

**Manchester City Council  
Report for Information**

**Report to:** Neighbourhoods and Environment Scrutiny Committee -  
31 January 2017

**Subject:** Rogue Landlords Project

**Report of:** Deputy Chief Executive - Growth and Neighbourhoods

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**Summary**

This report provides an overview of the Department for Communities and Local Government (DCLG) funded work undertaken in 2016 to tackle rogue landlords.

**Recommendations**

That the Committee note the contents of the report and provide feedback on future plans for proactive work.

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**Wards Affected:** All

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<b>Manchester Strategy outcomes</b>	<b>Summary of the contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Good quality and well managed private rented homes contribute to the sustainability of neighbourhoods, ensuring residents have a settled and stable platform to contribute and thrive.
A highly skilled city: world class and home grown talent sustaining the city's economic success	A good quality private rented sector will attract talent to the City as well as helping to retain existing skills.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Increasing the supply of good quality affordable homes for private rent will provide the opportunity for Manchester residents to raise their individual and collective aspirations
A liveable and low carbon city: a destination of choice to live, visit, work	The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life.
A connected city: world class infrastructure and connectivity to drive growth	This approach recognises the importance a balanced housing offer plays within a well connected city and the neighbourhoods within it. It seeks to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met

**Full details are in the body of the report, along with any implications for**

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

**Financial Consequences – Revenue**

This project was funded by the Department for Communities and Local Government (DCLG) and therefore had no impact on the revenue budget

**Financial Consequences – Capital**

There are no capital consequences to the Council arising from this report

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**Background documents (available for public inspection):**

There are no background documents referred to in the report.

## **1.0 Introduction**

- 1.1 DCLG invited local authorities to submit an application for funding to help tackle rogue landlords in the private rented sector in December 2015. The funding was made available to assist selected local authorities who have a large proportion of private rented stock in their areas and significant problems with rogue landlords.
- 1.2 A bid for £60k was submitted for resources to inspect flats above shops in areas where we know there are problems with poor quality housing, and to target specific rogue portfolio landlords. In January 2016 confirmation was received that the bid had been successful.

## **2.0 Background**

- 2.1 Manchester was one of 48 Councils to receive funding to tackle irresponsible landlords who allow tenants to live in squalid and dangerous properties. Poor quality, overcrowded and dangerous accommodation let by rogue landlords can result in a ripple effect of wider problems in the local community such as noise and ASB problems, waste issues and greater fire risk.
- 2.2 The aim of the project was to inspect and improve housing conditions, emphasize to rogue landlords that we will not tolerate the offer of substandard unsafe properties in the private rented sector, and will take the necessary action to deal with them.

## **3.0 Target Areas and Portfolio Landlords**

- 3.1 Due to the short timescales involved in completing the project (January – March 2016) it was agreed that the areas targeted would be those where we already knew of existing problems and had gathered good intelligence. These included:
- 3.2 A block of 48 properties on Wilmslow Road with flats above shops. We knew from previous work that flats above shops presented a range of issues with poor layout, inadequate fire precautions, overcrowding and general disrepair. Concerns had also been raised by the Central Neighbourhood Compliance Team around fly tipping and waste management issues.
- 3.3 Portfolio landlord A (approx 105 properties in Manchester). This company had recently been prosecuted and fined over £12k for safety breaches at an HMO in Whalley Range. Regular requests for service were received from tenants regarding disrepair, and there had been delays in carrying out works and previous non-compliance with enforcement notices.
- 3.4 Portfolio Landlord B (50 properties) – properties across North (mainly Crumpsall) and East Manchester. Often let to vulnerable tenants and concerns had been raised by the North Neighbourhood Compliance team in relation to property condition as well as ASB and waste issues. Improvement Notices had already been served on some of these premises.

- 3.5 Portfolio Landlord C (40 properties) – landlord in Cheetham area. Intelligence gathered regarding multiple disrepair issues in his properties.
- 3.6 Landlord D Operating as several company names (approximately 15 properties). This individual/company was brought to our attention by Salford City Council who were investigating him regarding property standards, overcrowding and sub-letting properties to create HMO's without adequate fire precautions and amenities.
- 3.7 To ensure we met our targets for the project and to minimise the impact on the existing team, the majority of inspections were carried out by appropriately qualified and experienced additional officer resources. Each project was assigned a lead officer from within the Housing Compliance and Enforcement team to direct and support the additional staff.

