

Rob Leach

Licensing and Immigration Team Leader

Better Rented and Leasehold Sector Division

Department for Communities and Local Government

- Responsible for licensing policy (including mandatory and selective schemes)
- Working with the Home Office on the Right to Rent and new Immigration Act landlord measures
- Leading DCLG's work with Baroness Hayter and Lord Palmer on the Client Money Protection review.

Rob Leach, DCLG

The Housing and Planning Act 2016
and Results of the Housing Technical
Discussion Paper

**Creating a better
Private Rented
Sector:
Housing and Planning
Act 2016 and HMOs**

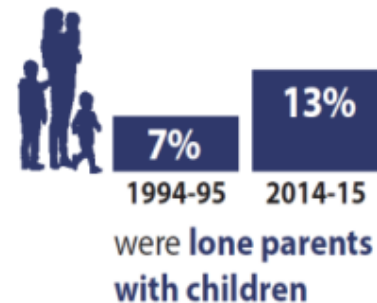
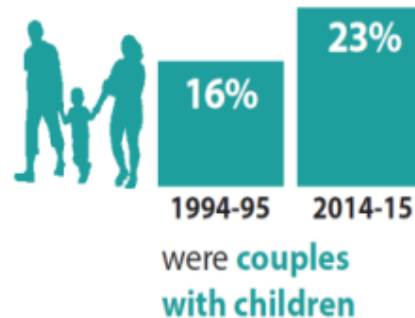
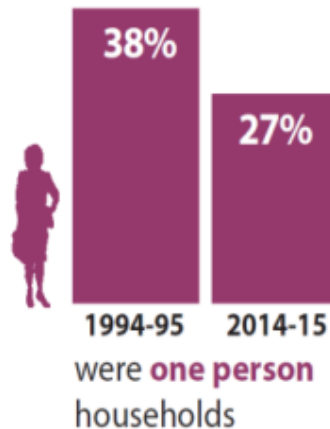
New Ministerial Team...same priorities for the PRS



- Increase supply of PRS homes
- Tackle rogues, targeting criminal landlords, not majority of law abiding landlords
- Increasing affordability and security offered by PRS
- Encouraging professionalisation

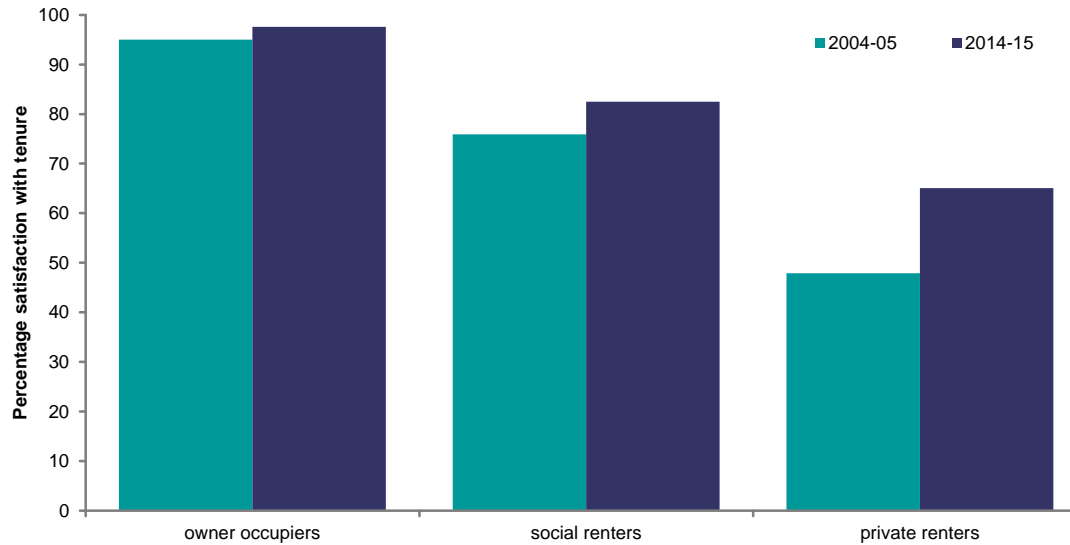
Why is an effective PRS important ?

- Growing PRS - 4.3 m households, second largest sector
- Housing more families with children
- PRS rents increasing - 2.6% increase Mar 15 - Mar 16, and higher in S East and East of England



An improving picture...

