



**Report of the Scrutiny Panel**

**March 2015**

**Private Sector Housing**

**Panel Members**

**Professor Darren Smith (Chair)**

**Councillor Chaun Wilson**

**Councillor Phélim MacCafferty**

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## Chair's Foreword

Profound changes to the dynamics of the local private sector housing market are unfolding in Brighton and Hove. Evidence from the Scrutiny Panel witnesses suggests that there is an ever-widening mismatch between supply and demand for affordable private sector housing in the city, and more and more people in the city are facing adverse experiences and challenges tied to the private sector housing.

What are some of the possible outcomes of these emerging processes of change? In the absence of a comprehensive and deep evidence-base, and during these uncertain times, it is, difficult to predict how the local market for private sector housing will look in 2020. Nevertheless, it is possible to make speculations about some important directions of travel.

First, it is highly likely that current concerns of affordability in the private sector housing market will reach critical levels, as increasingly high (dis)proportions of individual and household incomes are used to meet rising rental costs. The current economic relationships, noted by some organisations in the city, between the required monthly/annual incomes to meet average rental costs, as well as excessive property and mortgage costs for home-buyers, is striking. In this way, perhaps Brighton and Hove is becoming an exclusive city for the rich, from the perspective of both private rented and owner-occupied housing, and, it is clear from the scrutiny panel, that these two strands can intersect in transformative ways.

Good-quality, private sector and owner-occupied housing is increasingly 'out of reach' for some social groups in the city. What is unfolding in the city are exclusionary processes that will lead to the displacement of many low income and vulnerable social groups from Brighton and Hove; constrained and forced to move out of the city into relatively lower-cost local housing markets along the South-East coast and beyond. Undoubtedly, this will put more and more pressures on the social housing sector to meet the pressing needs of low income and vulnerable social groups. These intensified flows of out-migration from the city may transform the ambience of the city, and, in part, reconfigure the senses of place of Brighton and Hove.

At the same time, as Brighton and Hove increasingly becomes an exclusive, 'suburb by-the-sea' of the global city of London, and more and more relatively affluent in-migrants from London seek private rented housing in city, there may be a gentrification of private sector housing in the city. This may further fuel the economic incentives for landlords and private investors to acquire and convert more of the dwindling supply of owner-occupied dwellings into Housing in Multiple Occupation (HMO).

Key here will be the wider effects of the development of new-build, purpose-built student accommodation for both growing national and international student

populations in the city. It is unclear how these new developments will impact on the wider private sector housing market. For instance, will new developments of purpose-built student accommodation lead to the destudentification of some neighbourhoods, in a similar way to other towns and cities in the UK? Or, perhaps, the development of new-build, purpose-built student accommodation will increase the availability of private sector housing for other social groups in the city such as young professionals and key workers, or indeed, allow these neighbourhoods to return to so-called 'family areas'?

Of course, the city's private sector housing market does not operate in a vacuum, and the Scrutiny Panel has shed light on some of the ways that private sector housing is influenced by changes in owner-occupied, social, and other housing sectors in the city. Indeed, the local housing market of the city is increasingly interwoven with regional, city-regional and national housing markets, and these relationships will clearly shape the ways in which the private sector housing market in the city is transformed between now and 2020.

It is clear from the witnesses of the Scrutiny Panel that action is urgently needed to gather more regular, robust evidence-bases of the changing private sector housing market in the city. Deeper understandings are also required of the merits and effects of legislative powers such as Article 4 Directions, licensing, and other management-related practices such as accreditation, rate-my-landlord, and ethical codes, to foster the supply of well-managed and high-quality rented housing, that is both affordable and matches the needs of the diversity of local citizens within Brighton and Hove.

**Professor Darren Smith, Professor of Geography, Loughborough University**

**March 2014**

## Why was this panel set up?

In 2011 a scrutiny panel had looked into the issue of lettings agents in the city. It made six recommendations for the council. In 2014 a request was received from the Citizen's Advice Bureau to look again at this issue using a scrutiny panel, because of the '*...worrying increase in the number of people seeking advice from CAB*'<sup>1</sup> in relation to the private rented sector and letting agents. This request to set up a Panel was approved at the council's Overview and Scrutiny Committee on 20<sup>th</sup> October 2014.

The Panel members were Professor Darren Smith, Professor of Geography, Loughborough University (Chair); Councillor Chaun Wilson and Councillor Phélim MacCafferty. The panel set their terms of reference to:

- Understand the current private sector housing market in the city, and how it has changed since 2011;
- Consider the best ways of managing private sector housing and improving standards in this sector;
- Determine whether the relevant actions identified for private sector housing in the Draft Housing Strategy 2015 tie up to the evidence gathered by the panel. Where possible the panel will suggest how these actions could be practically implemented.

The Panel held three public evidence-gathering sessions in January 2015 and also attended the Strategic Housing Partnership. The minutes from the evidence-gathering sessions are appended to this report. The Panel also received some verbal and written evidence submitted in confidence from people in the city living in the private sector housing.

The table below shows who came and gave evidence in public to the panel

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<sup>1</sup> [http://present.brighton-hove.gov.uk/Published/C00000726/M00005368/AI00042816/\\$LettingAgentsPrivateRentalsFINAL.docx.pdf](http://present.brighton-hove.gov.uk/Published/C00000726/M00005368/AI00042816/$LettingAgentsPrivateRentalsFINAL.docx.pdf)

Name	Job Title	Organisation
Candice Armah	President	Brighton Students' Union
Abraham Baldry	President	University of Sussex Students' Union
Paul Bonett	Managing Director	Bonett's
Charles Dudley	Director of Residential and Campus Services	University of Sussex
Rob Fraser	Policy and Major Projects Manager	BHCC
Julie Frith	Partner – Land and New Homes	Mishon Mackay
David Gibson	Co-ordinator	Living Rent
Clive Gross	East Sussex Community Co-ordinator	Generation Rent
Chris Henry		Home Sweet Home
Alistair Hill	Public Health Consultant	BHCC
Ann Johnson		Citizens Advice Bureau
Tim Nicholls	Head of Regulatory Services	BHCC
Councillor Bill Randall	Chair of Housing Committee	Brighton & Hove City Council (BHCC)
Geoff Raw	Executive Director of Environment, Development and Housing	BHCC
Cathy Reeves	Vice Chair	London Road Local Action Team (LAT)
Martin Reid	Head of Private Sector Housing	BHCC
Dean Spears	Housing Services Manager	University of Sussex
Sabina Wagner	Assistant Head of Accommodation Services	Brighton University
Gary Waller and Mike Stimpson		Southern Landlords Association
Andy Winters	Chief Executive	Brighton Housing Trust

## **Panel Recommendations**

Due to the pressure of timescales, the Panel decided to conduct a short inquiry with the aim of coming to some broad conclusions that would not only feed into the development of the action plan supporting the Housing Strategy 2015, but also lay down markers for the incoming Executive to pick up after the Elections in May 2015.

The recommendations below are intended to inform the implementation of the Housing Strategy and the development of even more effective partnership working around Private Sector Housing in the city. Panel members recognise that there is a lot of good practice in the city, particularly in terms of organisations joining forces in new and innovative ways.

Panel members also recognise that there is much happening with regard to private sector housing in the city that they did not have the chance to explore. It may therefore well be the case that the panel has recommended something that is already happening!

**RECOMMENDATION 1 - To have a commitment to support a strong and buoyant local private sector housing market in the city (see page 11).**

**RECOMMENDATION 2 - To more fully understand how the local private sector housing market has changed in Brighton and Hove since 2011, and to evidence the impacts of new purpose-built student accommodation on the wider private sector housing market (p11).**

**RECOMMENDATION 3 - To provide more regular systematic reviews of the evidence-base underpinning the Housing Strategy (p11).**

**RECOMMENDATION 4 - To more effectively regulate the conversion of owner-occupied, family dwellings into shared private rented housing in relevant areas of the city, using licensing schemes and other legislative powers, to assess and improve the management and standards in HMOs (13).**

**RECOMMENDATION 5 - To consider the effects of the Article 4 Direction on the proliferation of HMOs in the city, and the use of licensing schemes and other legislative powers (p13).**

**RECOMMENDATION 6 – To explore ways to increase the supply of affordable owner-occupied housing for first-time-buyers and key workers in the city (p15).**

**RECOMMENDATION 7 - To further improve the identification of empty homes and voids within private sector housing, and to maximise the use of private sector housing in more efficient ways (P16).**

**RECOMMENDATION 8 – To work in a more joined-up way with neighbouring local authorities to strategically plan housing supply and demand in a regional context (p16).**

**RECOMMENDATION 9 – To have a commitment to allow the universities to continue to grow their student populations across the Greater Brighton area, in recognition that they operate in a context of uncertainty and a more competitive (inter)national environment within higher education (p17).**

**RECOMMENDATION 10 – To consider the effects of the densification of affordable, purpose-built, student accommodation on university campuses within the city, and outside the Lewes Road corridor (p19).**

**RECOMMENDATION 11 – To explore the potential to identify/develop sites of opportunity for affordable student housing developments in other parts of the Greater Brighton area, which will appeal to students alongside the development of student-oriented infrastructures (i.e. transport, services) (p20).**

**RECOMMENDATION 12 – To promote the development of student union and/or university letting agencies (p21).**

**RECOMMENDATION 13 – To promote the development of university-endorsed landlords and letting agents, and encourage the universities and student unions to champion these landlords to students (p21).**

**RECOMMENDATION 14 – To promote the use of a city-wide rate-my-landlord scheme for all private sector housing (p21).**

**RECOMMENDATION 15 – To develop ethical models for letting agents, estate agents and landlords, and create a website with a list of these ethical organisations (p23).**

**RECOMMENDATION 16 – To consider the development, and promote the uptake and benefits to landlords of registration to PRS accreditation schemes (p23).**

**RECOMMENDATION 17 – To create a register of landlords who have been proven to have undertaken retaliatory evictions (p23).**

**RECOMMENDATION 18 – To explore ways to increase the supply of private sector housing with rental costs that are affordable (e.g. for key workers in the city) and in line with representative household incomes in the city (p25).**

**RECOMMENDATION 19 – To explore ways to increase the supply of affordable ‘social housing’ for key workers and vulnerable people (i.e. older people living in PRS housing which is not suitable for them and not readily adaptable, and/or people with mental health conditions who might previously have been accommodated in social housing) (p27).**

**RECOMMENDATION 20 – To further foster joined-up working between city council departments (e.g. housing, public health) and other relevant organisations (e.g. Southern Landlords’ Association, CAB, Brighton Housing Trust, city universities) (p27).**

## Report of the Private Sector Housing Scrutiny Panel

Private sector housing – homes offered for rent by independent for-profit landlords has always played an important role in terms of both national and local housing markets, alongside owner occupation and ‘social’ housing from councils or registered social landlords.

Recent years have seen a significant rise in the proportion of homes rented via the private sector – Shelter estimates that there has been a 69% increase in private sector housing in England since 2001, with around 9 million people now renting their homes privately.<sup>2</sup>

The growth of private sector housing is the result of a number of factors: increasing property prices; more stringent mortgage conditions; the development of ‘Buy-to-Let’ (BTL) as an investment vehicle; large-scale international investment in UK property; the relative decline of social housing; increasing numbers of students and insecurely employed people; growing demand for housing caused by external and internal migration; evolving family structures, with more families living separately due to marital breakdown; and a number of other causes.

Issues concerning private sector housing are of particular relevance to Brighton & Hove because the city is unusually dependent on the sector. The 2011 census showed that 29.6% of people in Brighton & Hove rent privately, compared to an England average of 16.8%.<sup>3</sup>

Evidence to the panel emphasised that private rentals play a vital role in all housing markets, which is certainly the case in this city. However, the rapid growth of one form of housing tenure tends to cause problems for local areas. 2011 figures showed that in Brighton & Hove, owner occupation had decreased while private sector housing grew because ‘...landlords were competing more successfully than first time buyers to purchase properties.’<sup>4</sup>

This report explores some of key issues highlighted by the evidence given to the scrutiny panel, and suggests, if not solutions, then at least some areas that local partners in Brighton & Hove need to explore in greater depth, using vehicles such as the Strategic Housing Partnership.

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<sup>2</sup> Ref from advice services paper

<sup>3</sup> Ref from advice services paper (The South East average is 16.3%)

<sup>4</sup> Martin Reid, Head of Housing Strategy, Development & Private Sector Housing, Minutes of the Panel meeting 09.01.15 (session 1) <http://present.brighton-hove.gov.uk/Published/C00000866/M00005594/Minutes.doc.pdf>

## Intelligence

Evidence to the panel showed that in recent years the local housing market increasingly complex and volatile. There are several reasons for this. Firstly, if the Brighton & Hove market was ever a closed system, this is no longer the case – there is a really significant influx of people into the city, mainly from London, and the rate and volume of this immigration depends on factors outside local control, such as London house prices. According to the Chief Executive of Brighton Housing Trust ‘...73% of people buying homes in the city now have a current address in London’.<sup>5</sup>

There is also a growing sub-regional market, with increasing numbers of people working in Brighton & Hove, but living in East or West Sussex where property prices are currently more affordable. We are also increasingly seeing migration from the city of people reliant on Housing Benefit, as real city rents exceed Local Housing Allowance payments, forcing people to relocate to places where rents are more affordable. A member of the Southern Landlords Association reported to the panel that a tiny minority of his rentals (5 one bed room units out of only 450 tenancies) were at the LHA level.<sup>6</sup>

It was clear to the panel that key city partners need to have an up-to-date understanding of the current housing situation: the scene is changing too quickly and too significantly for us to rely on periodic measures such as the ten-yearly census data (last collected in 2011). Similarly, where city partners come together to work out how to deliver high-level plans, such as the 2015 Housing Strategy, it is important that these are dynamic plans that can be fine-tuned as the market evolves. To this end, the Housing Strategy needs to be supported by a system which constantly reviews and updates its evidence-base.

Fortunately, it is already the case that city partners are developing methods to better understand and share information on housing. This work, which underpins both our Strategic Housing Partnership and the development of the current Housing Strategy, should be commended. However, the market is developing so rapidly and throwing up so many new challenges that the panel were convinced that there is the need to work ever more innovatively to ensure that we capture and make use of really up to date housing intelligence.

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<sup>5</sup> Andy Winter, Chief Executive of Brighton Housing Trust, Minutes of the panel meeting 09.01.15 (session 2) <http://present.brighton-hove.gov.uk/Published/C00000866/M00005595/Minutes.doc.pdf>

<sup>6</sup> Mike Stimpson, Southern Landlords Association, 09.01.15 (session 2 - see link in ref 5)

This is relevant to many aspects of the city housing market, but there is a special urgency in the context of student housing. Our local universities have undergone significant expansion in recent years and have ambitious plans going forward. Whilst this expansion has undoubtedly brought many economic and cultural benefits to the city, evidence to the panel has highlighted some of the problems it has caused in terms of housing an increasing number of young people, especially in terms of additional pressures on private sector housing and particularly on family housing in the East Brighton wards that are in close proximity to the university campuses.

The panel heard that:

*'...the demands of student housing was expected to grow by 12,000. Only 6,000 additional homes can be identified, leaving another 6,000 student households to look for housing in the private rented sector.'*<sup>7</sup>

In response to these pressures there has been a recent move to construct more bespoke student accommodation, both on campus and around the city. Whilst it is hoped that this additional targeted capacity will reduce pressures on local private sector housing, it is not currently clear whether the intended impact has been achieved, and whether it can meet the ever increasing growth of student numbers.

**RECOMMENDATION 1 - To have a commitment to support a strong and buoyant local private sector housing market in the city.**

**RECOMMENDATION 2 - To more fully understand how the local private sector housing market has changed in Brighton and Hove since 2011, and to evidence the impacts of new purpose-built student accommodation on the wider private sector housing market.**

**RECOMMENDATION 3 - To provide more regular systematic reviews of the evidence-base underpinning the Housing Strategy.**

### **Houses in Multiple Occupation (HMOs)**

Private sector housing includes all types of housing. One type of housing that has received particular attention in the panel's evidence is that of HMOs – former family homes that have been converted into shared housing for groups of at least three unrelated people, typically students or young professionals (and more recently migrant workers). Figures in the Housing Strategy estimate that there are 6,460 HMOs in the city (which is 9 times the national average).<sup>8</sup> HMOs have a vital role to play in providing affordable, high-density housing, but their proliferation has become associated with a range of problems, resulting in the Government granting local authorities legal powers to license regulate and limit the expansion of HMOs. Initially, these powers were restricted to larger HMOs and the Housing Strategy reported that

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<sup>7</sup> Geoff Raw, Executive Director of Environment, Development & Housing, BHCC Minutes of the Panel meeting 09.01.15 (session 1) <http://present.brighton-hove.gov.uk/Published/C00000866/M00005594/Minutes.doc.pdf>

<sup>8</sup> Brighton & Hove Housing Strategy 2015, insert ref to Housing Committee

the council currently licences, or has an application to licence, 1040 of these larger HMOs in the city.