These additional resources also allowed us to focus on further areas towards the end of the project. These were:

- Moston Lane: Mixture of commercial and residential premises with flats above shops
- Scotland Street – Terraced street in East Manchester with high proportion of privately rented properties and poor property conditions from the exterior.
- Kenyon Lane - Commercial premises with flats above.

#### **4.0 Project Outcomes**

##### **4.1 Wilmslow Road**

The first inspections commenced in February 2016 on Wilmslow Road in Rusholme. Due to the nature of the properties, a mixture of commercial and residential, the Council's Housing Compliance and Enforcement Team employed a multi-agency approach to tackle a range of issues within the block. Joint visits were organised with partners - Home Office (Immigration), Greater Manchester Fire and Rescue Service, Greater Manchester Police and Central Neighbourhood Compliance Team - to ensure issues could be dealt with effectively. The following actions were taken:

- Officers from Housing Compliance & Enforcement team inspected all residential accommodation, checking for disrepair and overcrowding, and addressing any other hazards which may be present.
- Immigration Officers from the Home Office were present to address any immigration matters arising from the occupiers of the residential properties and employees in the businesses.
- Greater Manchester Fire and Rescue Service checked fire safety in the commercial premises and fire separation between the commercial and residential premises.
- Central Neighbourhood Compliance Team ensured there was adequate waste provision for both the residential and commercial properties and ensured business waste contracts were in place.

- GMP provided intelligence and support to all agencies.

In total 30 commercial properties were visited and 20 flats above the shops were inspected. The residential accommodation ranged from empty properties to newly converted flats, single family dwellings and one 4 bedroom property in multiple occupation (HMO).

General housing disrepair and hazards were identified in 3 properties, the main issue being no fixed controllable heating. The HMO identified had inadequate cooking facilities and insufficient fire precautions.

All housing hazards identified during these inspections were addressed through hazard awareness notices and have since been resolved by the landlords concerned.

GMFRS served 3 enforcement notices on commercial properties regarding inadequate fire detection systems and means of escape. Immigration officers identified an individual working as an electrician who had no status to remain in the UK and Neighbourhood Compliance Officers issued five commercial waste notices to businesses found not to have a waste contract in place and two enforcement notices requiring the removal of waste.

Officers discovered a number of empty flats above shops, including some which were in the process of being converted. Advice was provided to ensure Building Regulations were complied with.

#### 4.2 **Portfolio Landlord A**

Investigations into this company first started in August 2015. The decision to target them was based on the high number of requests for service being received from tenants living in their properties. This company own approximately 105 properties in Manchester and were successfully prosecuted in January 2016 and fined over £12k for breaches of Management Regulations.

Officers carried out inspections in five 4 storey properties which had been converted into self contained flats and did not comply with appropriate Building Regulations. Officers discovered the properties were in a poor state of repair and the company had failed to comply with a number of the requirements of the HMO Management Regulations.

Five cases were lodged at the Magistrates Court for breaches under the Management Regulations. All five properties are located in Whalley Range and the company eventually entered a guilty plea for all cases in September 2016. They were fined a total of **£108,000** with costs of **£5,692** awarded to the Council. This is the highest fine ever achieved in a Housing enforcement case against one company.

#### 4.3 **Portfolio Landlord B**

This landlord has 50 properties in North and East Manchester and houses tenants who are often vulnerable and generally do not complain to the Council about property conditions.

All of these properties have been inspected, 7 enforcement notices and 5 hazard letters have been served and the landlord has already complied with the vast majority of the works required.

Hazards found and resolved include inadequate fire precautions, damp, trips/falls hazards, rotting window frames and lack of heating. There are however still concerns around the behaviour of his tenants. It has been alleged they are responsible for anti social behaviour and fly tipping in the Neighbourhood. This landlord tends to attract what would normally be considered hard to accommodate tenants, however with this comes greater responsibility in the management of these premises.

Whilst housing conditions improved as a result of this project, work continues with the North Neighbourhood Team and GMP to ensure the properties are managed responsibly to prevent the neighbourhood issues which have been reported. A partnership meeting with this landlord resulted in his acceptance that standards needed to improve and he has employed the services of an agent to assist in the management of his properties. This is a significant result and should lead to long term improvements.

