



Z2K Response to Westminster City Council's Draft Private Rented Sector Strategy 2020-2024

Z2K is an anti-poverty charity supporting low-income Londoners struggling with benefits issues or housing problems. For the past 15 years, we have been based in Westminster and throughout that time, more than half our clients are Westminster residents. In response to the Coalition Government's caps on Housing Benefit, Z2K established the Next Door project with support from the Oak Foundation. Part of that project involved a Private Rented Access Scheme helping broker tenancies for homeless single people.

Westminster City Council has been one of the main referrers, with nearly 300 people supported by four weeks Rent In Advance by the authority and a deposit underwritten by Z2K. In recent years, as the shortfall between the Local Housing Allowance rates of Housing Benefit private tenants are entitled to and the rent they are liable for widened, most have had to accept a tenancy outside of Westminster itself. However, most of those clients have had a long – and sometimes bitter – experience of trying to rent privately in Westminster.

Z2K therefore welcomes WCC's initiative of producing this draft Private Rented Sector Strategy. We especially welcome the determination expressed within it to do more to insist upon better physical conditions and also better management standards within the local PRS. Z2K met with the Cabinet Members for Licensing & Public Protection and Housing Services during the course of this consultation and our Tenants Voice & Campaigns Officer also attended one of the workshops. However, we wanted also to submit this more detailed response.

Proposal One: Improve conditions in the PRS and ensure lawful practices

Z2K strongly supports the central proposal in this section to introduce a discretionary licensing scheme for Houses in Multiple Occupation (HMOs) in Westminster. In fact, we think it is long-overdue. While it is true, that the threshold for mandatory HMO licensing of three or more storeys and five or more occupants ensure those that are of greatest risk to the health and safety of their residents are included, more than 80 per cent are not. The estimate in the consultation document that 44 per cent of all HMOs in Westminster contains a Category One hazard shows many tenants of HMOs are at risk as things stand. It is essential that the onus is now placed on the landlord or their agent to obtain a licence and thereby allow WCC to focus its efforts on inspection and enforcement of these hazards and meeting the wider HMO safety regulations.

Z2K disagrees, however, with WCC's proposal only to keep the need for a broader "selective" licensing scheme for other parts of the PRS "under review". We understand that WCC will not want to overwhelm its relatively limited Environmental Health Services staff with administering a licensing scheme at the expense of undertaking inspections and enforcement activity, and we realise there is a legal requirement to provide evidence of the problems being caused by the sector to secure the Secretary of State's approval. It is also true there have been some improvements in the professionalism of landlords and their agents in recent years. However, our clients' experiences indicate there remain persistent problems with poor conditions and hazards throughout the PRS in London and unacceptable management practices are still widespread, particularly at the bottom end of the market. This is borne out by the estimate in the consultation document that there are over 2,500 non-HMO homes in the PRS containing a Category One hazard.

The time has come for WCC to begin to take more decisive steps to address these failings and so we hope the Council Leader and Cabinet Member will now authorise a consultation on selective licensing in two or three wards. If the data is available at a ward-level, the choice of wards should be based on those with the highest concentration of Category One hazards actually identified. If it isn't it can only really be based on the wards with the highest concentrations of PRS properties. Experience elsewhere suggests that the landlords lobby will object to these proposals, but it also confirms that it can actually be implemented relatively easily and will drive up physical and management standards.

With this exception, Z2K supports the other proposals to raise awareness of WCC's services amongst tenants, encourage landlords to join accreditation schemes and review its enforcement policy.

Proposal Two: Support and engage with tenants, landlords and letting agents

Z2K welcomes WCC's decision to partner with Safer Renting so that tenants facing unlawful eviction or being forced to live in squalid conditions are better able to challenge their landlord. We strongly encourage elected members to agree to continue with this contract when external funding runs out. We also support the proposal to consolidate the existing information provided by WCC to tenants on its website and more clearly signpost tenants to independent organisations who can help them. This is clearly an operational, rather than strategic point, and so should be done immediately.

Proposal Three: Improve knowledge and intelligence about the sector and work with other organisations that give advice and support to tenants

Z2K welcomes the proposal to embed the existing Housing Standards Task Force's approach and especially the creation of a PRS Strategy Group, including others with an interest in the sector. One example of an area where the group could undertake useful work is in the consideration of where to pilot the selective licensing we believe is necessary. Z2K would be keen to be involved in this Strategy Group.