The council subsequently introduced an additional licensing scheme to improve the quality, safety and management of smaller HMOs in five Lewes Road wards that link central Brighton to the University of Brighton and University of Sussex campuses. This has resulted in an additional 2035 additional license applications.<sup>9</sup>

To date, HMO licencing in the city appears to have been largely successful, particularly in terms of providing a lever to encourage HMO landlords to improve the repair, the fire safety and the thermal efficiency of their properties to their own benefit and the benefit of their tenants and the broader community. The council is currently consulting on extending the licensing of smaller HMOs to a further seven wards in the city where there is evidence of a growing proliferation of HMOs.

Panel members support this proposed extension of HMO licencing. It is a valuable tool to help manage standards in a key part of the PRS, and to achieve some degree of grip on the development of private sector housing across the city. The aim should not be to halt the growth of HMOs, but to mitigate the impact of the spread upon local communities.

A limited number of local authorities, such as LB Newham, have gone further and introduced a selective licensing scheme for all private sector landlords in a specified area. Martin Reid explained to the panel that this kind of scheme:

*'...required a high level of evidence and consultation... [so] members would need to be confident about introducing such a scheme before planning to do so.'*<sup>10</sup>

Another power at the disposal of the council is to use Article 4 Directions which can be used to require planning applications to change the use of a single dwelling into a small HMO.<sup>11</sup> Rob Fraser explained that these powers, which cannot be used retrospectively, had been in use in the city since April 2013 in the same five wards as the extended licencing scheme where there was '*clear evidence*'<sup>12</sup> for its need.

Gary Waller of the Southern Landlords Association believed that this use of Article 4 had

*'...stopped conversions in that area for student accommodation although that had been where landlords had got the maximum yield. This had probably led to such developments happening in other areas of the city.'*

Cllr Randall spoke of his concern that:

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<sup>9</sup> Insert ref to housing Strategy

<sup>10</sup> Martin Reid, Head of Housing Strategy, Development & Private Sector Housing, Minutes of the Panel meeting 09.01.15 (session 1)

<sup>11</sup> Insert link on council website on Article 4

<sup>12</sup> Rob Fraser, minutes of the meeting

*‘...the council had been less successful in curbing the growth of new HMOs and there was a need to use this power in areas where the market for HMOs was growing such as Hollingdean.’<sup>13</sup>*

However, Rob Fraser did believe though that without sufficient evidence *‘...it may harder to build a case for the rest of the city.’<sup>14</sup>*

**RECOMMENDATION 4 - To more effectively regulate the conversion of owner-occupied, family dwellings into shared private rented housing in relevant areas of the city, using licensing schemes and other legislative powers, to assess and improve the management and standards in HMOs.**

**RECOMMENDATION 5 - To consider the effects of the Article 4 Direction on the proliferation of HMOs in the city, and the use of licensing schemes and other legislative powers.**

## **Supply**

Much of the evidence to the panel highlighted that many of the difficult issues that the local housing market faces could ultimately be seen as supply issues: Brighton & Hove has a housing market in which demand exceeds supply, which means that prices are driven up and quality can suffer.

According to the Housing Strategy 2015:

*‘The city has one of the highest average house prices outside London coming within the top 10 local authorities and high rents in the private rented sector making rent unaffordable for many households. It is estimated that an additional 18,038 affordable homes are needed by 2017.’<sup>15</sup>*

One of the more obvious solution to supply problems is to increase supply in the city – in other words to build more homes. In this instance though, it is unclear how effective this would be. Firstly, the local housing market is not a closed system, and increasing local housing supply might result in a greater influx of people from London rather than cheaper and better quality housing for local people. Julie Frith of Mishon Mackay told the panel when marketing new apartment blocks she had found that:

*‘...approximately 60% of these units were being sold to investors. While one could argue that improving the number of homes to rent was taking the pressure off the lower end of the market, the selling of so many homes to investors was not helping the city.’*

Julie Frith explained that these trends meant that in the rental market:

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<sup>13</sup> Councillor Bill Randall, minutes of the meeting

<sup>14</sup> Ibid

<sup>15</sup> Housing Strategy

*‘...many new homes are changing and becoming more luxury lets, to foreign language students and overseas students. These products did not tend to appeal to existing renters who prefer the older properties in the city.’<sup>16</sup>*

The evidence suggests then that even if local people ended up living in newly created housing, it could well be as private sector housing tenants, paying rent to investors from London or further afield: new housing schemes are increasingly being sold ‘off-plan’ to investors many months before they are completed. Local buyers who need to live in the property they are purchasing from Day 1 are effectively excluded from this type of market.

The evidence given to the panel, led its Chair Darren Smith to emphasise that there appeared to be:

*‘The ‘perfect storm’ being the mismatch between the supply and demand for housing in the city.’<sup>17</sup>*

Secondly, increasing housing supply in Brighton & Hove is by no means a simple task because there is a very limited amount of land suitable for housing available in the city. Much of what does exist is problematic, either because it is in the form of brown-field sites that require very significant investment in infrastructure and decontamination (such as Shoreham Harbour); or because it is in the form of green space on the urban fringe, and building on it will be strongly opposed by local communities (as in recent plans to develop land around Ovingdean). Although it was suggested by Councillor Bill Randall that:

*‘There was a need to look at other ways to increase supply such as the debate about building on the fringe of the city, which ...should be done through a city wide community land trust. If this was done through a co-op, then the council can nominate people in need to this housing and help the sons and daughters of those living in Brighton.’<sup>18</sup>*

The panel appreciate that there are limited opportunities to build new homes then. However, this does not mean that there are zero opportunities; and, where there are new builds (such as the Toad Hall site) it is important that they are used as strategically as possible. For instance, more could potentially be done to explore the possibility of reserving a proportion of properties on new-build schemes for first time buyers or for local key workers. It would be very useful to consider what would be the particular wishes and expectations of such groups, when developing such housing schemes.

The importance of doing this was emphasised by Cllr Bill Randall, who told the panel that the increasing unaffordability of much of the rented sector was impacting on the employment market in the city:

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<sup>16</sup> Julie Frith, Evidence to the panel

<sup>17</sup> Darren Smith evidence to the panel

<sup>18</sup> Councillor Bill Randall, evidence to the panel

*‘Employers in east Brighton were now not tending to advertise jobs in East Brighton because of this. There was a need to join up these elements of the economy. For example, Tony Mernagh (CE of the Brighton & Hove Business Forum) would ask employers ‘where is the workforce?’ and ‘where will they live?’ So this gentrification could be restraining the economy of the city.’<sup>19</sup>*

Geoff Raw explained to the panel that:

*‘...the Housing Corporation used to have key worker funding which did not exist now but planning obligations meant that 40% of developments were expected to be affordable housing. However this was interpreted very flexibly and so RSLs tended to deliver this through shared ownership rather than rented housing because it was more viable.’<sup>20</sup>*

He also explained that where the council owned the land it could influence its partners to develop accommodation for key workers, although this would need to be a *‘political decision’*.<sup>21</sup> Geoff Raw also suggested that:

*‘...other means to produce long term rentals for key workers could include joint ventures and establishing trusts. This is because if the council raises debt to develop then it needs to know that these properties would not be liable to Right to Buy. Universities and schools could also enter into similar arrangements to develop accommodation they need.’<sup>22</sup>*

## **RECOMMENDATION 6 – To explore ways to increase the supply of affordable owner-occupied housing for first-time-buyers and key workers in the city.**

Increasing housing supply is not just about new builds. There may be a significant number of properties across the city that are standing empty. Whilst there may be often be valid reasons for a property being void for a period of time, for example due to probate or because the property is waiting for major repairs, it may also be the case that there is no good reason why a property should stand empty in a city experiencing a housing crisis. It is therefore incumbent on the council and its key partners that everything possible is done to minimise the number of residential properties that are left empty – particularly those properties that are owned by the council or by Registered Social Landlords. The panel are pleased to see that in the last 13 years almost 2,000 privately owned empty homes have been brought back into use. New initiatives planned include an update of the Empty Property Action Plan setting out how and why the council takes action on empty properties, and a clearer Enforcement Protocol outlining action that will be taken to ensure properties are improved and returned to use when negotiation has failed.<sup>23</sup>

The potential of using private sector non-residential property also needs to be explored as fully as possible. This may take the form of encouraging businesses to

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<sup>19</sup> Ibid

<sup>20</sup> Geoff Raw, Minutes of the meeting

<sup>21</sup> Ibid

<sup>22</sup> Ibid

<sup>23</sup> <http://www.brighton-hove.gov.uk/content/press-release/almost-2000-empty-homes-brought-back-use-brighton-hove>

use the space above shops as flats rather than storage space. It might potentially mean looking at re-designating retail or office space as residential where there is clearly no business demand for that space. One of the aims of proposed national planning reforms is to make this easier by allowing light industrial, storage and distribution buildings to change to residential use.<sup>24</sup>

**RECOMMENDATION 7 - To further improve the identification of empty homes and voids within private sector housing, and to maximise the use of private sector housing in more efficient ways.**

Even if we were successful in using all our available building land strategically, and in minimising the number of empty and underused properties throughout the city, there would still be severe supply problems in the Brighton & Hove housing market. It is therefore vital that, when we consider housing demand and supply, we do so in a broader geographical context.

This is important because there is considerably more opportunity to build new housing in some neighbouring areas than in Brighton & Hove. It is also key because the city is already effectively part of a sub-regional housing and work market, with many people who work in the city commuting from West or East Sussex, and an increasing number of local people accepted as homeless being accommodated outside the city, but within the Local Housing Allowance area, where rents are more likely to be covered by Housing Benefit payments.<sup>25</sup>

The obvious place for this regional discussion to take place is at the level of the Great Brighton Economic Board (GBEB), which brings Brighton & Hove City Council together with Lewes, Mid Sussex, Adur and Worthing District Councils, as well as a number of other key local organisations. Geoff Raw described the GBEB as ‘...a great opportunity for cooperation to enable more sites to come forward for development.’<sup>26</sup>

**RECOMMENDATION 8 – To work in a more joined-up way with neighbouring local authorities to strategically plan housing supply and demand in a regional context.**

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<sup>24</sup>

<http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&frm=1&source=web&cd=3&ved=0CC4QFjAC&url=http%3A%2F%2Fwww.parliament.uk%2Fbriefing-papers%2F%2FSN06418.pdf&ei=oP0GVYWrMcu0UZiDhKgB&usq=AFQjCNGragFUvgHq9aG-eDAPMi0-WpNG1w&bvm=bv.88198703,d.d24>

<sup>25</sup> The Local Housing Allowance (LHA) sets the maximum Housing Benefit rates payable for different types of accommodation across an area. The LHA is currently set at the 30<sup>th</sup> centile of rents across the local area (i.e. the rent you would need to pay to afford the cheapest 30% of 1 bed flats in the local area). Unfortunately, LHA rates do not necessarily accurately reflect the actual cost of housing within an area such as Brighton & Hove, in part because our LHA area includes areas such as Shoreham and Newhaven where rents are significantly cheaper than they are in Brighton & Hove. Research by Advice Brighton & Hove using the council’s ‘Rent and Local Housing Allowance Comparison’ indicates that only 1% of family homes in the city fall within the LHA rate, as do just 0.3% of rents charged for shared houses, and 2% of 1 bed homes. See <http://www.brighton-hove.gov.uk/sites/brighton-hove.gov.uk/files/2015%20LHA%20Rates%20Report%20%28Feb%29.pdf>

<sup>26</sup> Geoff Raw, Minutes of the meeting

Geoff Raw also highlighted the need to work with other investors such as RSLs and private investors to bring on new developments.<sup>27</sup>

## Students

Brighton & Hove is fortunate to house two universities – the University of Brighton and the University of Sussex. In recent years both universities have expanded significantly, producing enormous economic and cultural benefits for the city. Both universities are set to expand further in coming years – the University of Sussex alone plans to increase student numbers by around 50% by 2018<sup>28</sup>. Our universities are locked into increasingly fierce competition with their national and international peers, and see a programme of improvement and expansion as the only way to remain sustainable. Given the importance of our universities as employers and wealth creators, the panel understands the rationale behind these expansion plans.

**RECOMMENDATION 9 – To have a commitment to allow the universities to continue to grow their student populations across the Greater Brighton area, in recognition that they operate in a context of uncertainty and a more competitive (inter)national environment within higher education.**

Although universities have undoubtedly been a boon for their host cities, not all their impact has been positive. In recent years, a number of cities, including Brighton & Hove, have begun to realise that housing some tens of thousands of students, often concentrated in a few areas, can cause significant problems. This ‘studentification’ of parts of a city (i.e. where the number of students living in shared accommodation in private sector housing reaches a critical mass) can cause problems in terms of noise nuisance, anti-social behaviour, public transport, parking and littering. The fact that many students are only resident during term time can impact upon local businesses which struggle to cope with demand reducing drastically for several months of the year. The sustainability of schools and other local services can also be impacted by large numbers of people who do not have children; and generally the presence of so many relatively transient residents can impact upon community resilience and make long-standing communities feel less secure in their lives.<sup>29</sup> A scrutiny panel considered this issue in detail in 2009.<sup>30</sup>

The panel heard from Cathy Reeves of the London Road Local Action Team (LAT) – an area with a high concentration of students - that:

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<sup>27</sup> Ibid

<sup>28</sup> <http://www.sussex.ac.uk/aboutus/ourstrategy/>

<sup>29</sup> Martin Reid, Minutes of the panel meeting

<sup>30</sup> <http://www.brighton-hove.gov.uk/content/council-and-democracy/councillors-and-committees/students-community-2009>

*‘...when the LAT meetings were advertised, students did come and talk to them about issues. Often students did not know when to put the rubbish out and other important information, but seemed keen to engage with the rest of the community.’<sup>31</sup>*

Students are also in competition (although they may not themselves realise this) with other groups of people for finite housing resources. Geoff Raw highlighted to the panel that because students are willing to put up with sharing quite limited amounts of space, and because they are generally able to pay quite high rents, this competition often results in the conversion of family housing into student HMOs – landlords can typically generate a considerably higher income by renting a 3 bedroom house out to 3 or more students than to a family<sup>32</sup>. This has a particular impact upon lower income families. This is especially so in Brighton & Hove, where much of the city’s ‘affordable’ family housing lies to the east of city – often in former council houses. Since both of the city universities have their campuses in this area, this is the main locus of Brighton’s student housing, and the past few years have seen the loss of many such family homes to the student market. With the potential to build new affordable family housing in the city so limited, this loss is very acutely felt.

There is then a real challenge to the city around managing the expected increase in student numbers in ways which mitigate negative impacts. It seems certain that we will have to manage increases, because expansion is essential not just to the growth but to the survival of our universities.

Perhaps the most obvious way to mitigate the impact of increasing student numbers on settled communities and on private sector housing across the city is to build dedicated student accommodation – i.e. halls of residence for first year students; or purpose-built flats, which can be popular with post-graduate students, particularly those from abroad. There has been a good deal of dedicated student accommodation built in the past few years, both by the universities and private developers, on and off campus. Whilst this provision undoubtedly increases student housing capacity in the city, it is not currently clear how beneficial its impact has been in broader terms. There is an urgent need for more investigation here: the city needs to know whether or not to prioritise the roll-out of this kind of development, not least because a number of the sites that could potentially be developed as student housing might alternatively be used to provide housing for other key groups.

While the panel were supplied with figures about the expected growth in student numbers and the universities’ plans to accommodate them, they were still somewhat uncertain as to the full extent of the additional housing pressures that may be created by the expansion of the universities and their ability to meet that need.<sup>33</sup> Indeed, Charles Dudley, Director of Residential and Campus Services did say that despite their work to meet growing need:

*‘It was very difficult to say what will happen going forward.’<sup>34</sup>*

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<sup>31</sup> Cathy Reeves, Minutes of the panel meeting

<sup>32</sup> Geoff Raw, Minutes of the panel meeting

<sup>33</sup> Charles Dudley, Dean Spears and Sabina Wagner, Minutes of the panel meeting on

<sup>34</sup> Charles Dudley, Minutes of the panel meeting

**RECOMMENDATION 10 – To consider the effects of the densification of affordable, purpose-built, student accommodation on university campuses within the city, and outside the Lewes Road corridor.**

An alternative way to relieve pressure on Brighton & Hove is for the universities to develop out of city campuses, as Brighton University has done in recent years in Hastings and Eastbourne. Councillor Randall commended the establishment of its Eastbourne campus because:

‘...there was only a finite amount of land in the city.’<sup>35</sup>

To date, the University of Sussex has remained firmly based in Falmer. It may well be the case that it is easier to sell a Brighton-based university to prospective students than one which is some distance from the city. However, the use of extended campuses has obvious potential benefits in terms of mitigating the impact of additional student numbers on the city, even if it does mean lower student spend in Brighton & Hove.