#### 4.4 **Portfolio Landlord C**

This landlord has approximately 40 properties in North Manchester (Cheetham Hill, Crumpsall and Blackley) and owns the majority of the properties. He also acts as a managing agent on behalf of some landlords.

Investigations into these premises highlighted a number of hazards and poor management practices. A number of tenants were either reluctant for officers to inspect or in some cases did not want the matter to be pursued. This may have been related to reports from two tenants who advised that this landlord had warned them not to interact with the Council.

A total of 19 premises were inspected, and officers served 9 hazard letters and issued 4 Improvement Notices. Whilst the landlord has completed works in some of the properties and advised works are on going in others, there is concern around likely non-compliance with some of the work required. On the expiry of the remaining notices, officers will re-inspect to check compliance and progress to prosecution if required.

During one inspection, it was noted that there was no heating at all in the property. The hot water system was manually controlled and the tenant was using an electric fan heater to warm the flat, using extension cables and at the same time overloading sockets. The landlord was made aware of the requirement for adequate controllable space heating for the property and has since made arrangements for thermostatically controlled heaters to be installed in all habitable rooms.

As a number of these tenants had advised they pay their rent 'cash in hand', we also referred him to HMRC who currently have a taskforce looking at tax evasion in the private rented sector.

#### 4.5 Landlord D

This landlord was referred to the Housing team by Salford City Council, who had been investigating him for non-compliance with HMO standards, poor property standards and overcrowding.

His method is to rent a property on an Assured Shorthold Tenancy in his name or sometimes in his partner's name. He then immediately re-lets the property to unsuspecting individuals who believe he is the landlord. This practice is commonly known as 'rent to rent'. Most of the properties had been let as non-compliant HMO's, and were overcrowded, lacked fire precautions and did not meet basic amenity standards.

This individual secured a deposit from the tenants who were often from Eastern Europe and unaware of their legal rights in the UK. The tenants then paid rent to their 'landlord', however when the actual owner/landlord does not receive rent or there is damage to the property, the owner then realises what has happened and instigates action to remove the tenants.

Following investigations officers linked this individual to 13 Manchester properties. Initial visits and inspections resulted in his involvement ending in 6 properties and through further work the rest of the properties have now been taken back into control by the owners and re-let as single family properties.

Officers intervened where tenants originally signed up by this landlord were threatened with unlawful eviction by the owners or managing agent, and worked to ensure that the due legal process was followed.

A prosecution file was submitted for an unlicensed HMO in Crumpsall let by this individual. This property was initially let out by the local letting agent for a rent of £600 per month. The property was then re-let to thirteen occupants (including three couples) on individual tenancies for a combined rent of approximately £1000 per week. The property was investigated following a complaint by a tenant who had just moved in and raised concerns regarding overcrowding, disrepair and the lack of fire precautions at the property.

The investigating officer found no fire detection system, overcrowding and identified risks relating to Carbon Monoxide, Food Safety, Electrical Hazards, Falls on stairs, Hygiene, Sanitation and Drainage.

The officer also found that 3 rooms which were being used as bedrooms had no natural lighting or ventilation. A suspended prohibition order was issued to prevent the use of these bedrooms after the occupiers had left. Unfortunately the order was not complied with and the bedrooms were re-let.

Despite numerous letters to the 'landlord' and the owner of the property they both failed to address the issues raised. The original Letting Agent also threatened the occupiers with unlawful eviction however following officer intervention they then instigated possession proceedings correctly.

This matter was heard in court in August 2016 and a successful prosecution was secured for the following offences: Failure to comply with HMO Management Regulations (6 breaches), Operating HMO without a Licence, Failure to comply with an Improvement Notice and Failure to comply with a suspended Prohibition Notice. The fine was **£5,000** with **£423** costs awarded to the Council.

Through investigations we now understand this individual is no longer operating in Manchester.

#### 4.6 **Moston Lane**

This project was a joint initiative with the Neighbourhood Compliance Team who were visiting residential and business premises to tackle waste issues.

Officers inspected 10 residential properties and were able to address a number of issues around fire precautions and general disrepair. Four properties had to be revisited with GMFRS due to being mixed business/residential use (flats above shops) with inadequate fire separation and lack of fire detection. Two properties were served with Prohibition Orders.

