
LANDLORD ACCREDITATION SCHEME

**Responsible Cabinet Member(s) - Councillor Bill Dixon,
Community and Public Protection Portfolio &**

Responsible Director(s) – Cliff Brown, Director of Community Services

Purpose of Report

1. The purpose of this report is to seek Members approval to introducing a Private Sector Accredited Lettings scheme for Darlington.

Information and Analysis

2. The recently launched Neighbourhood Renewal Strategy identified a number of strategic priorities that are designed to have a positive impact on reversing the spiral of deprivation and decline in the 11 most disadvantaged wards within Darlington and to help build the capacity and confidence in those communities. One such priority was the need to engage with private sector landlords to improve standards and increase the proportion of decent homes within the private sector occupied by vulnerable groups. One of the ways this can be achieved is through a Landlord Accreditation Scheme. This is identified as a key action within the Neighbourhood Renewal Strategy Action Plan 2005/06. By engaging with private sector landlords and setting minimum standards for conditions and housing management, a Landlord Accreditation Scheme could make a real contribution towards improving housing conditions and combating anti-social behaviour throughout Darlington, not just in the 11 most disadvantaged wards.
3. With affordability of owner-occupation being an issue for many people, the private rented sector can offer a route into good quality accommodation. Unfortunately, at the same time, there is no doubt that a combination of poor quality accommodation and anti-social tenants can have a major negative impact upon local communities. Compared to Council or Housing Association accommodation, there are relatively limited controls and guidance concerning the quality of accommodation and management in the private rented sector. The basic legal requirement is the Fitness Standard, which will be replaced by a Housing Health and Safety Rating System during 2005. There are also regional targets to work towards Decent Homes in the private sector, particularly those occupied by vulnerable residents, although for private rented housing this will rely upon landlord goodwill to bring dwellings up to the very basic standards required under the Decent Homes criteria.

4. In recognition of the important role that can be played by the private rented sector, the Government has been promoting voluntary private sector Accreditation Schemes for some time. The Housing Act 2004 makes legislative proposals for local authorities to develop licensing schemes for Private Sector Landlords in areas of low demand or to counter anti-social behaviour. Accreditation Schemes are proposed as a way of harnessing the good relationship that already exists with many landlords without the need to impose a licensing scheme on landlords. The Government sees improved partnerships with private landlords as a way of driving up standards while reducing the need for formal and legal enforcement action. An Accreditation Scheme aims to drive up standards within the private rented sector by publicly identifying landlords or their property as being of a recognised higher standard. This could be, for example, on the grounds of their accommodation being particularly well-managed or well-maintained. This gives landlords a clear market advantage over their competitors. Prospective tenants can judge whether a landlord and their properties are of a certain standard in terms of condition, health and safety and management. An increased demand for accommodation would suggest that landlords could attract more responsible tenants to their property and perhaps set higher rents for an acknowledged better standard of accommodation. By implication, an Accreditation Scheme also isolates poor quality landlords offering a poor standard of accommodation and service to tenants and contributing to anti-social behaviour within the neighbourhood. Prospective tenants can exclude such landlords from their considerations, while the Council is better placed to tackle them through a range of enforcement and regulatory activity.
5. At a strategic level, many of the housing, social and community safety issues that blight parts of the private rented sector can only be addressed effectively through a solid partnership and dialogue with private landlords. A dedicated Accreditation Officer can facilitate this by not only overseeing the scheme, but also developing partnerships and linkages between landlords and a range of other agencies including all parts of the Council, Police and Fire Service. The Officer can act as a 'one-stop shop' for accredited landlords to contact the Council over a range of related issues, and offer training to accredited landlords on their rights and obligations, tenancy management or anti-social behaviour. In essence, accredited landlords can be utilised as a cornerstone for consultation over proposed legislative changes, strategic development and other matters of common concern.
6. The Council is currently improving standards within the private sector through a range of advice and enforcement activity. Our private sector housing performance is being measured against two key Best Value Performance Indicators, BVPI 62 that relates to the number of private sector dwellings made fit, and BVPI 64 that relates to the number of empty dwellings that are returned to use as a result of local authority action. Additional funding has been received from the ODPM under a Local Public Service Agreement (LPSA). This is funding an additional Housing Renewal Officer in return for which the Council is improving performance, still further, in relation to these targets. Our performance is being helped by our good relationship with a majority of landlords, allowing us to meet targets through advice and informal action without the need to always resort to legal processes. Developing an Accreditation Scheme would help build on and formalise this relationship, allowing the Council to identify good quality accommodation.