Where additional students will definitely be coming to, and living in, the city, another option is to look at what can be done to encourage the wider ‘dispersal’ of students. It is unsurprising that most students choose to live in East Brighton, since this is traditionally an area of affordable housing and is close to the campuses and other buildings of both universities. Over time a student ‘infrastructure’ has grown up along the Lewes Road corridor, with student-friendly shops and bars, and regular transport along the Lewes Road to Falmer.

Julie Frith of Mishon Mackay observed that:

*‘...students tended to live in the corridor of subsidised buses and then remained in that area.’*<sup>36</sup>

Candice Armah, President of the Brighton Students’ Union agreed that:

*‘Subsidised student travel could help. It was increasingly difficult to say honestly to people to come here when housing was unaffordable and the buses don’t turn up.’*<sup>37</sup>

However, Brighton & Hove is a small city, and many other areas could potentially host student residents, reducing the impact on the east of Brighton, and in particular avoiding the tipping-point at which the prevalence of students in an area alters their impact from a net positive to a net negative. In order to encourage students to live further from the universities, and businesses to offer student-friendly accommodation and other services, we need to better understand what factors motivate students to live where they do. For instance, is the determining factor public transport links, or is it having local shops and bars, community safety, specific facilities in the accommodation or access to high speed broadband?<sup>38</sup>

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<sup>35</sup> Councillor Bill Randall, minutes of the panel meeting

<sup>36</sup> Julie Frith, Minutes of the panel meeting

<sup>37</sup> Candice Armah, Minutes of the panel meeting

<sup>38</sup> Sabina Wagner, Minutes of the panel meeting

This is particularly important in the context of encouraging our universities to grow across the Greater Brighton area. If there is to be significant growth in out of city student accommodation, there is a clear need for it to be as attractive to students as living in the city.

**RECOMMENDATION 11 – To explore the potential to identify/develop sites of opportunity for affordable student housing development in other parts of the Greater Brighton area, which will appeal to students alongside the development of student-oriented infrastructure (i.e. transport, services).**

## **Student Housing and Quality**

Student housing has traditionally had a reputation for being of particularly poor quality. Young people are not necessarily particularly savvy consumers, and may be willing to put up with cramped and poorly-maintained accommodation, either because they do not understand their rights or because they believe that they may otherwise be unable to access housing. This makes students particularly vulnerable to poor quality or unscrupulous landlords and letting agents. Abraham Baldry, President of the University of Sussex Students' Union told the panel that:

*'From the perspective of the 40,000 students in the city, it [private sector housing] was in crisis. The demand outstripped supply, the rents were amongst the highest in the country, and there were problems with lettings agents.'*<sup>39</sup>

This was reinforced by Candice Armah, President of the Brighton Students' Union who said that:

*'The main challenges facing students were: price; condition of accommodation; student loans insufficient; pressure to rent early and not enough bigger houses.'*<sup>40</sup>

In recent years there has been a good deal of work to both improve private sector housing student accommodation and to encourage students to be more pro-active consumers. A campaign ran by the University of Sussex Student Union made students aware of the pressures they may face from estate agents to take on rental agreements too early, called 'Don't Rent Yet.'<sup>41</sup> Another initiative has been for universities or student unions to develop their own letting agencies which operate to a high ethical standard – for example, not charging excessively for services or undertaking unnecessary checks.

An allied initiative sees the development of landlord and letting agent 'accreditation', with the universities and unions advising students only to deal with landlords and agents who are accredited or who can otherwise demonstrate their respectability. Operators who do not seek or achieve accreditation may be denied permission to

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<sup>39</sup> Abraham Baldry, Minutes of the panel meeting

<sup>40</sup> Candice Armah, Minutes of the panel

<sup>41</sup> Abraham Baldry, Minutes of the panel

advertise in university buildings or publications, whilst those who are accredited can be championed as exemplars of good practice.<sup>42</sup>

The University of Sussex Student Union has also successfully launched a 'rate your landlord' scheme which asks students renting in private sector housing to provide candid feedback on their accommodation and on the behaviour of their landlord. This type of direct customer feedback is traditionally lacking from the private sector housing 'market', where renters are rarely 'experts' in renting, but is essential if customers within a market are to make rational evidence-based decisions. This scheme had found that:

*'25% said their experiences were good and 25% said their experiences were very negative of the private sector.'*<sup>43</sup>

The panel believe that these are all really worthwhile schemes, and their further roll-out across city universities and other further and higher educational institutes, such as language schools, should be encouraged. Cathy Reeves of the London Road LAT suggested to the panel

*'...that it would go a long way to have a 'scores on the door' scheme for rental properties, similar to that for eating establishments and food hygiene. This would help potential renters to find good landlords and lettings agents.'*<sup>44</sup>

Such a scheme was also suggested by the campaign group Home Sweet Home.<sup>45</sup>

**RECOMMENDATION 12 – To promote the development of student union and/or university letting agencies.**

**RECOMMENDATION 13 – To promote the development of university-endorsed landlords and letting agents, and encourage the universities and student unions to champion these landlords to students.**

**RECOMMENDATION 14 – To promote the use of a city-wide rate-my-landlord scheme for all private sector housing.**

## **Quality in Private Sector Housing**

The majority of the quality issues that affect student renters also impact upon other people living in private sector housing accommodation. In recent times, customer complaints about the behaviour of unscrupulous landlords and letting agents have increased at an alarming rate.

For a number of years, renters and tenant pressure groups have complained about the behaviour of letting agents, particularly in terms of the charges agents often

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<sup>42</sup> Ibid

<sup>43</sup> Abraham Baldry, Minutes of the panel

<sup>44</sup> Cathy Reeves, Minutes of the panel

<sup>45</sup> Chris Henry, Minutes of the panel

impose for taking up references, running credit checks, renewing tenancy agreements etc. It is frequently felt that these charges can be excessive, or that the services charged for are either unnecessary or should be paid by landlords rather than tenants. Concern about such charges led to the council establishing a scrutiny panel in 2011.<sup>46</sup>

By no means all letting agents act in this manner: some agents, particularly the more established agents who charge higher fees to landlords, pride themselves on dealing fairly with tenants. However, people looking to rent typically have little idea whether a given letting agent is ethical or not, and therefore little real opportunity to make informed market decisions.

Paul Bonett explained to the panel:

*'...anyone can set up an agency and a lot of them were franchises. One should become a member of the Association of Rental Lettings Agents (ARLA) which offered a bonded scheme/code of practice, and this should be expected to be the norm for any agency. But without belonging to such a scheme, one can get the people who did not give a damn.'*<sup>47</sup>

A similar issue exists for landlords, some of whom behave ethically, whilst others do not. This seems to be a growing problem, possibly due to the relatively recent expansion of the Buy-to-Let market which has seen many small-scale 'accidental' landlords take up renting.<sup>48</sup> These landlords do not have the considerable commercial experience of established commercial landlords, which makes them vulnerable to exploitation by letting agents – for example being encouraged to 'churn' their properties every six months or so, thereby maximising agent income from charges to incoming tenants to the detriment of tenant welfare but also potentially to the detriment of landlord self-interest (which may be better served by nurturing long-term relationships with reliable tenants).<sup>49</sup> In other instances, a minority of unscrupulous landlords may simply choose to pursue their own interests at the expense of their tenants.

One solution to this problem is for an independent body, such as the local authority, to develop and promote ethical models for letting agents and landlords – for example through accreditation schemes. The publicising of 'best practice' for letting agents and landlords could potentially help tenants be better informed about their rights and responsibilities. It could also signpost them to reliable, ethical landlords and agents. Inexperienced landlords might also benefit from such a resource, as they could learn about good practice and how to choose a letting agent. Landlords and letting agents who already act ethically would also potentially prosper as they would receive free advertising and gain a tangible benefit from their good working practices.

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<sup>46</sup> <http://www.brighton-hove.gov.uk/content/council-and-democracy/councillors-and-committees/letting-agents-scrutiny-review-panel-2011>

<sup>47</sup> Paul Bonett, Evidence to the panel

<sup>48</sup> Andy Winter, Evidence to the panel

<sup>49</sup> Paul Bonett, Evidence to the panel

**RECOMMENDATION 15 – To develop ethical models for letting agents, estate agents and landlords, and create a website with a list of these ethical organisations.**

**RECOMMENDATION 16 – To consider the development, and promote the uptake and benefits to landlords of registration to PRS accreditation schemes.**

A specific issue that has come to the fore recently is that of retaliatory or ‘revenge’ evictions: where tenants are evicted from their private sector housing properties because they complain about repairs or other issues. Retaliatory evictions are now illegal, but are difficult to prove as there is no need for a landlord to give a reason for evicting a tenant. However, there may be instances where it has been proven that a landlord has undertaken a retaliatory eviction. In such instances it could be argued that there is value in publicising the fact, in order to make more tenants aware that they ought not to fear eviction for complaining about repairs or other quality issues. There is also potential value in developing a register of landlords who have been deemed to have undertaken retaliatory evictions. This would enable tenants to identify at least some of the most unsuitable landlords.

**RECOMMENDATION 17 – To create a register of landlords who have been proven to have undertaken retaliatory evictions.**

## **Affordability**

The affordability of housing in Brighton & Hove presents a problem across all tenures: increasing property prices mean that fewer local people can compete with buyers from London or abroad; those who cannot afford to buy are forced to rent, which drives up private sector housing prices; this means in turn that people are obliged to rent smaller and smaller properties, with many people unable to afford anything at all in the city. Those who cannot afford to rent property in Brighton & Hove increasingly rent in adjoining, slightly cheaper areas. According to Geoff Raw

*‘The average income in the city was £25,000...The average rental was £843 for a one bedroom flat which would need an income of £44,000 to be ‘affordable’<sup>50</sup>*

The panel heard that the affordability of homes could also be affected by the short term length of tenancies in the private rented sector. Under the system of Assured Shorthold Tenancies, rental levels can be increased significantly over a relatively short period of time. For example:

*‘The first time a one bedroom flat was being rented out for between £600-£650 per month, but then it would rise up by 30% in the following two years to £800.’<sup>51</sup>*

A parallel situation has developed for people on Housing Benefit, with an increasing gap between Local Housing Allowance limits and actual rental costs, meaning that

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<sup>50</sup> Geoff Raw, Evidence to the panel

<sup>51</sup> Paul Bonnet, Evidence to the panel

there are now almost no private sector housing family or even 1 bed homes in the city where rent is covered by Housing Benefit payments. Again, this has led to increasing numbers of people displaced to neighbouring areas with cheaper housing, such as Newhaven.

A particular issue here concerns ‘keyworkers’ – often defined as people in vital public sector roles such as nursing and teaching, although the term can be used to describe a range of people providing services essential to keep a locality running, such as bus and taxi drivers or refuse collectors. Keyworkers typically need to live in or close to the area in which they work, often because they work long hours or on shifts. Brighton & Hove is experiencing increasing difficulties in recruiting particular groups of workers such as nurses and teachers. There is little doubt that this is partly due to the cost of housing in the city making it an unattractive option, particularly for public sector posts where pay is the same wherever you live. In recent months the city has also had to relax its rule requiring taxi drivers to be local residents. Andy Winter, Chief Executive of the Brighton Housing Trust told the panel that:

*‘Key workers were increasingly living in Worthing and Eastbourne and bearing the travel costs because they could not afford the rents in the city. Increasingly people over 30 were forced to live in shared accommodation as they could not afford to buy their homes. The rented sector was becoming less and less of an option for many people in Brighton & Hove.’<sup>52</sup>*

If property and rental prices continue to increase, so will difficulties in recruiting to these essential posts. This was emphasised by Chris Henry of the Home Sweet Home campaign who believed:

*‘There had been lots of changes with more families renting and a lot of people in their 40s still renting. This was a major shift. 15 years ago a teacher would be able to buy a home...this is no longer the case.’<sup>53</sup>*

Organisations struggling to recruit are likely to employ more agency workers, increasing costs and impacting upon the quality of services. We may also see more targeted, large-scale, international recruitment from abroad if our hospitals and other major providers are unable to recruit locally.

The problem is one faced by businesses as well as public sector service providers: if firms cannot readily recruit because of local housing costs, they are unlikely to choose to set up in Brighton & Hove.

Meeting the challenges posed by these workforce problems is a major piece of work and one which is considerably broader than housing. In housing terms, the obvious solution is to develop more housing, both for sale and in private sector housing, which is affordable to local key workers. There is limited scope to do this, but one option is to designate a certain proportion of developments, or even entire developments, for key workers. Another option would be to explore the potential to

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<sup>52</sup> Andy Winter, Evidence to the panel

<sup>53</sup> Chris Henry, Evidence to the panel

use social housing resources to house more key workers, although this would inevitably be at the expense of vulnerable people.

Another option would be to recognise that the city may not be able to house increasing numbers of its key workers, and to work with neighbouring more affordable areas to ensure that they present an attractive prospect to key workers – for example, by improving regional public transport links so it becomes feasible for people, even those working shifts, to work in Brighton & Hove but to live outside the city. There are already a considerable number of people who work but do not live in Brighton & Hove, with recent years having seen significant dispersal to Worthing, Shoreham and other Sussex towns. This is not necessarily a negative thing, but if the regional housing and workforce market is becoming more and more integrated, which it clearly is, then this obviously needs to be reflected in planning for housing, travel and for over-arching workforce issues.

The creation of the Greater Brighton economic area which includes the areas in West, Mid and East Sussex most strongly connected to the Brighton & Hove housing market provides an ideal opportunity for this type of conversation to take place.

**RECOMMENDATION 18 – To explore ways to increase the supply of private sector housing with rental costs that are affordable (e.g. for key workers in the city) and in line with representative household incomes in the city.**

## **Vulnerability**

Brighton & Hove has well-established private sector housing that is used by a wide range of people, from the very wealthy to the extremely vulnerable. As the availability of social housing has decreased over recent years (with Right to Buy Purchases exceeding new builds and Housing Associations increasingly opting to focus on housing less vulnerable people), so we have seen a significant increase in the proportion of vulnerable people housed in private sector housing. More recently still, vulnerable people and families eligible for housing assistance are increasingly being offered private sector housing properties outside the city, as there is neither spare social housing, nor spare in-city private sector housing that is covered by Housing Benefit.

Evidence to the panel suggested that there was some reluctance on the part of some landlords to give tenancies to vulnerable people such as those on benefits or with mental health problems.<sup>54</sup> One of the reasons for their reluctance, given by Mike Stimpson of the Southern Landlords Association, was that although landlords did provide housing for the homeless and less well off:

*'If one was homeless for three months then secured accommodation, the landlord may find that there were up to six extra people that they had taken on as well.'*<sup>55</sup>

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<sup>54</sup> Bill Randall, Evidence to the panel

<sup>55</sup> Mike Stimpson, Evidence to the panel

Alistair Hill from Public Health explained to the panel that local research had found that:

*‘...people living in the private rented sector were less likely to report that they can heat their home adequately, feel they belong to the area, more likely to feel lonely and have a higher risk of being depressed.’<sup>56</sup>*

Supporting vulnerable people in social housing has several advantages. Firstly, social housing providers have historically had good reasons to understand and record their tenants’ vulnerability – in the case of councils because they are likely to be responsible for both housing and social care support. Private sector housing landlords have no obvious reason to collate or share information about vulnerability, and this means that social care and NHS services may be less likely to be aware of vulnerable people in private sector housing<sup>57</sup>, which could result in individuals receiving less timely care and support.

Secondly, it is relatively easy to provide support to people in social housing, which is typically located in blocks or clusters making it possible for care professionals to visit several clients together.

Thirdly, social housing providers have budgets to make adaptations to their properties and can ensure that adapted properties are rented to customers with particular access needs. It can be much more difficult to adapt private sector housing property for disability, and there is very little money available to do so. According to Cllr Bill Randall:

*‘The only mandatory money available to councils [for this] was Disabled Facilities Grants, which at around £1m per year here was not very much given the size of this sector. If a lift needed to be installed into a property it could take a significant chunk of this allocation.’<sup>58</sup>*

Fourthly, the thermal efficiency of properties can have a major contribution to health, especially for elderly or poorly people who cannot afford high energy bills. Social housing is generally insulated to a higher standard than private sector housing. Work was being carried out in the city under the Warm Homes Healthy People fund to intervene to help people heat their home and gain help with their fuel bills.<sup>59</sup>

There is a real danger here that we have an increasingly significant number of vulnerable people, particularly frail elderly people, occupying poor quality private sector housing, perhaps in the form of bedsits in converted houses. These people are likely to have mobility problems but to live in un-adapted and potentially unadaptable flats; to be vulnerable to the cold, but to live in energy inefficient environments. This presents a challenge to local health and care commissioners, particularly as there is currently a great deal of pressure to support frail people in the community, avoiding unnecessary hospital admissions, via the Better Care Fund and

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<sup>56</sup> Alistair Hill, Evidence to the panel

<sup>57</sup> Alistair Hill, Evidence to the panel

<sup>58</sup> Cllr Bill Randall, Evidence to the panel

<sup>59</sup> Alistair Hill, Evidence to the panel

related initiatives. <sup>60</sup>The risk is that housing conditions in private sector housing impact upon the ability of health and care commissioners to better support frail people in the community.

