opportunity to provide support to prevent homelessness. Consideration will be given to better ways to engage with landlords in the private rented sector.
- Consideration is being given as to whether a landlords’ forum would be beneficial in Southampton.
- Southampton City Council is developing a ‘call before you serve’ project to consider better ways to work with landlords and is looking at good practice examples that are being carried out by other local authorities such as BCP that provide grants to landlords to improve the standard of the private rented sector properties in return for nomination rights to the properties.
- Prevention, and maintaining tenancies, is a cheaper option for local authorities than temporary accommodation and delivers better outcomes.
- Steven Hayes-Arter’s team have helped train Maria Byrne’s team on what to look out for when visiting private rented properties and there is a close working relationship between the two teams.

Professor Helen Carr and Dr Mark Jordan, University of Southampton, delivered a presentation outlining the regulation relating to security, stability and overcrowding in the private rented sector. Key points raised in the presentation included the following:

- Deregulation of the private rented sector was based on the vision of the sector as a source of housing for ‘transitional’ households. The revival of the sector has challenged this vision. One third of renters are families with children (8,400 households in Southampton), and one third are low income, struggling or vulnerable households.
- The average renter has lived in their home for 4.4 years and many expect to stay for medium to longer term.
- Ending of an Assured Shorthold Tenancy is a ‘significant cause of homelessness’ (31% of cases in 2015/16) and the use of ‘no-fault’ evictions has increased by almost 50% since 2022.
- Private rented sector instability has major regulatory and resource implications for local authorities as it triggers homelessness prevention and other duties such as proactive tenancy relations; Lack of social housing has meant growing use of highly expensive temporary accommodation (£1.74 billion in 2023); 47% of families with children were forced to move schools as a result of living in temporary accommodation (Shelter, 2023).
- Legal security of tenure
 - Housing Act 1988
 - Protection from Eviction Act 1977

- Renters (Reform) Bill - Abolition of s.21 will constrain retaliatory eviction; Landlords redress scheme may provide a more accessible way to enforce standards for tenants; Extension of Banning Orders; Extension of Decent Homes Standard to private rented sector enforced through civil penalties and RROs and a duty on local authorities to ensure housing meets the standard.
- Reforms in Scotland can inform likely outcomes. The Private Residential Tenancy (Scotland) Act 2016 abolished no fault evictions and extended protections for tenants. The impact was a slight decline in the private rented sector but an increase in the Social Rented Sector and signs that landlords have exited the market and turned to 'short term lettings' but there is new regulation of this activity (2023).