7. There is a clear demand for an Accreditation Scheme within the town. In the consultation with residents and partners as part of the development of the Neighbourhood Renewal Strategy, there was support for an Accreditation Scheme as a means of improving standards within the private rented sector. Consultation has also taken place with both individual landlords and the Darlington and District Private Landlords Association (DDPLA), and there is clear support for an Accreditation Scheme, subject to the outcome of any decision on the detail of any proposed scheme.
8. Clearly, that may not be enough for landlords to join an Accreditation Scheme. In areas of high demand, there may be little market advantage in simply being accredited and landlords will not join the scheme unless they can see some clear benefits. Incentives such as Housing Benefit 'hot lines', fast tracking of claims, priority for renovation grant assistance and discounts on insurance have all been used in other parts of the country to encourage landlords to join an Accreditation Scheme.

Benchmarking

9. Few Accreditation Schemes are in existence within the region. A nationwide benchmarking exercise has been undertaken and has gathered the information contained in Appendix 1. This reveals that the majority of schemes are property based, and are administered through a dedicated member of staff. The schemes vary in size but all offer a range of incentives to encourage participation among landlords.

Proposed Scheme

10. In Darlington, there are approximately 3600 privately rented properties (8.3% of the total housing stock). However the number or identity of landlords who own these properties is not known. This leaves a gap in our understanding of the type, location and ownership of this accommodation that can make an effective contribution to meeting housing needs in Darlington. An Accreditation Scheme will lead to improved recording and mapping of private rented housing because landlords will have to make their properties known if they are to be accredited. This will benefit the Council's strategic planning.
11. The proposed scheme combines property and landlord accreditation. The reason for this is that some landlords have many properties. It would be unfair, at least at the initial stage of the scheme, to fail to accredit a landlord with many properties, the vast majority of which are up to standard, while accrediting a landlord of a single property that attains the required standard. Rather, it is hoped that the benefits of accreditation will mean that landlords will offer up properties to be included within the Accredited Lettings Scheme, while signing up to an agreed Code of Management Standards that governs the way in which they undertake their landlord duties.
12. The Accreditation Network UK, which represents over 150 accrediting organisations, (predominantly local authorities and some universities) has developed a model of good practice. This Code of Standards has been adapted to fit the needs of Darlington and is attached in Appendix 2. At the outset it is recommended that the Council start with this statutory legal requirement that includes standards Housing Renewal Officers currently have to implement through informal action and legal notices. However, the Code can be amended in future to include issues of further concern and to increase standards of eligibility still further.

13. Landlords will be invited to submit details of properties that they would like to be included within the Accredited Lettings Scheme. It would then be necessary to undertake an inspection of the property. It is recommended that for landlords owning six properties or more, a random 10% sample of the stock is inspected, while for landlords with fewer properties, every property proposed for accreditation is inspected. To be an Accredited Landlord, the landlord will be required to sign up to the Code of Standards. Since Housing management practices tend to be less tangible, some preliminary enquiries will be made regarding, for example, tenancy communications and repair response times, however there will have to be some trust and discretion over what the landlord indicates as his/her practices until this is proved to the contrary.
14. The Accreditation Scheme will build on the existing and very successful Houses in Multiple Occupation (HMO's) Registration Scheme. It is proposed that properties that are currently fully registered under the HMO Registration Scheme (approximately 175) will be automatically passported into the new scheme, creating an instant membership. Such properties have already been inspected and found to meet all the requirements of the HMO scheme, which is a higher standard than that proposed under the Accreditation Scheme. The frequency with which inspections are undertaken will be on a risk basis, in line with the HMO registration scheme. For example bedsits and bed & breakfast accommodation to be on annual basis, flats every 2 years, and houses every 3 years. An option will be retained to inspect properties more frequently should the landlord contravene the terms of the scheme or there are other issues of concern.
15. It is proposed that a dedicated officer will run the Accredited Lettings Scheme. This officer will:-
 - (a) Undertake the inspections outlined above, supported by, where necessary, other members of the Housing Renewal Team.
 - (b) Act as a liaison point for accredited landlords in their dealings with the Council.
 - (c) Offer or direct landlords to appropriate advice in relation to their accommodation for example tenancy and anti-social behaviour matters, and provide help in dealing with any problems which arise with tenants and their properties.
 - (d) Offer accredited landlords education and training in relation to landlord and tenancy legislation and changes in Government or Council policy.
 - (e) Build up a strong partnership with landlords that can be used in the development of future housing strategy and in future funding initiatives. The members of the scheme will form a cornerstone of future consultation regarding any proposals that may affect private landlords, such as legislation and strategy development.