Again, this is an issue that is much broader than housing alone, and Brighton & Hove already has a good track record of integrated working between housing and public health. There clearly needs to be more such work in the near future, potentially including the possibility of NHS commissioners or providers funding some private sector housing adaptations for disability or greater thermal efficiency as a preventative measure to reduce hospital or residential care admissions.

In housing terms, the obvious way of better supporting vulnerable people in private sector housing tenancies would be to relocate them into social housing tenancies where support can be more readily and economically provided. This is a difficult ask given the pressures on social housing in the city, but the potential costs to the local health and care system of supporting people in crisis are very significant.

**RECOMMENDATION 19 – To explore ways to increase the supply of affordable ‘social housing’ for key workers and vulnerable people (i.e. older people living in private sector housing which is not suitable for them and not readily adaptable, and/or people with mental health conditions who might previously have been accommodated in social housing).**

### **Working Together**

It is clear that the ‘perfect storm’ of housing pressures that we are experiencing, and the finite supply of housing locally available across all tenures, requires everyone involved in providing housing, supporting vulnerable people, and planning for economic development to work closely together. Fortunately, this type of co-working has been in place for a number of years, particularly in terms of the local Strategic Housing Partnership (SHP). The SHP includes representatives from Housing, Public Health, the Universities, the Southern Landlords’ Association and from the Community Housing Network, including Brighton Housing Trust. The future seems bound to require even more close integration, particularly with health and care commissioners and providers, and with private sector housing landlords.

**RECOMMENDATION 20 – To further foster joined-up working between city council departments (e.g. housing, public health) and other relevant organisations (e.g. Southern Landlords’ Association, CAB, Brighton Housing Trust, city universities).**

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<sup>60</sup> Ibid

### **3 MINUTES FROM THE PRIVATE SECTOR HOUSING SCRUTINY PANEL EVIDENCE-GATHERING MEETINGS**

#### **WITNESSES**

#### **Councillor Bill Randall (BR), Chair of Housing Committee**

- 3.1 BR told the panel that this sector represented much more than housing for students. It had seen significant growth between 2001-2011 (45% in his own ward) and now represented 35% of the city's total housing stock in 2011. This tenure was important because it provided flexible housing and the majority was in good condition. The University of Sussex 'Rate Your Landlord' scheme figures supplied to the panel had found that 25% were rated by students as 'very good', 50% as 'middling' and 25% 'bad'.
- 3.2 A significant share of private rented housing was in seafront wards and evidence from Public Health showed a reduced life expectancy of those living in old-fashioned bedsits rather than Houses in Multiple Occupation (HMOs) who tended to be older people. An example of the high density in this form of housing was 600 people per hectare living in Lansdowne Road. These homes tend to be in poor condition and 35% of the whole private rented sector did not meet the Decent Homes standard. This tenure also had a very high carbon footprint.
- 3.3 Neighbourhoods had been changed by the growth of the private rented sector, as increasingly people could not afford owner occupation they turned to renting. More people were also moving out of the city.
- 3.4 While the council had a positive relationship with many private sector landlords, BR believed that lettings agents did deservedly get a bad press. There was a need for a national registration scheme and controls on the charges the agencies levied. He did recognise that there were decent agencies such as Bonett's Lettings Agents, but was concerned that anyone could set themselves up as a lettings agent.

- 3.5 Student housing was an increasingly important as the universities were worth £1bn to the city's economy. The city also had the 4<sup>th</sup> highest business start-up rate and top if it was per capita. However these benefits were not being distributed to enable the average income households to buy or rent in the city.
- 3.6 When asked by Professor Darren Smith (DS) whether there had been any changes to the bedsit phenomena in the last five years, BR told the panel that he suspected this type of housing had not increased. The focus had been on student housing, but there was a need to look at bedsit accommodation again as it housed a lot of people.
- 3.7 Consultation was going to start on extending the Houses in Multiple Occupation (HMO) scheme to seven new wards including Central Hove and Brunswick & Adelaide. This decision had been informed by the mapping work done by the Fire Service.
- 3.8 Martin Reid told the panel that their research on HMOs found that in East Brighton there were fewer bedsits than thought and more than expected in Central Brighton.

**Q: There is a very long waiting list for social housing in the city. This means that vulnerable people who are non-priority are increasingly ending up in the private rented sector. How can the council offer assurance to these people?**

- 3.9 BR explained that Environmental Health Officers can work on enforcing improved housing conditions, but tenants can be worried about retaliation action from their landlords. The only mandatory money available to councils was Disabled Facilities Grants, which at around £1m per year here was not very much given the size of this sector. If a lift needed to be installed into a property it could take a significant chunk of this allocation. The top-up money which had been available in this area has been removed. The funds for owner occupiers and landlords to improve the energy efficiency of their homes has not worked as well as intended. The registration of HMOs had led to thermal improvements of the homes in that scheme.

3.10 There were no other grants available to improve conditions in the private rented sector. BR was concerned that many landlords were making a lot of money and were not putting money back into those communities.

**Q: Figures from Shelter show that there has been an increase of 5m people in poverty; from 2.2m in 2003 to 2014. A programme last night about the super-rich highlighted that more housing developments are being built by the very rich developers for the very rich to buy. If local authorities can only build a limited number of homes per year, what can they do to alleviate the problem?**

3.11 BR told the panel that a guest on the Today programme had asserted that no-one could live in London if they were earning less than £1m. In Brighton & Hove 40% of new homes were bought by people from outside the city. Where possible the council needed to provide housing in partnership. A programme was being developed to provide 220 new build homes which would act as a base to do more. The council needed to use the Housing Revenue Account (HRA) to build homes as it reduced the management and maintenance costs.

3.12 There was a need to look at other ways to increase supply such as the debate about building on the fringe of the city, which he felt should be done through a city wide community land trust. If this was done through a co-op, then the council can nominate people in need to this housing and help the sons and daughters of those living in Brighton & Hove.

**Q: Was the sector becoming gentrified and if so, was this displacing existing people?**

3.13 BR said there had been a huge hike in rents which put these homes out of the reach of many in the city. Employers in E. Brighton were now not tending to advertise jobs in East Brighton because of this. There was a need to join up these elements of the economy. For example, Tony Mernagh (CE of the Brighton & Hove Business Forum) would ask employers 'where is the workforce?' and 'where will they live?' So this gentrification could be restraining the economy of the city.

**Q: For research purposes, I have registered with a range of websites for private sector lettings. An average of 10 new lettings are posted a day, but today only three of them were less than £2,000 per month rent. These are not affordable rent levels. A concern is about the hidden vulnerable, such as those with mental health issues, who are seeking housing in the sector and may meet with a lack of understanding from landlords. How can such people access support?**

3.14 BR thought there was a reluctance on the part of landlords to give tenancies to people on benefits or with mental health problems. It could be a recommendation of the panel to give landlords more advice about housing vulnerable people as 16% of households in the city include someone with disabilities. The council could help by providing land and also buying off plan to get deals to house people in need.

3.15 Student housing played an important part and some large schemes were in the pipeline, which could mainly be afforded by better off PhD students. He thought that the University of Sussex should develop campuses across the region as there was only a finite amount of land in this city, like the University of Brighton campus in Eastbourne.

3.16 These issues were being debated by the City Management Board. There was a feeling of the need to use all brownfield sites, but were opposed to increasing the density on existing council estates.

**Q: In light of increasing fuel poverty (12.2% in fuel poverty and 9.1m projected to be affected by this by 2016) is it an issue that a lot of the housing in the city was built before 1918? New builds are required to meet certain standards and so inhabitants have lower fuel bills. How can the council work with landlords to tackle the homes built before 1918?**

3.17 BR gave an example of a project undertaken in Love Walk, Southwark which externally cladded pre-1919 homes. However this scheme did have planning problems. It was addressing the problem that if you insulate inside very small rooms, you are further reducing the space available. The key problem was insufficient government incentives to carry out such work. Health and well-being was affected by living in cold buildings. Some Health Authorities, such

as Devon & Cornwall, had spent money on insulating homes to help children with asthma in order to reduce the pressure these cases placed on the health service. It was positive to see improved working between Housing, Adult Social Care and Public Health and the case could be developed for more spending on the private rented sector to tackle health issues.

**Geoff Raw (GR), Executive Director of Environment, Development & Housing, BHCC**

- 3.18 GR explained that the private rented sector was a significant share of our stock and likely to grow as owner occupation became more difficult when people were unable to raise mortgages. Brighton & Hove was in a very positive economic position with a 10% increase in private sector jobs which was leading to an increased demand for accommodation. This demand was increasingly coming from single people and smaller households. He imagined their needs could be met by a growing private rented sector, but at the moment this sector was not providing this supply. It was very difficult to find accommodation in the private rented sector for larger households.
- 3.19 The average income in the city was £25,000, although 50% earned less than this. The average rental was £843 for a one bedroom flat which would need an income of £44,000 to be 'affordable'. Whereas the rent for a three bed house could be around £1,550 pcm which would need an income of £82,000 to be affordable. So housing was either taking a much bigger share of household income or people were deciding to move out of the city which in turn would impact on the travel to work area.
- 3.20 The universities were having a significant impact on the city, both as an employer and the demands of student housing which was expected to grow by 12,000. Only 6,000 additional homes can be identified, leaving another 6,000 student households to look for housing in the private rented sector. Students often shared with each other and able to pay a premium rent, so may be able to afford higher rents than families. This has led to landlords offering housing to students rather families. The Greater Brighton Economic Board (GBEB) had commissioned some work to look at the state of the economy, the housing market and travel to work areas. This found that the by 2020 the Greater Brighton area will grow by 800,000.

**Q: What can the council do to help this situation?**

3.21 Councils have a duty to co-operate and plan together. There is a market failure here and intervention was justified, because local authorities are able to bring together land and development opportunities such as Circus Street, or King Alfred where the council would be working with Standard Life to create new housing. The GBEB provided a great opportunity for co-operation to enable more sites to come forward for development. There was a need to work with other investors such as Registered Social Landlords and private investors to bring on new developments. While this was difficult, the local authority could play a vital role. Help was also needed from central government and the council was talking to the Department for Communities and Local Government (DCLG) about finding ways to work better on this issue. Planning was not the fundamental problem, but how to fund the developments. A carrot and stick approach was needed with landlords being encouraged to invest, rather than punishing them.

3.22 There were opportunities for neighbourhood planning to look at the big changes in the area, including the significant demographic changes in the last five years like the increase in students in the Lewes Road corridor. This needed to be placed in a community context, e.g. the Local Action Teams (LATs), as well as the political context. Local authorities could make a difference but they needed to be bold. It would take between three to five years to fix these problems.

**Q: (i) What mechanisms are there to force private developers to develop a certain % of their homes for key workers? ii) Is there anything the council can do to encourage employers to look for workers who live in Brighton & Hove e.g. tackle a skills gap? iii) What support do university students get when seeking accommodation in the private rented sector?**

3.23 GR explained that the Housing Corporation used to have key worker funding which did not exist now but planning obligations meant that 40% of developments were expected to be affordable housing. However this was interpreted very flexibly and so RSLs tended to deliver this through shared ownership rather than rented housing, because it was more viable. Even when planning policies were in place, the economics of housing development are the primary consideration. So it is key to secure this kind of investment in the city.

- 3.24 Where Brighton & Hove City Council (BHCC) owns the land it could influence RSLs to encourage them to offer a different kind of tenancies. Only 500 households were offered new lettings from BHCC each year, so they were only the most vulnerable households on the list. However the council could choose to let some of these homes to key workers. This could be done by either changing our allocations policy or investment model, but this would be a political choice.
- 3.25 Other means to produce long term rentals for key workers could include joint ventures and establishing trusts. This is because if the council raises debt to develop then it needs to know that these properties would not be liable to Right to Buy. Universities and schools could also enter into similar arrangements to develop accommodation they need.
- 3.26 BR told the panel that Hyde Housing were building three schemes, which included homes for outright sale and shared ownership, but none of the properties were for rent. The shortage of affordable homes was shown by the decision to extend the taxi driver living limit as so many drivers now live outside the city.
- 3.27 GR explained that employers wanted a good fit between the employees they choose and the skills needed. There were sectors of the economy, e.g. tourism, which attracted relatively low wages. The jobs market needed to be flexible and adapt if there was a skills gap. We needed to give those who grow up in the city a chance, not just in terms of housing them but offering them training and education to give them a higher level of skills to meet the employment gaps. In Brighton & Hove there was a surplus of over educated people who were tending to take the jobs away. With 50% of the population now entering higher education, there was a need to direct these people to the newer kinds of jobs in the market. The council also needed strong policies to deal with under occupation, especially when those tenants in larger homes were struggling to pay the rent. There was also the opportunity to encourage under-occupiers in the private rented sector.

**Martin Reid, Head of Private Sector Housing, BHCC**

- 3.28 Martin Reid (MR) explained that the Draft Housing Strategy 2015 set five overarching themes for the whole city covering the growth of the private rented sector, the shortage of affordable family homes and increasing demand for student accommodation. The majority of private landlords were good and the booming housing market was good for the sector. Some seaside homes in neighbouring areas were worsening in conditions as the sector reduced in those locations.
- 3.29 There were issues of regulation and investment in the private rented sector, which was growing at the expense of owner occupation (especially accessible owner occupation). 2011 figures showed that owner occupation decreased while the private rented sector increased. Landlords were competing more successfully than first time buyers to purchase properties. For example in Lewes Road, buy to let landlords were competing with first time buyers and increasing numbers of purchases off plan are by these landlords.
- 3.30 The challenges were to both create a new supply of housing and a supply of housing for rent partly to offset this loss of family homes for owner occupation.
- 3.31 A big gap in the Housing Strategy was how to tackle the poorer housing conditions and carbon emissions in the private rented sector. Problems arose because of the age of the stock (in wards such as Central Hove, Regency and Brunswick & Adelaide) and also that the council has lost its ability to invest in the renewal of private rented stock using opportunities such as the Green Deal. Management standards in this tenure was also an issue in the five wards where the HMO licensing scheme had been introduced and was one of the reasons why the council was consulting on extending the scheme to another seven wards.
- 3.32 LB Newham, and other authorities, had gone further by introducing a selective licensing scheme for all private sector landlords in a specified area. However this needed a high level of evidence and consultation. BHCC had not reached this yet, but members would need to be confident about introducing such a scheme before planning to do so.

- 3.33 The Montague Review<sup>61</sup> which looked at housing supply found that there was significant insecurity in this tenure, especially if you have children and this tenure was providing 30% of the supply of housing. If institutional investment into the private rented sector could be encouraged which was looking at a 30 year return on its investment, then this could lead to a more stable sector which more closely resembled European models. So one needed to look at how local authorities could encourage longer term lettings.
- 3.34 Public Health were concerned that with a more transient population how one could identify vulnerable people in the private rented sector and tackle issues such as fuel poverty. They were trying to find ways such as GP referrals to find ways to target these people in need for help. A very high level of homeless acceptances (30%) were from the private rented sector, even though BHCC was carrying out very high levels of preventative work.
- 3.35 Another issue was community resilience in the areas where there were high concentrations of students. For example LATs had identified concerns about rubbish and the transient nature of the population.
- 3.36 Social Care colleagues had expressed concern over their ability to retain key workers in the city, even though they were on the living wage. This meant that travel to work areas were being stretched by the reduction in owner occupation. If this was accompanied by reducing family support it could increase the vulnerability of households in the city. They were looking to increase long term investment in the sector as well as reduce the turnover of tenancies, reduce the number of retaliatory evictions and increase well-being.

**Q: How deliverable is it to increase the supply of private rented housing? How can one provide more affordable rents when there are so few enforcement tools relating to rent levels?**

3.37 MR explained that there were no enforcement powers in relation to rent levels, so it could only be done by increasing the supply of accommodation. More

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/15547/montague\\_review.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15547/montague_review.pdf)

work needed to be done across the Greater Brighton area to look at how to increase this supply.

3.38 BR told the panel that a growing number of groups were campaigning for rent stabilisation in the city, for rents to be set for 5-10 years. Initially these rents could be set by the market and then the only increase come from inflation, with a cap set on these rents. The Montague review and a related event found that investors would also welcome this stability. For example in Halifax the situation was reversed where the private rented sector was cheaper than council housing.

3.39 PMC observed that Germany has seen this stabilisation and has a strong economy. There was a need for a degree of regulation and intervention to temper the market. One would not want to discourage potential investors in the sector, but the tools were needed to ensure affordable rents which would help us retain our place in the economy. CW was concerned that the city was in danger of creating split communities with both gentrification and ghettos.