#### 4.7 **Scotland Street**

Scotland Street in Newton Heath was selected due to a high concentration of private rented properties, the general condition of properties externally and waste issues in the neighbourhood.



31 properties were visited and it was identified that a number of premises were owned by a Registered Social Landlord or Owner Occupied and therefore no action was required.

Whilst some of the private rented properties were in a good state of repair, 10 properties required further action due to disrepair. Officers issued hazard awareness letters for action to be taken by landlord or agent in improving these properties and all matters raised have since been resolved.

#### 4.8 Kenyon Lane

The work on Kenyon Lane was completed in conjunction with the Fire Service due to the mixed use of commercial and residential (flats above shops).

Whilst the majority of the premises were either owner occupied, in reasonable condition or unoccupied, officers did come across four premises which had inadequate fire precautions. In three premises a suitable fire detection system has now been installed.

In the fourth of these, officers discovered a family living above a takeaway with inadequate fire separation between the takeaway and flat above. The Fire Service served an enforcement notice and the family were provided alternative accommodation by the landlord. The flat was not suitable as there was no kitchen or bathroom within the flat. The landlord has agreed not to re-let the flat until all the required works have been done.

#### 5.0 Final Project Outputs

The overall outputs for this project were:

<b>Inspections/visits</b>	<b>135</b>
<b>Notices</b>	<b>20</b> (this does not include notices of entry) <b>39</b> Hazard Awareness Letters
<b>Joint visits with external organisations</b>	<b>22</b>
<b>Enforcement actions/prosecutions</b>	<b>6</b> cases submitted at court <b>2</b> successful prosecutions
<b>Streets surveyed</b>	<b>8</b> (includes sections of arterial routes)
<b>Buildings prohibited</b>	<b>2</b>
<b>Portfolio landlords targeted</b>	<b>4</b>

Appendix A maps the properties visited as part of the Rogue Landlord Project.

#### 6.0 Conclusion

6.1 The Rogue Landlord funding has provided additional resource to carry out targeted proactive work in neighbourhoods with poor housing conditions and has increased enforcement activity against landlords who fall short of their

- responsibilities. As a result of this project landlords have addressed hazards and raised housing standards in the private rented sector. Twenty enforcement notices have been served and six prosecutions cases brought forward.
- 6.2 It has been recognised that there is much value in project based proactive work and whilst the funding has allowed us to concentrate on particular problematic landlords and areas, there is much more work required to bring to task those landlords who target the vulnerable by placing them in unsafe, overcrowded and poor quality housing.
- 6.3 Working with partner agencies and Neighbourhood Compliance Teams has enabled us to tackle a range of issues from waste, fly tipping, fire precautions, immigration and general concerns in the neighbourhood sometimes caused by poorly managed properties. Good working relationships have been developed with HMRC, Immigration and GMP Challenger and the project has raised awareness of the role of the Housing Compliance and Enforcement Team, who now receive more referrals from partner agencies and have since been involved in Operations to disrupt Child Sexual Exploitation and Human Trafficking.
- 6.4 This project has also highlighted the 'rent to rent' model whereby a person or company rents or leases a property from the owner or agent and then re-lets it, often as a non-compliant overcrowded HMO. This is increasingly prevalent and whilst the practice, in itself, is not illegal, it does have complex and worrying implications for the owner and tenants, as well as the Council in relation to HMO property standards, unlawful evictions, right to rent requirements, planning requirements, Council Tax revenues and non-compliance with the requirement for managing and letting agents to belong to a redress scheme.
- 6.5 It is unlikely that we would have developed our understanding of the current issues affecting the private rented sector so quickly or carried out so much targeted enforcement work without the funding received. We have also learned that reliance on service requests alone will not provide a true picture of the conditions tenants are living in, as the most vulnerable are often the least likely or too afraid to complain.
- 6.6 The Housing Compliance & Enforcement Team will continue to inspect and licence HMOs, investigate service requests from private rented properties and take enforcement action where necessary across the city. Further proactive targeted projects will continue to take place across the city using data and intelligence that indicate where there is most need and within the available resources.

**Appendix A**

Map of premises inspected/visited as part of the Rogue Landlord Project