- ▶ More PRS tenants are satisfied with their homes in the PRS - an improving picture



- ▶ And conditions are improving - but still behind other sectors

Housing and Planning Act 2016

▶ Act provides new tools to enable local authorities to tackle rogue landlords/property agents, introducing:

- Civil penalties of up to £30,000
- Extension of Rent Repayment Orders
- Banning orders for most prolific offenders
- Database of rogue landlords/property agents
- Tougher fit and proper person test for landlords of licensed properties
- Sharing data on tenancy deposit schemes with local authorities

And introduces:

- ▶ New mechanism for landlords to recover abandoned properties without court action
- ▶ Enabling powers on electrical safety and client money protection

Financial penalties as alternative to prosecution ('civil penalties')

- Local authorities will be able to set a financial penalty as alternative to prosecution - maximum financial penalty will be £30,000 for each offence
- Local authority will need to apply the criminal standard of proof
- Option of appeal to First Tier Tribunal against penalty and amount imposed
- Local authority will be able to retain income from financial penalty to use for housing related purposes
- Aim to introduce in **April 2017**, and with guidance

Rent Repayment Orders

- Extending Rent Repayment Orders to cover situations where:
 - ▶ tenant has been illegally evicted or harassed, or landlord used violence to obtain entry;
 - ▶ landlord has failed to comply with a statutory notice, eg an Improvement Notice; or
 - ▶ landlord has breached a banning order.
- Local authority **must** consider applying for a Rent Repayment Order where they become aware a person has been convicted of one of the above offences.
- Tenant may apply for a Rent Repayment Order
- LA retains Housing Benefit
- Aim to implement from April 2017. and with guidance

Banning Orders

- Aim: Disrupting rogue business model - putting them out of business
- To be defined in regulations but likely to include any offence:
 - involving fraud, violence, drugs, or sexual assault, for which offender was sentenced in Crown Court
 - committed against any person living at a property owned by offender
 - Illegal eviction and certain offences under Housing Act 2004
- Can be banned from:
 - letting housing
 - engaging in letting agency work
 - engaging in property management work or
 - doing two or more of above.
- Banning order must be made by FTT following application by local authority who obtained conviction. Notice and appeal.
- Aim to introduce in October 2017

Applying Banning Orders.

- Minimum 12 months. Length of ban must be specified.
- Penalties for breach: civil penalty, Rent Repayment Order, unlimited fine or 6 months imprisonment. Provision for daily fines where breach continues.
- Local authorities can make a management order if they want property to continue to be available for rent. All rental income retained by the council.
- Anti avoidance measures.
- Committed to consult on detail. Keen to work with the sector in developing guidance.

Database of rogue landlords and property agents

- Aim: Help councils keep track of rogues and target enforcement action.
- Accessible by DCLG and local housing authorities. Anonymised data will be made public.
- Local authorities **may** include details of landlords/property agents convicted of a banning order offence or with 2 civil penalties. Will be **required** to include details of any landlord or property agent served with a banning order.
- First Tier Tribunal and notice/appeal process
- **Aim to introduce in October 2017. We will publish guidance on when & what to include on database and for how long.**

A stronger Fit and proper person test

- More stringent fit and proper person test for landlords of licensable properties, involving:
 - Possible ‘Disclosure and Barring Service’ check so LA has information about any criminal convictions;
 - checking whether landlord:
 - has received civil penalty for not carrying out Right to Rent check;
 - has leave to remain in the UK;
 - is bankrupt or insolvent;
 - or managing agent, has office in UK.

Powers to help identify and target rogue landlords/agents

- Data sharing - new powers to enable LHAs to receive information from tenancy deposit schemes about tenancies in their areas, eg on
 - ▶ PRS property addresses
 - ▶ Addresses of landlords letting these properties
 - ▶ Addresses of letting agents managing PRS properties
 - ▶ Number of deposits registered at PRS property address
- By end 2016

Abandonment

- New procedure for legally recovering property without needing to go to court. Landlord must serve 3 warning notices before property can be recovered. Copies of 1st and 2nd notices must go to guarantor/deposit payer.
- 1st warning notice may not be served until at least 4 weeks/1 month rent is unpaid. 2nd notice can only be served if at least 8 weeks/ 2 months rent unpaid.
- 3rd and final notice must be affixed to door of property and tenant must be allowed at least 5 days to respond. Regulations will set out form that final notice must take.
- ▶ ---Only if no rent paid and property abandoned --

Further protections for tenants

- Enabling powers to:
 - ensure property agents that hold client money, such as rent or service charges, belong to a **client money protection** scheme;
 - require that rented properties in the PRS meet acceptable electric safety standards.



HMO licensing

- Will carry out further consultation on reforms shortly.
- Consultation will set proposal for extending the scope of mandatory licensing which the Government has already signalled that it will implement.
- Through that extension and plans for national minimum space standards in HMOs we want to eliminate dangerous and overcrowded accommodation from the housing market.
- Will also consult on other measures to ensure improve the effectiveness of licensing.
- Measures will be introduced through secondary legislation.



Looking ahead

- Programme of **consultation** and **secondary legislation** to deliver Housing and Planning Act measures to Oct 2017
- **Affordability and Security Working Group** underway, involving organisations across landlord and letting agent sector as well as Shelter, Crisis , Generation Rent and Local Authorities
- Taking forward work on **HMO licensing**.
- Working groups on **Electrical Safety** and on **Client Money Protection** underway
- Promoting good practice.



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