**Alistair Hill (AH), Public Health Consultant, BHCC**

3.40 AH explained that public health were concerned by the wider determinants of health such as education and housing, such as the direct and indirect effects of issues such as overcrowding, indoor pollution, mould and damp. Poor housing had an impact on a range of issues such as respiratory conditions, cardiovascular disease, mental health and levels of accidents which then increase the use of unplanned health care.

3.41 In the city there were approximately 135 excess winter deaths annually, which was average for the UK but UK rates were high compared to other European countries. Indirect effects of housing could also include poorer child development in overcrowded conditions and greater concerns related to community safety in denser areas. Wider impacts on society include increased time off sick from work and education, and cost to health and social care. Vulnerable groups such as children and older people were most likely to be affected by these unequal conditions.

- 3.42 The private rented sector was very diverse and had a younger than average population. It was quite difficult to unpick impact of housing effects from health data but was an important issue for public health. There were a lot of people in this sector who had high levels of need, including people who have been homeless (eviction from this sector being the biggest reason for homelessness). The high levels of non-decency in the private rented sector and lack of security of tenure also have implications for health. Approximately 12% of older people were living in the city's private rented housing, which was higher than average.
- 3.43 Tenure was not routinely collected when gathering health service data, however local research conducted by Public Health had found that people living in the private rented sector were less likely to report that they can heat their home adequately, feel they belonged to the area, more likely to feel lonely and have a higher risk of being depressed. Overall data has shown that physical health can be better in those living in the private rented sector, but this is related to the young average age of people in the sector.
- 3.44 It was vital to see the closer working of health and housing related services and there was a good local track record in this area. There were strong links between Public Health and the Planning and Private Sector Housing teams, such as the energy efficiency work and adaptations. This close working was also being done on a strategic level to develop the Housing Strategy. They were also carrying out specific work under the Warm Homes Healthy People Fund which provided public health money to intervene to help people heat their home and obtain financial help with their fuel bills.
- 3.45 In relation to increasing GP referrals to housing there was an opportunity to broaden this work under the Better Care Initiatives to identify those most at risk to reduce the risk of hospital admissions. Public Health and Housing were collaborating with GPs and the Clinical Commissioning Group (CCG) on a pilot as part of the Better Care approach to carry out health planning in the round to tackle fuel poverty and other housing issues. Casework support would be offered to individuals at risk in relation to budgeting, tackling food poverty and income maximisation. There was a need to ensure that people in the private rented sector took up this scheme. While this was a finite pilot, if it could be shown to be an effective project that had impact then there could be increased collaboration with the NHS.

**Q: Are there examples of best practice elsewhere?**

3.46 AH told the panel that there had been a big push in Liverpool. Officers including Environmental Health Officers visited all private rented homes and as a result millions of pounds had been invested in the sector. In Oldham there had been targeted joint work with the council, RSLs and the NHS to look at improving the energy efficiency of RSL stock for older people. The challenge in the private rented sector was how to target those in need and demonstrate that the initiative had had an impact.

**Q: If the private rented sector is the single largest reason for homelessness, then should there be a push to do more work with landlords to prevent homelessness and reduce the associated costs?**

3.47 AH explained that the Housing Strategy documents showed that the most cited reason for homelessness was eviction from the private sector. MR explained that the service was increasing its level of work it did with landlords to support them and their vulnerable tenants. The panel could find out more about the effect of this from the Strategic Housing Partnership and the Southern Landlords Association. One of the benefits of HMO licensing was that it reduced the number of retaliatory evictions. It enabled the local authority to pro-actively tackle issues rather than reactive.

3.48 AH thought there was potential to increase the joint working across the health service, social care and housing in tackling this issue. Maintaining good health and wellbeing and referring to appropriate housing services can help to stop them losing their home again. This in turn would improve their health and reduce the need for health and social care.

**Q: Given the cumulative impact of this issue should Public Health be added to the list of internal consultees about Planning? The history of Planning shows how the slums of the East End had such an impact on health. Was there a need to future proof buildings that are developed in order to help people's health?**

- 3.49 AH told the panel that BHCC was now a public health organisation and this should run through all the strands of its work. An example was the Health Impact Assessments for large developments which were included in the City Plan process. These included looking at mitigating the negative impacts of developments, but could look at positive ways for new developments to improve health.
- 3.50 PMC gave a small example of the Planning Advisory Note on food growth which recognised the health benefits of growing one's own food. So would like to see Public Health and the Planning Service working much closer together.
- 3.51 AH explained that housing tenure was not routinely collected in health data sets, for example to enable one to look at whether there are higher hospital admissions in older people living in the private rented sector. Collecting more data on the take up of a service by tenure could be a really useful addition.

**Rob Fraser (RF), Policy and Major Projects Manager, BHCC**

- 3.52 RF told the panel that Planning was a blunt instrument and needed to be viewed in the context of a general trend of deregulation. Planning was largely tenure blind. There was a shortfall between the objectively assessed need for housing in the city and the ability to develop the capacity in the city. While it was calculated that between 20,000 to 24,000 homes were needed in the next few years in the city, there was only the capacity to provide around 13,200. This would lead to a shortfall of nearly 50% in homes needed. Therefore the options were either to look to build at higher density in the city centre or outside the city through co-operation with adjoining authorities.
- 3.53 RF said that he shared the panel's concern about the affordability gap but believed that this would not be solved by only building more homes. People also needed high enough wages so they could pay their rent. Consequently the City Plan also protected sites for employment uses. Planning because it was tenure blind could only become involved when there was also a change of use, such as that of a family home being turned into an HMO.

3.54 The council did not currently have a policy to identify key workers for preferential treatment and thought that this could only be done through its allocations policy.

**Q: Does this 50% shortfall take into account the growing need for student accommodation?**

3.55 RF explained that student accommodation was only taken into account if a new development was to free up homes for owner occupied general housing. We were not near this situation and could not see us getting to a position where there was an excess of student housing leading to students moving from rented shared housing into purpose built accommodation.

**Q: In Planning is there a trend of more people extending their homes to fit their family in?**

3.56 RF said that there was no data to show that there was an increase in households trying to squeeze more out of their existing accommodation. There were a lot of historical buildings in the city and the typical cycle was that they went from single use to flats then HMOs then fall into disrepair and are turned back into single homes and then back into HMOs. In some areas such as Brunswick this cycle has happened a number of times. RF offered to ask colleagues if they had any data on the issue of numbers of applications for homes to be extended.

**Q: in light of deregulation are there any examples of local authorities which have made a conscious decision to directly intervene in the market to make developers build affordable rents?**

3.57 RF told the panel that 'affordable' in Planning terms was a very crude definition. If a development scheme had sufficient shared ownership or 80% market rent homes in the project, then it would be meeting the affordability criteria of national policy. On the urban fringe there was a significant percentage of land which belonged to BHCC and if one could put this in the hands of an organisation such as a Community Land Trust, then this could

help us increase the supply of genuinely affordable housing. Success was dependent upon aligning corporate policy, housing and planning policy.

**Q: Would this also be true of our policies in relation to brownfield sites?**

3.58 RF explained that the council had been working on developing brownfield sites for much longer, but was not a significant player. Where we did have a role, viability was a big issue and that was where affordability could suffer.

**Q: If 97% of potential developments could be on brownfield sites and the government wants to remove carbon restrictions, would there be any room for work in Part Two of the City Plan to reassert that the market should not always be king and make sure that the private rented sector is catered for in developments?**

3.59 RF explained that there was currently a lack of knowledge about how the market was working which was being shown by the duty to co-operate. The regional and national pressures on the housing market were not fully understood by local authorities. Evidence was needed that showed that building in the city could help meet the housing requirements of the city. This could lead to changes in Planning policy. National Parks do have policies about planning for existing families in their areas. So more work was needed to understand the market, including collecting data. For example information from estate agents suggests that 60% of new housing enquiries came from outside the city, 30% of which were from international sources.

**Q: In relation to the 1 Hove Park scheme by Hyde, it was reported that an investor from Qatar wanted to buy the whole top floor of the development. This would not produce a trickle-down effect, so did we foresee that Brighton & Hove would be likely to follow the trends in London? Could we do anything to intervene in the market?**

3.60 RF told the panel he could not think of a means to intervene currently. He thought that Part 2 of the City Plan might provide some opposition to these trends, but no data as yet was being gathered by partners in the Local Economic Partnership (LEP) or through joint work under the Duty to Co-

operate that would provide the required evidence base. There was a need to understand how the markets were working and how to alleviate the pressures which were being reported. He was aware that London was keen to export its high levels of housing need.

**Q: What about Article 4 Directions?**

3.61 RF explained that there were Article 4 Directions on HMOs in the same 5 wards as the extended licensing scheme for smaller HMOs. The issue again was how to gather data which showed whether Article 4 should, or should not, apply. There was no single source of information and data gathering has been cyclical. Planning had been mapping the data provided by Martin Reid's team and checking this against information on council tax and student exemption.

3.62 There was limited opportunity for new Article 4 directions to pre-empt expansion of areas dominated by HMOs. Evidence was needed to create, or extend, an Article 4 Direction or it can be modified or cancelled by the Secretary of State. Without data it was difficult to present a case for an Article 4 Direction. In five wards there was clear evidence, but it may be harder to build a case for the rest of the city.

**Q: How many times has Article 4 been used to resist further HMOs?**

3.63 RF told the panel that it had been used but did not know on how many occasions the Article 4 policy had been triggered in determining applications.

3.64 BR told the panel that one of the biggest bones of contention for residents was that Article 4 was not being used enough by the council to stop increasing numbers of HMOs. Particularly as the council had received 2,074 applications for HMOs to be licensed in those 5 wards. MR confirmed that of these applications, 1,826 had been given a full license to date. BR felt that the council had been less successful in curbing the growth of new HMOs and there was a need to use this power in areas where the market for HMOs was growing such as Hollingdean.

3.65 RF promised to supply the panel with figures on how many occasions the Article 4 policy had been triggered. He told the panel that it did take time to enforce unauthorised HMO's because it was a slow process and bound by legal requirements. A case could take a year to follow up, including getting the evidence and taking enforcement action. There was also the need to demonstrate we are reasonable. He explained that a lot of small HMOs had come into effect before we had Article 4. The council had only had Article 4 in place since April 2013.

### **Gary Waller (GW) and Mike Stimpson (MS) of the Southern Landlords Association**

8.1 GW began his presentation by explaining that the Southern Landlords Association (SLA) have 1,000 members (600 of them in Brighton & Hove) with 100s of properties and 1,000s of tenants. GW had been a landlord for over 30 years with properties primarily in the Elm Grove/Lewes Road corridor housing 32 students and young people. Managing that number of properties was increasingly time consuming.

8.2 The licensing of Houses in Multiple Occupation (HMOs) have had a significant impact on him and cost £25,000 e.g. to fit locks, fire doors and extend smoke alarms at a cost of £5k per property. Now all his properties were licensed. However this did make it more difficult to turn such properties back into family homes.

8.3 Article 4 has stopped conversions in that area for student accommodation, although that had been where landlords had got the maximum yield. This had probably led to such developments happening in other areas of the city. There was now a sales premium on licensed properties which put an extra £30,000-40,000 on their price when buying.

8.4 He thought there were increasing pressures on landlords such as increasing numbers of young tenants and a higher turnover of tenants with the majority moving on after two years. This was because it is an expensive city and there were not the jobs to match housing costs. It was also harder because of the registration, increased paperwork and maintaining bad debts. The Mortgage Market Review (MMR) in April had led to tighter lending criteria, making it harder to extend ones portfolio. However the property market moved in cycles, so it would be likely to become easier at another time. The requirements of licensing

e.g. layout and room size, has made it harder to find a suitable property. There were also political risks such as would politicians introduce rent controls?

- 8.5 There was a shortage in the market of single units which was making it relatively expensive for single people to live in the city. Some were Band A rated for council tax which made it more expensive too.
- 8.6 Issues that the SLA wished to discuss included Planning and whether the target to house an additional 18,000 was realistic? They were concerned about the willingness of the Planning service to work with landlords to see how to address these needs. There were a lot of properties which could be converted to give people enough space to live in. However in their experience the Planning department seemed aloof and not keen to work with landlords and other departments in the council.
- 8.7 Improving the quality of accommodation came at a cost, so installing new technology such as circuit breakers also brought increased maintenance costs, all of which will lead to higher rent levels. Landlords sometimes experienced more difficulties in collecting rent from poorer tenants and sometimes there are additional issues such as drug use. In such cases the landlords do often become involved and need to help these more vulnerable tenants. The SLA also wondered whether the use of Article 4 would be widened across the city?
- 8.8 The SLA also wondered what benefits the landlords got in return for spending the money on licensing? They also had limited power to resolve issues relating to Anti-Social behaviour of tenants, other than go round and read the riot act to the tenants. They would like something back from the council in terms of more noise patrol services or increased rubbish collections.
- 8.9 Student new builds did provide the best returns for landlords such as the Co-op building on London Road and Circus Street. This was because it was possible to maximise the number of beds and not supply as many services. However they were not sure how much this kind of accommodation benefited the city and was expensive for students. It would be used to house new students rather than freeing up accommodation for families. Such homes would not be turned back into four bedroom family houses.

8.10 The SLA felt that there was not a need for greater regulation but the council needed to enforce the powers they already had.

**Q: Were landlords selling up or increasing their portfolios?**

8.11 GW told the panel that it seemed that people were holding onto their portfolios due to Capital Gains Tax and the other options available to invest the money. Like in 2008 landlords were tending to hang on as it was a low interest market, as properties still provided a good return on the investment.

**Q: Work between the Private Sector Team and the Planning Service has found that there are increasing levels of people living in poverty and 12% of people in the city's private rented sector are in fuel poverty. What responsibility do you feel as landlords to these people?**

8.12 GW explained that young people on the minimum wage found it difficult to get good jobs that paid above that level. The city had a significant tourist trade which was a low paying industry. He had spent all his working life commuting to London but Brighton & Hove was an expensive place to live. He had installed double glazing and loft insulation to reduce fuel poverty and the licensing regulations had required 270m of loft insulation. Most of his young tenants were on minimum wage and zero hours contracts which meant there were large areas of poverty.

8.13 MS told the panel that he had been a landlord for 50 years and had found it much easier to let to those who were economically well-off. He was very concerned about the Planning department and whether some of their policies were outdated e.g. relating to self-containment and non self-containment. When he dealt with Adur, Petersfield and Worthing they did not seem to have the same restrictive policies and so it was possible to consider supplying 100 units. In his experience the Planning Service had a culture of its own, would refuse projects it did not like and not compromise on developments. Their drive to get the highest quality would mean that developments became unaffordable which was not the same as with other local authorities. In their experience the Planning Department did not participate in joint work unlike our Housing Department.

8.14 Landlords provided accommodation to the homeless and the economically poor. If one was homeless for three months then secured accommodation, the landlord may find that there were up to six extra people that they had taken on as well. He felt that the Planning Department could do even more to help those who provide a significant share of housing in the city.

8.15 MS wondered whether student blocks, such as those on London Road, were affordable at rents of £145-200 per week? All developers could supply accommodation at that level, so why don't these developers have to provide affordable housing? If private sector landlords were going to provide housing for the homeless then they needed to be able to provide what they know was needed rather than what the Planning Department thought was needed.

**Q: Could you give some examples of projects which have not been given planning permission?**

8.16 MS had purchased a redundant church off Elm Grove for which he had been applying for planning permission of the past 25 years. For 9 years there had been a campaign, aided by councillors to object to the project, and so the property was still empty after 25 years. This had involved a strong appeal. Brighton Housing Trust (BHT) had talked to the council about this scheme as nominations would have been given to BHT for eight single units and a family unit.

8.17 Another scheme involved a one bedroom unit without a bathroom where permission was sought to turn it into a three bedroom maisonette. This case had been refused and went to appeal. An affordable unit had been lost in Kempton near the hospital due to concerns about whether the Velux window would look odd.

8.18 There was land in Portslade where planners after 20 years had decided that some residential use could happen there. But because of the insistence on a certain % for open space, even though it was opposite Natal Park, He was concerned that open space was a compulsory component regardless of where it was needed.

**Tim Nicholls (TN), Head of Regulatory Services, BHCC**

8.19 TN explained that his staff were responsible for investigating noise and nuisance and provided the panel with performance data in this area. The service did not look at the geography of domestic noise, just for licensed premises such as pubs and clubs (because it could be used as an evidence base for licensing policy). The service could provide a map of domestic properties and he thought that of the 3,000 noise complaints the majority would be in city centre wards and Hanover, rather than outer areas such as Rottingdean.