- (f) Facilitate contact between accredited landlords and the services that are available to support vulnerable clients. The officer will promote the Rent & Bond Guarantee Scheme to make private sector housing accessible to more people. Information, seminars and workshops will be arranged for landlords to find out more about the scheme and it is hoped that that this will lead to greater landlord involvement. The officer will make landlords more aware of the tenancy support and advice that is available to them to help sustain tenancies and prevent homelessness. This should lead to more opportunities for private accommodation to be accessed by tenants with support from the Council.
16. It is likely that the advice and support detailed above may not prove sufficient incentive for landlords to join the scheme. As mentioned earlier, it is customary for local authorities to provide a range of other incentives to attract landlords to the scheme. The following are proposed:-
- (a) Discounts on fire safety equipment - Chubb Fire Services have agreed to offer a 50% discount on all their products, such as fire extinguishers and fire alarms to accredited landlords, while paying the Council 5% of the total sales value for these transactions each year. Approaches are being made to other organisations to establish whether other similar arrangements can be established. Any income received could be used to offset other costs.
 - (b) Discounts on insurance – a discount is currently being negotiated with a leading national insurance company specialising in insurance for private sector landlords.
 - (c) Housing Benefit. Consultation reveals this to be of key importance for private sector landlords. It is intended that a ‘hot line’ telephone number be established for landlords wanting to pass on information and make enquiries about the status of Housing Benefit claims. Proposals will be developed with accredited landlords for improving the speed with which their tenants’ Housing Benefit claims can be processed.
 - (d) Shared information. Darlington Police have indicated that they would be willing to share information with accredited landlords on whether prospective tenants have any criminal convictions relating to former tenancies. This will be done only with prospective tenants written consent. This could make a significant contribution to improving crime and anti-social behaviour within the Borough, while contributing to a number of strategic priorities.
 - (e) Advertising of accredited dwellings. Space within Council buildings and on the Council’s website could be used to promote available dwellings that are of a recognised high standard within the private rented sector.
17. A review procedure will need to be established to deal with any complaints and disputes regarding the operation of the Accredited Lettings Scheme that cannot be resolved by other means including mediation.

18. Some schemes in other areas of the country charge landlords a small annual fee for joining an Accreditation Scheme, with the income generated used to offset staffing costs. It is proposed that we would not charge for membership at the present time. There are a number of reasons for this:-
- (a) As a pilot scheme, we want to encourage and foster as many members as possible to ensure that the scheme can have significant and demonstrable outputs. A fee would undoubtedly deter some landlords.
 - (b) Fees charged in other areas, appear to be where there is a larger problem of housing abandonment. As such, landlords have been more keen to engage with any scheme which allows them to distance themselves from poor landlords.
 - (c) Fees could always be brought in at a later date, once the scheme is off the ground. In the first instance we want as many members as possible to achieve maximum impact.

Resource Implications

19. It will not be to accommodate the scheme within existing staff resources. It is anticipated that the first inspection, along with record keeping and reporting will take approximately 3 ½ hours per dwelling. Allowing for even just 10% of privately rented dwellings being included in the scheme in the first year, 360 dwellings would require an estimated 34 working weeks of officer time simply to attend a first visit and undertake the necessary paperwork. The experience of establishing the Council's HMO Registration scheme, also suggests that some 75% of dwellings will not meet the Code of Standards at first visit. Follow up inspections and paperwork will add further to that workload.
20. It is also vitally important that landlords do not simply see the scheme as a token gesture and can recognise the Council's commitment to its success. Dedicated staff resources will signal an intention to make improvements through a permanent collaboration with landlords.
21. Alternative management and administration arrangements have been considered, in particular the Darlington and District Private Landlords Association (DDPLA). However consultation indicates that although they are supportive of such a scheme, they are not interested in administering it. In any case, tenants might perceive a self-regulatory scheme, as less transparent than a Council run scheme, while it could alienate landlords who have not traditionally been members of the DDPLA.
22. It is proposed that a post of Accreditation Officer be created. It is anticipated, at this stage, that administrative support for the scheme would be found from existing resources from within the Housing Budget, however, this situation will need to be monitored as the scheme develops. Salary plus on-costs, together with miscellaneous costs, for example, for publicity material is likely to be approximately £25,000 per annum.

Funding

23. Funding has been identified from existing resources within the Housing General Fund.

Outcome of Consultation

24. Discussions have take place with Darlington and District Private Landlords Association and members of the Anti-Social Behaviour Sub-Group of the Darlington Partnership, including the Police, as mentioned earlier in this report, and they are supportive of the proposals.

Legal Implications

25. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

26. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

27. The issues contained within this report do not represent change to Council policy or the Council's Policy Framework.

Decision Deadline

28. For the purposes of the 'call in' procedure this does represent an urgent matter.

Recommendation

29. It is recommended that:-
 - (a) The proposed Landlord Accreditation Scheme be agreed.
 - (b) A post of Accreditation Officer be created and funded from the Housing Budget.

Reasons

30. The recommendations are supported by the following reasons:-
- (a) To raise standards within, and improve relationships with, the private rented sector.
 - (b) To administer the scheme.

Cliff Brown
Director of Community Services

Background Papers

- (i) No background papers were used in the preparation of this report.

Dale Thompson – 734102
JW