Proposal Four: Help to shape the sector

The deregulation of the PRS in 1989 has created an imbalance in the legal rights of landlords and tenants, which has led to a significant deterioration in physical and management standards in the sector, especially at the bottom end of the market. All the evidence shows that tenants are fearful of reporting disrepair and malpractice because they fear it will simply lead to their tenancy being ended. While it was well-intended, the protection from retaliatory eviction legislation doesn't go far enough to give sufficient confidence. The Government's proposal to end "no fault" Section 21 evictions is therefore welcome, but this now needs to be brought forward urgently. We believe that WCC is well-placed to encourage MHCLG to do so without further delay.

We were particularly pleased to see WCC express its support for a national register of private landlords and lettings agents. This register was proposed by the independent Rugg Review in 2008 and consulted upon the following year. Disappointingly, however, it was not implemented after 2010, leaving local authorities with the continuing responsibility of tracking down landlords and properties which do not meet the required standards. The debate within the sector around this proposal has moved on somewhat in the past few years and there is a degree of consensus, including amongst reputable landlords about an MOT-style approach to give tenants confidence that their landlord is conscious of their legal responsibilities. Whatever specific approach is taken, Z2K would encourage WCC to make its voice and support heard by ministers in this debate.

Similarly, we understand WCC's frustration with the Housing Health & Safety Rating System (HHSRS) as over-complicated and slow, even when dealing with Category One Hazards. Z2K recalls that this system was created in partnership with the Chartered Institute of Environmental Health in response to concerns about the old Housing Fitness legislation, and that it took a long time both to be devised and implemented once the Housing Act 2004 came onto the Statute Book. For all its failings, however, it can prove an effective tool and its own flaws are not the only reasons for delays or weak enforcement. We hope Environmental Health professionals will look at ways of improving the HHSRS, which can be implemented quickly even being included in the forthcoming Renters Reform Bill, rather than awaiting bespoke legislation which is unlikely.

Homelessness / Temporary Accommodation

Z2K wants to take this opportunity to highlight the sub-standard quality of some of the temporary accommodation used by WCC's Housing Options Service for vulnerable homeless families. We fully understand that the HB TA subsidy rates are not currently generous enough to enable to authority to offer the high standards these families deserve, but they should always be decent at least. Equally importantly, the onus should be on WCC itself and not the individual homeless family to ensure landlords deal with issues of disrepair. These households are not tenants and have no power to force landlords and their agents to undertake repairs. WCC does. We also believe that WCC should inspect every property before it comes into its TA portfolio, including those in other area, and re-inspect at regular intervals thereafter.

Affordability

Finally, Z2K understands there is relatively little WCC can do about the affordability of the PRS. However, we believe there are a couple of areas where more could be done. Firstly, we are concerned at the very low rate currently in use for the Shared Accommodation Rate (SAR) of Local Housing Allowance (LHA) in Westminster. We believe this shortfall against real market rents for a room in shared accommodation contribute to homelessness in the Borough and London as a whole. Strangely, while the one-, two, three and four-bedroom rates were all uplifted in 2019/20 through DWP's Targeted Affordability Funding, the SAR was not as it fell well down the list of those diverging from actual local market rents. That position has been corrected in 2020/21 through LHA rates being pegged back at the 30th percentile, we remain concerned about the data used by the Valuation Agency Office and would encourage WCC to probe that body on its accuracy.

Secondly, Z2K now has a decade of experience of WCC's Discretionary Housing Payment (DHP) policy and practice. While we understand the intense pressures on the DHP pot allocated from DWP as a result of the LHA caps, Bedroom Tax and Benefit Cap, we feel the current policy is too stringent. It leaves many tenants unable to access the funding they need to top-up HB/UC payments to a level that would enable them to sustain their tenancy. We suspect that will be even more the case during the current pandemic and economic downturn. Z2K welcomed WCC's decision a few years ago to voluntarily top-up its DHP pot by £1 million and would urge that the authority do something similar for this year and next to enable it to revise its policy to support more tenants with a DHP if the Government decides against boosting the overall funding or the authority's individual allocation to reflect the increased number of claimants.

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