8.20 The number of noise complaints had peaked at 3,300 and were now reducing but this was alongside a reduction in the noise nuisance service. This was a gateway service and so it was felt that there were a reducing number of customers who did not tend to complain as much any more, as the service reduced. When looking at issues relating to noise offers were not collecting data relating to tenure. Figures showed there were 5,000 complaints about pollution and nuisance including drains, refuse and air quality.

8.21 A number of the Local Area Teams (LATs) were very concerned about noise such as Hanover, Hollingdean and Bevendean. Whereas the Patcham LAT was more concerned about flooding and St James and Rottingdean LATs had become experts in air quality. Compared to the central Brighton & Hove LATs, such as West Hill, who were concerned with licensing issues.

8.22 He believed that there was not so much the need for new regulation, but to enforce the existing powers and ensure that we have sufficient resources to do this. Their service had been reduced and the 2015/16 budget will reduce it by 11% and a large percentage of the resources were taken from the noise patrol. The Antisocial Behaviour, Crime and Policing Act 2014 provides opportunities for EHOs to work with police on ASB to provide more joined up working at a lower cost. However he did wonder whether a problem shared was a problem halved?

8.23 TN considered that private rented sector licensing provided a choice to move the regulatory burden from the general fund to the landlord sector.

**Q: In relation to domestic figures, how was it known that only 9 complaints had been made in student housing?**

8.24 TN explained that it was due to the vagaries of how the data was recorded. Out of the 3,000 noise complaints, the majority of them related to music and parties and a reducing number. Customer surveys had found a high level of satisfaction with the noise patrol, in relation to factors such as politeness, but would always ask for more staff who worked later. Around 100 noise abatement notices and 100 night time noise offence warning notices were served each year, of which a few would result in fixed penalties and 10 cases ended up in prosecution for noise. These figures had remained reasonably static for the last 10 years.

**Q: If the figures were not completely accurate but suggest that the majority of noise complaints come from single homes, does this mean there is a myth about noisy students? There seemed to be misunderstandings around the ASB Act and whether it could be the solution to these issues?**

8.25 TN agreed that there was a myth around students. From the front end nuisance work he was involved with, students had never struck him as a key source of such problems. In the city certain challenges were provided by organisations such as BIMM (Brighton Music College) but they had developed a good professional relationship with them and were able to help this organisation operate in a congested city centre.

8.26 TN did not yet feel an expert on the Antisocial Behaviour, Crime and Policing Act 2014. He recommended undertaking a joint service with police which would mean coherent enforcement and avoid duplication. This would reduce costs and improve services. Closure powers (as used in Licensing Act) were no longer limited to licensed premises but could not be used in domestic homes.

**Q: This data seems to provide a partial snapshot of complaints, does it capture a noise complaint if it is dealt with by the university?**

8.27 When doing the Friday or Saturday night shift of the noise patrol, the complainant would be visited. The response of the service may be to do nothing or serve a warning notice. At that point the officers would not know the nature of

the occupants causing the noise. Only if the casework progresses then the tenure, university and other factors would be investigated. If the case was known to involve a student then their university would be contacted and the welfare officers informed. This has been found to be an effective way of dealing with problems.

**Q: There seems to be linkages with Public Health, Adult Social Care and Housing. Do you think your data set could be changed in the future to record characteristics, such as tenure, to help these links?**

8.28 TN confirmed that it would be easy to add a question about tenure in the noise investigation process and then the Public Health intelligence team could analyse that data.

**Andy Winters (AW), Chief Executive of Brighton Housing Trust**

8.29 AW thought that there was not a single private rented sector but three different kinds of landlords:

- a. **Professional** landlords: They regarded this role as a long term business and look to establish a long term relationship with their tenants of 5, 10 or 15 years. Their key concern was stability rather than rent increases.
- b. **Accidental** landlords: They may take on this role if not able to sell a property and so take on the responsibility of becoming a landlord. It is borne out of having surplus property and often they do not understand what it entails. They are prone to making mistakes and will see their return on a month-by-month basis and not see the need to reinvest in the property.
- c. **Quick buck** landlords: They thrive on rapid turnover of tenancies and use this as an opportunity to increase rents. They were not interested in investing in their properties and gave landlords a bad name.

8.30 The focus tended to be on the quick buck landlords, which was unfair on the majority of landlords who were the ones that AW wanted to focus on. A one size fits all approach would not be appropriate for the sector, for example standard licensing might achieve some things but could come at a large cost. For this reason, there was a danger of overregulation.

8.31 He believed that the council needed to seek the co-operation of landlords and find out what were their aims and objectives to develop shared objectives. Where landlords resisted this co-operation then enforcement was needed, either gentle or muscular (such as prosecution) depending upon the issue. The education of landlords was a key element in this. His advice centre helped people deal with the issues caused by 'quick buck' landlords who on rare occasions may need to be taken to court.

**Q: Has the ratio of different kinds of landlords changed in the city?**

8.32 AW thought that the numbers of both 'accidental' and 'quick buck' landlords had changed, with the latter being the biggest cause for concern.

**Q: How do we reach the 'quick buck' landlord?**

8.33 AW explained that they had an adversarial relationship with them, for example if their tenants came to the advice service with issues such as repair needs and revenge evictions. There was a need for joint intelligence to identify these landlords. He thought that Shelter had a register of rogue landlords. Brighton Housing Trust (BHT) had prosecuted such a landlord in Hastings. There were some quality marks such as if the landlord was a member of the Southern Landlords Association (SLA). Joining such an organisation demonstrated that the landlord was of the mind set to want to share best practice and make a success of their business.

**Q: With increasing numbers of vulnerable and poorer people entering the sector, are they being driven to seek housing from the poorer quality landlord?**

8.34 AW said that BHT was still encouraging tenants to use good landlords. However if tenants were referred from BHT to landlords they could be perceived as having wider problems, such as those with drugs. They did still approach some landlords and ask for help, but this was based on Service Level Agreements. Usually their starting point was to ask tenants what they thought would make a good tenancy, such as producing a deposit, to make professional landlords more likely to take them on as tenants. The interests of tenants and

landlords were usually the same, long tenancies, co-operation and avoiding anti-social behaviour.

**Q: In your experience, do landlords tend to want to avoid the adversarial approach? Would they rather seek eviction than access support?**

8.35 AW thought that the majority of landlords don't want conflict and if a tenancy was to break down it was felt to be a joint failure. Good landlords in all sectors want to avoid an eviction, partly because it was associated with high costs.

**Q: Living in the private rented sector costs an average of £840 per calendar month (pcm), but given the welfare reforms and fuel poverty there appears to be a 'perfect storm' happening in the private rented sector. What could be an effective structure to resolve this?**

8.36 AW believed in rent caps, although where the level sits was debateable. But when rents were at £840pcm it was a landlords' market. Most landlords were trying to get a reasonable return, but caps require national legislation as these rents were becoming completely unaffordable due to factors such as heating costs. Electricity was very expensive and proving to be a breaking point for households and people were becoming completely priced out of the market.

8.37 Key workers were increasingly living in Worthing and Eastbourne and bearing the travel costs because they could not afford the rents in this city. Increasingly people over 30 were being forced to live in shared accommodation as they could not afford to buy their homes. The private rented sector was becoming less and less of an option for many people in Brighton & Hove.

**Q: An example of a country which has rent caps and economic growth had not been halted was Germany. So what local and national actions could be taken in this area?**

8.38 AW thought that locally the local authority could intervene in the market to increase supply. There was a need to look at which Registered Social Landlords (RSLs) they were partnering with to see what was passing for social housing, for

example was shared housing or accommodation or outright sale? He believed that the council should work with more community based organised organisations to deliver social housing. For example, Richardson Yard where 36 units were being brought back into use with no capital subsidy in partnership with a private developer and BHT.

8.39 He wondered why officers in Sussex based local authorities did not seem as interested in seeking out schemes, compared to London based authorities. Increasing the supply by means such as these schemes would be a way of intervening in the market. BHCC had a number of prestige sites to develop and it tended to work with big developers on these, rather than with community organisations.

8.40 GW and MS explained that they typically charged £390 per room compared to £700 in London and £320 in Worthing. As a county we had enough housing but everybody still wants to live in the South East. It was based purely on supply and demand. Some of their properties were still living with rent caps from the 1915. There was not enough accommodation in South East England so there was a need to both fix supply and build 000s of more units. However there was a lot of NIMBYism or the alternative was to try and spread out these developments across the country.

**Q: Given the population movements, so we need a regional perspective to understand a regional housing market?**

8.41 AW thought we needed the perspective of a wider region that included areas such as Lancing and Worthing. For example to look at the people commuting from Eastbourne back into Brighton & Hove. 73% of people buying homes in the city now have a current address in London, so there was the need to understand a much larger area. If we are to build several hundred homes, then let's build the right housing. With access you can control who build the properties, such as social community based housing with which one can have land lease arrangements that bypass the Right to Buy (RTB). For example to build a two bedroom house would cost £40,000 minus the land costs and then BHCC could have the nomination rights.

8.42 MS told the panel that he had produced a paper on his rent levels for the Housing Strategy. Out of 450 tenants there were only 5 one bedroom rental units which were at the Local Housing Allowance (LHA) level and no studio units. He tended to obtain his tenants by recommendation and the majority of rents had not gone up in the last five years. Shared accommodation was also where one could not meet LHA levels, with a £82-85 per week charge this still needed a top up from the tenant of £4-6 per week. There were set ups where the landlord still pay the council tax charges, central heating, water rates and cleaning services.

8.43 If a landlord was to buy in Brighton & Hove now they could not make a profit. So increasingly landlords were buying up properties in Newhaven, Worthing and Shoreham. Although Hasting property prices were good there was felt to be a poorer quality of tenants.

8.44 The expectations of the unemployed (who tended to expect self-contained accommodation) could differ from the employed who were not bothered about this. He was concerned about offering contained accommodation to employed people in case they fell out of employment.

**Paul Bonett (PB), Managing Director, Bonett's**

8.45 PB explained that a lot of landlords do not use lettings agents as a standard in Brighton & Hove. There seemed to be a shocking disparity in terms of the services that lettings agents offer. The most important factor was who is the client and some of the lettings agents do not charge the landlords a fee. In those cases one could be sure that tenants would be facing exorbitant charges such as high admin charges, extra charges for contracts and changes to tenants plus a surcharge for repairs. Landlords sometimes do not see an invoice for work carried out at a property and get an invoice from the agent rather than the tradesperson, with a commission added on top. Another example of varied terms is the agents who charge the six month AST commission fee up front to landlords and then the agents have little incentive to provide any service once they have got their fee.

8.46 When the agent is earning money from the tenant they want a high turnover with tenants giving them notice after four months. The agent then prevents any communication between the tenant and landlord about why the tenant has

moved out. Whereas the majority of tenants want security of tenure for between 1-5 years and the landlords want reliability and steadiness.

8.47 There were increasing numbers of very different landlords in the city, such as those offering party house accommodation that encouraged the worst behaving people to come into the city who have no incentive to be good neighbours for a short break. Neighbours hoped to encourage estate agents not to sell properties onto party house operators. Another issue is naïve landlords were least likely to know the impact of not paying commission to the agents. Then tenants and their neighbours were the people most likely to suffer as the person who owns the building is not effectively a 'client' as they are paying little or nothing for a 'service'. When this market needed was increased regulation, transparency and standardisation.

**Q: In the last 10 years have you noticed that there are increasing numbers of vulnerable people entering the private rented sector and how do you deal with them?**

8.48 PB said that he was not an expert in this field and only once last year had dealt with a landlord providing housing for vulnerable people and they had ended up being rehoused by the landlord in another property.

**Q: Cllr Randall summed this up by saying that one needed a licence to clip a poodle but not set up a lettings agency. What are your thoughts?**

8.49 PB explained that anyone can set up an agency and a lot of them were franchises. One should become a member of the Association of Rental Lettings Agents (ARLA) which offered a bonded scheme/code of practice, and this should be expected to be the norm for any agency. But without belonging to such a scheme, one can get the people who did not give a damn.

**Q: What do you think of the model of tenants rating their landlords? Could this be done in partnership with estate agents and the council?**

8.50 PB thought this could be a very good idea, with lettings agents being set a minimum standard and checked annually and externally checked. They should need to get references from landlords and tenants.

**Q: What could the council do to help this to happen?**

8.51 PB thought that regulation might be needed, for example that anyone who sets up as a lettings agent in the city should join the Brighton & Hove Estate Agents Association as well as ARLA. This could help prevent someone from being a poor lettings agent and get away with it. Action could be taken if a complaint was made to the council. There was not transparency over a complaints procedure. There was concern that tenants at the lower level of affordability could have a fear of revenge evictions. There may be a national organisation/website which supposedly lists bad tenants.

8.52 There were lettings agencies which specialised in central areas of the city, for example in the Lewes Road where there is a focus on student lets. There was a need for a more holistic approach between university agents, landlords and tenants – which were often dealing with poor quality stock.

**Q: What changes have you seen to the private rented sector in the last 10-15 years?**

8.53 PB thought there were a lot more Buy to Let (BLT) landlords with one or two properties and some had become more professional. Good estate agents and lettings agencies will educate less experienced landlords, for example showing how improving conditions to make homes habitable will lead to better tenants. In the last five years, especially the last three, there had been a significant increase in foreign students and labour market changes. Up to 50% of tenants are from overseas, so the tenant demographic was now very different.

**Q: The programme on television about the super-rich which aired last night asserted that there had been no trickledown effect, with the poorest now subsidising the richest. 40% of housing was being bought by outsiders. Tony Mernagh says that housing is a reflection of where the economy is. There was a need for a good private rented sector and good relations**

**between the stakeholders, so what could be done to improve relations between them?**

8.54 PB told the panel of the need to hear the tenants' voice. Hear the ordinary voice of tenants. On the whole the tenants Bonett's deal with were happy. In the last year the only tenant who left their accommodation did because he could no longer afford his home after losing his job. If you get it right, then one could have a good long term relationship with your tenants. But what was needed for lettings agents was:

- Benchmarking
- Transparency
- Approval.

**Q: What is the average number of prospective tenants viewing each property?**

8.55 PB said that on average 10-15 people would contact them within the hour about each one bedroom property that came on the market. Their organisation would not deal with homes in poor condition. However even homes in poorer condition would be taken by those in desperate need.

8.56 GW explained that he employed a labourer who has moved from working on one bedroom units to student units and had found that these properties were usually let within one day. He felt that there was a shortage of properties in the city, but it was roughly in balance unlike London.

**Q: Was there a need to view the private sector in a different way, to see it as a permanent way of housing rather than transient?**

8.57 PB said that in central Berlin one could rent a unit for five to ten years. While our system may have gone too far to alter to this level of stability, there should be a change from Assured Shorthold Tenancies. One should be able to offer tenancies of three years or more, which had break clauses. The first time a one bedroom flat was being rented out for between £600-£650 per month, but then it would rise up by 30% in the following two years to £800.

8.58 GW believed that it was interest rates which had the maximum impact. A lot of landlords were mortgaged to the hilt and if the tenancy defaulted on their rent it could cause significant problems.

8.59 MS said that the city was a pilot for the ASB Act and that landlords had not been consulted even though it gave them mandatory grounds for possession. The council had extensive powers to deal with rogue landlords. Long tenancies were not granted in case there were instances of ASB from the tenant, as it was almost impossible to gain possession on this ground. If one could gain possession for ASB as easily as rent arrears, then landlords would feel happier about granting longer term tenancies. There was only a charge of £100 to extend their tenancies and if this was not affordable, then they would help them resolve this.

8.60 PB gave an example from another agent who had charged people in a shared house £300 to change a name on the tenancy agreement, but his company did not charge for this.

**Julie Frith (JF), Partner – Land & New Homes, Mishon Mackay**

8.61 JF told the panel that she agreed with the majority of observations of PB. Her expertise was in the new homes market and had found with the marketing of new apartment blocks that approximately 60% of these units were being sold to investors. While one could argue that improving the number of homes to rent was taking the pressure off the lower end of the market, the selling of so many homes to investors was not helping the city.

8.62 The Brighton & Hove Estate Agents Association (BHEAA) only received between two or three complaints a year about agents. If the letting agent was a member of ARLA then they would be dealt with by them, but the BHEAA did not have many powers and so was not much of an influence on the rental market. Landlords welcomed long term tenancies, although this was not ideal if the tenants are causing problems.

8.63 Rental was going to become a way of life, so central government should look at increasing the security of tenure for tenants. In the past renters would have moved on to owner occupation in their 20's but now were still renters in their 30's. The result was accidental landlords and the loss of family accommodation in the rental market. The rental market for properties at around £1,500 pcm was reducing.

8.64 Regulating landlords may be the only way forward to protect vulnerable tenants. Everyone wanted to live in Brighton & Hove but there was a limited supply of properties. Rental properties were needed for key workers, such as care workers, an issue which has been discussed at length at the Strategic Housing Partnerships.

**Q: My grandparents lived in the private rented sector for 40 years and they were responsible for their property's maintenance and decoration. In Brighton & Hove rental properties there seem to be a very high standard of decoration and supply of white goods, was this required or personal to this city?**

8.65 JF explained that with a six month tenancy then you could not expect tenants to take on responsibility for the property and feel an ownership of it. The property would never feel quite theirs.

**Q: This seems like a vicious circle, as does this then impact on the tenant's rental charges?**

**Q: How can best practice be encouraged in the industry and by the council then?**

8.66 JF encouraged all lettings agencies to be part of ARLA. In the same way that she would not book a holiday without using an ABTA recognised travel agency. However due to the high demand, there was a scramble for property and prospective tenants would often not look to see if the agent was ARLA registered. It would be good to have ARLA membership as a requirement for all lettings agencies.

**Q: Was not sure whether tenants were aware of ARLA. The majority of tenants felt lucky to have a roof over their head and they were under pressure to keep their heads down and work out how to face their own costs such as energy metres. Was this the case?**

8.77 JF thought it was more difficult for tenants seeking accommodation on a short term basis to shop around because of the pressure of wanting a roof over their heads. If there was greater security of tenure, then tenants could shop around. There were other costs associated with moving frequently such as removal costs and agent's fees. It would be for the good of tenants to be able to have longer tenancies.

**Q: How can longer term tenancies be encouraged? There are limits on how much the local authority can do to intervene and it largely depended on what central government chose to do in the future.**

8.78 JF thought it was vital to educate tenants about these issues. The BHEAA could help with this, for example issuing press releases about the need to shop around for good landlords.

**Q: If developers were 'not building for people in the city' and 60% of units were going to investors, where do the local population go?**

8.79 When new developments went onto the sales market, 60% sold to investors. This meant many new homes are changing and becoming more luxury lets, to foreign language students and overseas students. These products did not tend to appeal to existing renters who prefer the older properties in the city. Brighton & Hove could only grow outwards or upwards, but was limited by the sea and the national park.

**Q: Were any of the family sized dwellings bypassing the market and going straight to investors?**

8.80 Some of the larger family units might be subject to HMO licensing. The 'Down from London's' or DFLs were still a dominant factor. One could still sell a small unit in London and buy a bigger dwelling in the city. Some of buyers could be drawn to a new build. The people of B&H tended to stay in the existing stock rather than the newly developed homes.

8.81 PB said that the property prices for new build were about 15% higher than second hand property, which again was pricing out local people. If developers were not able to achieve this profit from local people, they would rely on outsiders to buy these homes. So new developments in the city were not necessarily going to local people, which led to a cycle of non-affordability. The market changing was the only factor that was likely to affect this.

**Q: Do any sub-markets change?**

8.82 JF said that students tended to live in the corridor of subsidised buses and then remained in that area. Developers needed a profit margin of approximately 20% on projects otherwise banks would not lend to them. Smaller developments in the city did tend to attract downsizers, which did free up some family dwellings. Some of the luxury end developments might go to downsizers rather than investors.

**Q: 97% of all developments are on brownfield sites and the majority were less than 10 units. I am concerned about the health of those living in the private rented sector. The life expectancy of those living in Brunswick & Adelaide was one of the lowest in the city and part of this must be due to the densely packed older accommodation in the ward. What can we do to improve conditions in older buildings, given that 40% of stock was built before 1919. If people cannot afford to insulate the homes to reduce fuel poverty and carbon footprint, can anything be done to improve life expectancy?**

8.83 JF told the panel that this issue had been debated at the last SHP meeting. One option was to insist that owners carry out more maintenance work. However some of the tenants may be in situ and do not want to move out (such as being encouraged to move into retirement accommodation in Whitehawk), so it was not

always possible to enforce. There was also an obligation for the city, including the council, to preserve its heritage.

8.84 PMC gave the examples of cities such as Edinburgh which had done work on how to modernise older properties at reduced cost. Brighton & Hove has the second highest number of listed properties in England after Bath. Buildings are listed for the nation rather than for the owner.

**Q: How has the market changed 2011? Do we lack evidence or data? Do you think we can only gain partial snapshots?**

8.85 PB told the panel that data was produced by the council each quarter which is looked at by his organisation. The big issue was to increase affordability and tackle the disenfranchisement of our local people. A lot of people in the city would love to get on the property ladder, but a home that would have cost £30,000 14 years ago would now cost £180,000.

8.86 GW thought that interest rates were too low. Constant changes of investment rates and house prices were what hurt. The dangers came as these rates changed, and landlords needed to feel that they could make at least a 10 year investment into the property. But if interest rates can change from 0.5% to 10% then this did not bring stability.

8.87 AW did not know if we had the full picture, but trends were emerging:

- Increasing rent arrears
- Increasing revenge eviction

The council needed to provide support services for those affected by these trends.

8.88 The chair then made his summary of the evidence heard to date:

- The ‘perfect storm’ being the mismatch between the supply and demand for housing in the city
- Affordability and the exclusion and lack of opportunity that came with unaffordable housing. The impact this had on the local population.
- The diversity of the sector: this was not yet properly understood including the sub-markets in the city, region and UK
- Not one silver bullet, or panacea, for the challenges we face – need joined up thinking
- Need to do this together and get right for society
- The tension between the need for regulation and better management and their impact on feasibility
- Data gaps
- We were in a post-recession phase and the gaps were not yet understood including the increase in economic growth and its effect on supply
- The length of tenancies and the potential for increasing stability
- The effect of people from London (DFLs) buying up the city’s homes

### **Abraham Baldry (AB), President, University of Sussex Students’ Union**

There were a number of points to celebrate in the Housing Strategy. It was important to address the problems in the private rented sector. From the perspective of the 40,000 students in the city, it was in crisis. The demand outstripped supply, the rents were amongst the highest in the country, and there were problems with letting agents.

The Students’ Union did a lot of research and produced the ‘Rate your Landlord’ report that looked at the experiences of students in the city. 25% said their experiences were good and 25% said their experiences were very negative of the private sector. These problems must be addressed. We needed better regulation of lettings agents and incentives for landlords to improve their stock. The Students’ Union opposed measures to make it more difficult to get houses, for example, the Article 4 Directive which restricted HMOs.

Q: when students report negative experiences, what were the key issues?

AB: they fell into three sections: before, during, and after. Before, the issues were around estate agents pressurising students into renting early, using scare tactics to say rent now or be homeless. In response, the Students’ Union ran a ‘Don’t rent yet’ campaign which ran until January. The main issues during renting were: high rent; the call response times for repairs; the standard of housing and health and safety, for example, very few students were shown the gas safety certificate. There were issues

around the quality of housing stock, for example, mould was obvious and preventable. Accommodation should be fit for habitation and properly insulated and furnished. After the rental period, the main issue was deposits being withheld: sometimes there would appear to be a cosy relationship between the independence of the assessor of the inventory and the letting agents. 95% of students reported that they were required to pay a deposit and only 28% had their deposit returned in full; 43% had it partially returned; and 29% had their entire deposit taken. When in dispute, 59% who went into arbitration didn't find it helpful.

Q: was there evidence that landlords were evicting students for ASB?

AB: Retaliatory evictions were an issue but not as a response to ASB but rather around raising issues around poor management. When students challenged letting agents about poor experiences, then there can be retaliatory evictions. This was a national issue. No particular experiences of ASB.

Q: how much of an issue was affordability?

AB: the average rent has been rising year on year for the last ten years. On average students pay £95.72/week. Post-graduates pay £102 per person per week, not including bills. This was higher than the national average. A key issue was that the student loan was not adjusted for higher rents – in London students get an extra £1,000. Some students find their loan doesn't cover their rent.

Q: was this leading to over-crowding?

AB: On average there were 3 students per house for Sussex University students which suggest this wasn't an issue. However, some houses do have a large number of people in a relatively small space so it can happen.

Q: there were around 4million people in chronic poverty in the private rented sector in 2003. What are your views regarding this?

AB: students as a group on a low income couldn't afford to pay rent and live. There was a real need to address this macro problem. Something had to change.

Q: did the Students' Union endorse certain letting agents?

AB: Sussex University ran an ethical letting agency. It didn't charge fees (which can be £200-£300 per person) and it offered de-facto accreditation. They were exploring the possibility of an accreditation scheme. The 'Rate your Landlord' research also had rankings for estate agents as good/bad according to students.

'Movem' was a website that acts like a 'trip advisor' for landlords. The Students' Union were looking at working with Movem.

Students loved being in Brighton and they have a lot to give both economically and socially. Although students don't pay Council Tax, B&HCC received an allowance of around £6.25m in 2014 from central Government.

**Charles Dudley, Director of Residential and Campus Services (CD) and Dean Spears, Housing Services Manager, University of Sussex (DS)**

CD: the University of Sussex has had a Housing Strategy since 1989. They had acquired and built new properties and had created more than 2,100 bed spaces in the past 6 years, the majority on the Falmer campus. There was a great demand for purpose-built accommodation: 1,105 bed-spaces in accommodation on campus and more was planned. Students liked purpose-built accommodation because they wanted high standard accommodation and very good IT – they wanted study areas and 13amp power supplies. The University held workshops with students returning after their 1st year: 100% said they would like the option of returning to University managed, nominated or Head leased student accommodation. This was a key driver for the Housing Strategy. The University had grown over the years but this had been matched by housing development. They guaranteed to house all new students who required it: in addition to around 500 students annually who would otherwise be in the private rented sector. Around 19-20% per year didn't require housing as they lived in the region. The University worked to help all the 1st year students to prepare

them and gave advice when transitioning to the private sector for those who preferred not to apply for a place in University managed accommodation in their post first year of accommodation.

DS – in 2014 the University had 5,004 bed spaces that they managed, owned or head-leased. This figure had doubled over the last 10 years. They guaranteed accommodation to all 1st year students who wanted it (subject to certain conditions outlined in their housing guarantee). They were keen to make the best use of the campus. Returning students can also be housed in the 5,004 bed spaces subject to availability: last year 530 of these were returning students and the year before, 500 were returning students, equating to approximately 100 less properties being occupied by Sussex students in the private sector annually. The University had also head-leases properties and in 2014 they had 271 bed-spaces in over 50 properties. They leased properties from landlords and took responsibility for all maintenance etc. From September 2014 Abacus residence (on the London Road, former Co-op building) housed 300 Sussex students via a nominations agreement with The Student Housing Company who run the residence.

Generally it was usually older, mature and overseas students and whom were likely to have lived away from home before, who were in private rented accommodation. They were able to house the vast majority of Freshers in their own accommodation.

The private sector rented properties for 2015 were launched today (23 January 2015) for Sussex students looking for accommodation from September 2015. Landlords advertising with the University must comply with a code of standards. The University provided advice, housing talks on behaviour, about living in the community and had a property database website called 'Sussex Student Pad'. There was an extensive support package available with at least £250,000 spent on residential welfare support including 100 residential advisors who were students who provided support. There were a number of new initiatives: they had around 6,000 hits per month on their website on advice on living in the community, and had arranged to talk to LATs in the key areas. They were providing a guide to all Sussex students in the private rented sector and asked letting agents to be involved to help disseminate the guide, along with other partners too, including the council and Sussex Students' Union. They had produced a short film to encourage students in Years 2 and 3 to consider applying for a place in Sussex University accommodation rather than private rented accommodation. Research last year showed that there were more students on campus than ever before and, indeed more students living on campus than in the surrounding private rented accommodations with Sussex residents recorded in 2014/15 in the following wards being low, for example, Queens Park

(6%); Hollingdean and Stanmer (5.3%); North Laine (11%); Mouslecoomb and Bevendean (10%). The University had a property management link, advice, support and guidance in all of these areas.

Q: what were the rental prices in the purpose built accommodation?

DS: there were 11 price ranges from £81/week up to £140/week. All accommodation was self-catering with all bills included and insurance and residential support.

AB: there was a range of accommodation off campus. The Students' Union was concerned that the range of accommodation was maintained as there were plans to replace the Old East Slope building with more expensive accommodation. In the 'Rate your landlord' report 31% said they went into the private rented accommodation. The Students' Union welcomed a guarantee that students won't be priced out of the market.

CD: there will be a range of accommodation when the East Slope residences were replaced. There were bursaries of up to £2,000/year to support First Generation Scholars and many used it to upgrade their accommodation preference to those with en-suite facilities and accommodate above standard. The majority of growth in students has been post-graduates – Sussex attracted a lot of 1 year Masters courses and PHD students. Often 20-24year olds stayed on as young professionals and they stayed in the same areas of the city.

Q: the council corporately supports the growth of accommodation but it wasn't clear where the growth will end. How will this be capped?

CD: the long term strategy set a target of 18,000 students registered at Sussex by 2018. One reason was that in the past, the University didn't grow when the others did and they needed to catch up. There was a study on the contribution the University makes to the city: we recognised the contribution we made to the economy but there were concerns about housing. Growth was matched by predictions - if there was no additional demand. It was very difficult to say what will happen going forward.

Q: what was your view on 'Rate your landlord'?

DS: 'Rate your landlord' was an excellent resource and they referred to the report produced by the Sussex Students' Union to give advice to their students as it included the past experiences of living in the private rented sector from former Sussex students.

### **Chris Henry (CH) Home Sweet Home (HSH)**

CH: Home Sweet Home (HSH) was two years old and started with a group of people with problems in the rented market who came together. There had been lots of listening and talking to people from over the city (Hove, Portslade, Kemp Town) who have had the same problems. HSH had grown over the last 2 years and they had 2 years of feedback from the ground. There was a small core of issues: for example, problems with deposits and broken equipment. There was a general feeling that "the council lets landlords get away with it." This was linked to the idea of the confusion over tenant's rights and recourse when problems arise, and a lack of transparency – this was across all areas of council housing, lettings, and private renting. People were saying 'what was the council's role?'. People found the system opaque and didn't know how to access help.

Lettings agents were a huge issue. One agent had a council accreditation badge in the window but was one of the worst landlords. HSH arranged a 'clean up your act' event to pressurise the company to meet then and talk about improving their customer service. Another big issue was poor quality accommodation – security and inadequate facilities was another common theme. There was confusion over who can resolve problems.

Revenge eviction was a tangible thing – there was a parliamentary debate on this recently and HSH pressurised the city's MPs to attend and vote.

The solutions involved transparency and the idea of a robust scheme of providing information for people. There was a role for the council in this. This was linked to the idea of awareness of the role of housing officers, maintenance, how do prosecutions happen? There was a feeling that landlords got away with it and things were

shrouded in mystery. There was a need for clarity and a clear pathway to enable people to get answers.

Q: were people made more vulnerable by the actions of letting agents?

CH: yes, including students. One area of vulnerability was a lack of security in doors and windows; another area was families who were in very small homes and had children with health issues.

Q: were people forced to keep moving house?

CH: the name Home Sweet Home came from the idea of adverts that showed lovely homes (for example at Christmas) but that wasn't the reality for many in the city. There were interesting demographics: young professionals got stuck on the treadmill of moving from one property to the next as a result of letting agents fees and high costs; at the other end people were trapped and can't move and were stuck in small, expensive flats they couldn't afford to leave, for example, they didn't have a deposit. In addition, people still needed a guarantor which caused problems.

Q: on the idea that 'the council was letting landlords get away with it' there weren't many powers the council actually had.

CH: the phrase was one that expressed the sentiment we heard. It was about awareness and a lack of understanding of how much or how little the council could do. It needed to be made clear what the council actually could do.

Q: should we look to roll out a 'rate your landlord' scheme?

CH: something like the council's food ratings 'scores on the doors' that served as a council accreditation scheme would be useful. Lettings agents should be transparent and say what the contract was, when deposits were returned, and when maintenance was done.

AB: there was an issue around letting agents who didn't care. The agents who didn't care needed to be tacked or there would always be around 24% of students in poor, expensive accommodation.

Q: we had some success with Article 4 but the council were facing a de-regulatory environment and budget savings. Should we be pursuing this further?

CH: there were licensing schemes in other councils that were successful. If a landlord needed a licence then the cost of this would make the scheme work and become self-financing. Licensing would raise standards and identify rogue landlords.

Q: had there been many changes in the market in the last 5 years?

CH: there had been lots of changes with more families renting and a lot of people in their 40s still renting. This was a major shift. 15 years ago a teacher would be able to buy a home, for example - this is no longer the case.

### **Candice Armah, President Brighton Students' Union (CA)**

**CA** - Brighton University had 5 campuses over 65 miles in East Sussex, with the majority in Brighton. The University was not just growing in Brighton but also in Hastings. The Students' Union had been lobbying landlords and letting agents and had been recording the issues raised. The main challenges facing students were: price; condition of accommodation; student loans insufficient; pressure to rent early; and not enough bigger houses. The average house had between 3 and 7 students in Brighton. Around 82% of eligible first year students were housed in student accommodation but there were still a large number in the private sector. Tenants' rights were a big issue, particularly for first time renters. The Union had recently launched a 'Tenants Rights Guide'. They were also working with the University on a 'Don't rent yet' scheme. They also supported students to create their own house-hunting guide and a 'Good Neighbour Guide'. Along with Home Sweet Home they were taking evidence on retaliatory evictions (Section 21 Notice to Quit) which was a big issue and they joined with Home Sweet Home to lobby parliament.

Many students chose to stay in the city with 35% in 2009 still living in the city which was one of the highest in the country. This provided a challenge – but also brought huge benefits.

Q: anecdotally PHD students in the city were in lower paid jobs. How does this translate in housing terms?

CA – Like many new graduates, it is likely that PHD students are doing low paid work in the city – this translates to them also being more likely to live in student houses because of rent costs. The high level of graduates in the city meant they were likely to get graduate-level jobs later than elsewhere, but they did get those jobs. Often it was easier to stay in a housing contract than move.

Q: how important was joint working in addressing the issues?

CA – joint working was key. Greater work was needed around integrated working. The Students Union had community organisers who explained the benefits of communication with others in the community and contributing to others' lives.

Q: did students prefer purpose-built accommodation?

CA – there was a growing trend of student with families requesting purpose-built accommodation. Purpose-built accommodation can seem pricey when balanced against the cost of the private rented sector in the city. There was an issue around upfront costs and the costs of letting agent's fees in the private sector. Students can be asked for 6 months' rent upfront: last year the University agreed to be a guarantor for a small cohort of students.

Q: Article 4 regulates HMOs where there was a concentration of students: some streets were student streets. This was only a problem if there were issues around behaviour or rubbish.

CA – This was where a 'meet your neighbours' scheme is useful. If students lived further out and travel was affordable and reliable then they could fan out into

cheaper areas. We recently negotiated the £3 bus ticket for students to travel through the city. This is only one small step towards alleviating pressures in areas with lots of HMOs and encouraging students to move further out – but more work needs to be done.

Q: did transport have the potential to help address the issues?

CA – potentially it means that students can live in other areas. Subsidised student travel could help. It was increasingly difficult to say honesty to people to come here when housing was unaffordable and the buses don't turn up – it puts the University and the Students' Union in a difficult situation.

CB – transport was key and an issue the University was also discussing. The Students' Unions and Universities can work together – on this and on being good neighbours.

**Sabina Wagner, Assistant Head of Accommodation Services, Brighton University (SW)**

SW – the University provided 1,600 bed spaces in Brighton & Hove and were looking to build an additional 2,000 in the next five years. In addition they managed homes on lease arrangements. The University of Brighton's accommodation strategy was under review, which was based on surveys of students. Their findings included that the majority of students wanted facilities such as Wi-Fi, cleaning, shared common space with informal seating, TVs and American Fridges. They were aware that a significant percentage of 'returners' who wanted to live in the private rented sector.

One of the key areas of expansion was the growing campus in Hastings. While the university was spreading slightly away from Brighton, many of the issues were the same as those in the rest of Sussex.

Students were house searching now for places to live in September 2015, after they had only been living in Brighton & Hove since September 2014. So the University was providing the students with advice and support, including a Housing Fair today.

House hunting events are also held later in the academic year and over summer to support students looking for accommodation.

The University managed a portfolio of homes for which students did not have to pay a fee or deposit and this presents a more affordable option for them. The students enter into a contract with the university as their landlord. There was a dedicated Housing Advice Service for students which provided the full range of help from minor issues to more serious issues where legal help may be sought. The University had a whole range of publications which related to students and housing issues.

There was a community liaison team and a dedicated Police Officer who worked with the University. There was also a team of people living and working in the Halls of residence to support students 24/7. There were also advice events to support students. Affordability was a key issue: there were signs that people were finding it difficult to meet their rent and energy payments. If people don't use heating enough, there were related issues of mould and condensation.

Q: did you charge a fee for leasing properties? Do you lease on the outskirts of the city?

SW – a small amount was taken to cover staff costs in order for the scheme to be self-financing. The properties were within the boundaries of Brighton & Hove and no further than Portslade.

DS - the University of Sussex didn't charge any fees and charged the same rent as their own properties. The standard room rate was £105 including bills and insurance. The criterion for leasing properties was that they were a 10 minute walk from a public transport along with detailed specifications about the condition of the property and required contents, including bring fully furnished to the University's standards, above the council HMO requirements for example. The Head leasing scheme follows best practice.

Q: what was the impact of bills on affordability?

CB – the aim was for no surprises by encouraging budgeting. We also responded to energy initiatives such as ‘switch off’.

SW – 1st year students all had inclusive rent which may look expensive but included bills, Wi-Fi, sports facilities, insurance etc.

Q: was there a problem with rent arrears in your leased properties?

DS – the University had a very supportive debt management team who took steps to minimise problems, including via advice, support and guidance to their students. There were approximately 20 ‘notices to quit’ per year and only 1 person taken to court in the past 3 years as all other cases were resolved beforehand.

SW: the University has a dedicated debt management team and Accommodation Services employ their own officer who supports students experiencing problems with paying their accommodation fees. In 2013/14, 2 notices to quit were served on students living in unihomes. No court action was required.

Q: what were the prevailing trends over the last 5 years?

SW – there has been a rise in international students and more PHD students or those with young families. Expectations were higher: with fees of £9,000 students were more discerning. Brighton was an expensive place to live. The University’s accommodation team had a key objective to raise standards for student accommodation in the city.

### **David Gibson – Living Rent (DG)**

DG – the Living Rent campaign started around 1 year ago with the idea that the Living Wage was great but is no good if someone can’t pay their rent. A campaign started and included such events as a bedroom in the street, and a petition signed by 2,500 people. The main thrust of the campaign was that rent was too high. The Living Rent campaign looked at the bigger picture: the housing market worked until de-regulation in 1988 with the loss of secure tenancy and rent regulation. Before

1988 the private rented sector was more affordable and there was more social housing. The vision of Living Rent was to push political parties to a consensus with a return to rent controls- that is fair rents levels, not just limits on increases as some are proposing large scale social housing, and secure tenancies.

The Living Rent campaign welcomed the Housing Committee's response to their petition and the licensing of HMOs with improved fire safety, fuel efficiency and conditions. They would like to see this go further with the de-registration of landlords who did not meet the standards (as in the London Borough of Newham).

New council housing must be affordable: 80% is only affordable for some people. The council needs to do more and base rents on affordability not the market conditions. This was something that only the council could do – some low paid workers were living in vans as they couldn't afford housing.

Discrimination against claimants was a problem with lots of properties not accessible to claimants. Other issues included insecurity, fear of reporting repairs and moving frequently.

There was a huge range of rents in the city and a register of ethical landlords would be helpful. Brighton & Hove could be the first living rent city – set up an inquiry or a commission to properly assess a living rent and to explore how it could be promoted on a voluntary basis

Q: what was the national picture?

DG – Brighton & Hove was one of the fourth or fifth most expensive city outside London.

Q: have you calculated a figure for living rent?

DG – a ballpark figure would be around £563 based on a number of the assumptions – it is around one third of the median take home income of people working in Brighton and Hove.

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Q: what about private landlords who needed the rent to cover their mortgages?

DG – there were few landlords on such tight margins and many bought properties cheaply and have seen the rent and capital value of their properties increase markedly since they bought. Many are creaming off a large surplus from rent payers and in the case of many the tax payers who fund housing benefit. Proper rent controls were needed with a formula that linked rents with affordability. Some landlords want to be ethical and any fair rents could be phased in over several years

Q: how could an ethical landlord scheme work?

DG – there could be stars for good aspects such as security, affordable rents, transparency over charges, responsive repairs, flexibility etc. An accreditation scheme could be developed.

CA – the University of Bristol had a long running ethical letting agency.

DS –the University of Sussex letting agency has been very successful and sustained growth.

SW - the University of Brighton would support ethical awards – they have a code of standards in place.

### **Clive Gross (CG), East Sussex Community Co-ordinator, Generation Rent**

CG opened by explaining that Generation Rent was formerly known as The National Private Tenants Organisation. There was a central team in London focussing on key issues and the national agenda, while federal campaigns were being run in a range of locations including Liverpool and Manchester. He would like to endorse much of what had been said by David Gibson previously in the meeting.

CG was both a renter and a landlord in Hastings, and had previously carried out these roles in Eastbourne. There were only a limited number of actions a local authority could do to intervene, but the council could set the renting culture for Brighton & Hove. The council could send out messages about how it believed that private renting should work in the city.

He believed that the private rented sector was too short term and there needed to be greater security of tenure like in Germany and Scandinavia; the people renting in Berlin's rental market for instance all knew where they stood. The United Kingdom was property obsessed and increasingly investment in this had become the main alternative to pensions, leading to huge growth in accidental landlords. Some accidental landlords were good but many were unaware of their responsibilities and needed education. There were also professional landlords made up of large companies or individuals with a significant portfolio. It was too easy to be a bad landlord, especially when the demand for accommodation was so high.

Generation Rent felt there was the need for an ethical landlord and tenants' scheme, which could also help those on benefits or who had poor rent records, into housing. There was the need to move to high standards in this sector, rather than specifying minimum standards for the stock. It was recognised that tenants may also need to be encouraged to 'perform' better too; in his experience in Hastings there were significant issues with rubbish dumping and fly tipping by tenants.

On average it cost around £500-£1,000 each time to move from one private rented home to another, which could be a huge additional cost when Assured Shorthold Tenancies (ASTs) may only last for 6 months.

StudentPad<sup>62</sup> (a student accommodation search engine for the University of Brighton) and Sussex University showed that one could run ethical, social enterprise, models which did not place the burden purely on the tenant.

CG believed that the LB Newham selective licensing scheme seemed to work very well, particularly as it had been given additional resources for enforcement. He believed in 'enforcement, enforcement, enforcement' as it was vital that landlords did

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<sup>62</sup> <http://www.brightonstudentpad.co.uk/Accommodation>

not feel they could get away with it. That BHCC needed to make landlords feel that they had to improve standards or be driven out of the market. The standards needed to be enforced rigorously and publically. He used to attend the social landlords forum about 18 months ago while manager of Brighton Independent Mediation Service.

CG thought that social tenants were increasingly being displaced into areas such as Newhaven, which were more affordable. Those who were driven to live in these areas tended not to buy into them and lost their existing networks. This kind of displacement could lead to social problems.

He wondered whether BHCC as the planning authority allowed homes to be turned into HMOs, which represented them being sub-divided into smaller units? The large majority of the city's stock was Victorian and some landlords were trying to maximise their profits by converting homes into the largest number of units they could. He felt that planning policy need to rebalance this mix.

**Q: Was there a slight conflict between the universities and a concern over Article 4? Various campaign organisations had highlighted that in areas such as Blackpool, a lot of B&Bs were being turned into HMOs and there the Planning department had begun to restrict the creation of HMOs to less than 3 units.**

CG thought that Exeter had done the same thing in trying to restrict the number of HMOs in their city<sup>63</sup>. It was good for this city to have two universities, with students who wanted to stay when their studies had been completed. Both universities were trying to grow their own provision which was the best thing for rebalancing the housing market. Students suffered the same problems as 'regular renters' and they were all in the same boat. The universities were both responsible and forward looking, so understood the need for mixed communities and the dispersal of students round the city. The policies in Exeter had not been universally popular such as these HMO restrictions, but it was based on the need to rebalance communities. It was also important to remember that houses were for living in, rather than investment.

**Q: Was there significant displacement from Brighton & Hove to areas such as Eastbourne and Hastings?**

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<sup>63</sup> <http://www.exeter.gov.uk/index.aspx?articleid=13453>

CG thought there were significant levels of displacement in Hastings, but much of this was from London boroughs such as Newham and Walthamstow. It seems in Brighton & Hove that the only way to house clients was to place them in the 'Havens' such as Newhaven. The key cultural change had been that people wanted to now live in the city centre, when once they had moved out into the suburbs which had sprung up. This was a generational shift and there was a need for rebalancing and displacement back out into the outer lying areas again. The council as a strategic authority had a role in that rebalancing.

**Q: Who can help shape the rental culture?**

CG thought that the universities, BHCC as well as major employers (such as Amex) could take on responsibilities – for example the problems faced by Cityclean in securing staff because of housing costs, which have been leading to an increasing number of staff commuting or even living in sheds or caravans. Employers needed to pay a living wage and need to be concerned about the welfare of their staff.

There was also a role for lettings agents and landlords associations. Agents should provide a matching service, but seem to be driving up the property investment market; overheating an already overheated market. The value of an ethical lettings agent would be to get landlords, tenants and lettings agents to work together for their mutual benefit. The value which BHCC could bring was to set an ethical marker.

**Cathy Reeves (CR), Vice Chair of the London Road Local Action Team (LAT)**

CR explained that they were a community organisation with no political agenda. They worked with other community groups to improve the area. For example Viaduct Road linked to most parts of town and was a short but busy and congested road lined with many HMOs. Many of them occupied by students, so there was little permanent residency in the street. This road was very rundown and the perception was that the owners of HMOs there did not care. The majority of properties were advertised by lettings agents who would not usually engage with the LAT. The majority of complaints about the road related to wheelie bins, rubbish not being left out and furniture being dumped on the street. This all reduced the general amenities of those living, working and travelling there.

PC suggested to her that she contacted the Planning Enforcement Team who could serve a 215 notice requiring them to make good public facing areas. CR replied that a Planning official had made a presentation to the LAT about 215 notices and done a walkabout of Viaduct Road and the issue was ongoing. PC explained that there had been a focus by Planning Enforcement using these notices on the seafront and London Road. The effects of such notices in his ward had been uplifting, so he thought it was important to persevere.

**Q: How has the situation changed in the last five years, and do you think your LAT is facing the same issues as other LATs?**

CR explained that she had only taken this role on last year but when the LAT meetings were advertised, students did come and talk to them about issues. Often students did not know when to put the rubbish out and other important information, but seemed keen to engage with the rest of the community. The LAT wanted a better area for all and to work with all parties including lettings agents, landlords and owner occupiers. Momentum was now gathering apace.

**Q: Were problems being caused by the increasing transience of the community and the reducing cohesion?**

CR felt that by the time the transient members of the community had learnt when to put the rubbish out, then they moved on.

**Q: Would longer term tenancies be of value? Can students be encouraged to be good members of the community? What would be the one thing the council could do?**

CR told the panel that it would go a long way to have a 'scores on the door' scheme for rental properties, similar to that for eating establishments and food hygiene. This would help potential renters to find good landlords and lettings agents. It could involve a register of licensed properties which could be removed from the list if they fell below required standards.

The fees of lettings agents needed to be transparent as well as the services they provide. Many tenants would have no idea of who was their landlord and what they should pay for the tasks carried out by the letting agents. She wondered what was the big secret? The council could play a role in tightening up the woolly way of letting properties out. If you were a tenant of the council or a registered social landlord (RSL) you would know the following:

- Who your landlord was
- What your rent should be
- Your rights and responsibilities.

She thought that BHCC could look into this.

### **Ann Johnson (AJ), CAB**

AJ gave evidence to the previous scrutiny panel in December 2010 about letting agents and in particular in respect of complaints about their fees. There was now a lower level of complaints about lettings agents' fees because in a few weeks' time they would be obliged by law to display their fees and many agents now already do so, so that clients are not taken by surprise. It was still the policy of the Citizen's Advice Bureau (CAB) that the landlord should foot the bill for charges from lettings agents.

The CAB has a system of collecting information about the problems of people visiting the bureau which raise questions of importance to social policy. 43 people had sought help between April and December 2014 about problems in the private rented sector which raised sufficient concern to be recorded in this way. 60% of these related to repairs, with either the landlord or lettings agent failing to ensure they were carried out. Ten people had problems with deposits, even though a deposit scheme was in operation. This issue was a particular problem with HMOs where it was complicated to sort out deposits. The other six problems were mostly connected to charges, and problems with guarantors.

It seemed that one of the key problems was the bad state of the housing stock. One remedy to look at is a register of landlords. Such schemes are in force in Scotland, and in Oxford. Operating such a scheme could be problematic. The sanction imposed by such schemes is that bad landlords could be struck off. A national redress scheme in relation to lettings agents had been introduced last October, but

the CAB did not yet have evidence about its impact.

**Q: What are the key repair problems in this sector?**

The most common problem is damp and mould. Other problems include defective boilers, causing lack of hot water.

**Q: Do people tell you why they stay in unsuitable property?**

AJ thought it came from a desperate feeling that they could not find an alternative place to live and properties which are being rented out at a reasonable rate were very scarce. This led people to becoming trapped in such homes.

**Q: Do you see students coming to get advice?**

Not very often.

**Q: What kinds of people do seek advice from the CAB?**

It was very diverse and could include people who were quite old and actually had security of tenure but were still encountering problems.

**Q: Do you keep a record of good and bad landlords?**

Where a name was given it was noted down, but it was rare for landlords to crop up more than once. However all the lettings agents crop up.



