

Manchester City Council Report for Information

Report to: Neighbourhoods and Environment Scrutiny Committee - 8 November 2017

Subject: Housing issues (stock transfer promises; homelessness and improving the private rented sector)

Report of: Director of Housing and Residential Growth

Summary

The Council transferred over 30,000 properties to new housing associations between 1999 and 2009. The Council gave a series of commitments (promises) to tenants before each transfer and this report explains whether those promises have been delivered.

During the past few years the issue of homelessness has become ever more pressing nationally and in Manchester. This report gives a brief summary of the issues and refers to a further report planned for the Executive and Communities Scrutiny Committee.

During the past 10 years there has been a significant increase in the number and percentage of properties managed by private landlords. The Council has adopted a Market Rental strategy and this report provides an update on progress.

Recommendations

Members of the Committee note the contents of the report and the actions being taken to tackle homelessness and improve management of properties in the private rented sector.

Wards Affected: All

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Report to Executive: Housing Investment Options: March 2003
Report to Executive: Market Rental Strategy: January 2015

Section 1

Tenants' Rights post transfer from Council stock to Housing Associations

1.0 Introduction

1.1 In order to bring Council homes up to the Decent Homes Standard Executive agreed a Housing Investment Options strategy which included the creation of Northwards Housing (a wholly-owned Arms Length Management Company); 3 regeneration projects funded by the Private Finance Initiative along with the transfer of over 30,000 properties to 5 newly-created housing associations.

1.2 The 5 housing associations (trusts) were:

Willow Park
Eastlands Homes
Parkway Green
Southway
City South Manchester

Note: Willow Park and Parkway Green are now subsidiaries of the Wythenshawe Community Housing Group and Eastlands Homes and City South Manchester merged to form One Manchester.

1.3 It is a requirement of any stock transfer that tenants are balloted and that more than 50% of tenants vote in favour. Following resident consultation, prior to the ballot, the Council agrees the terms on which the transfer will take place and makes a number of promises to those tenants.

2.0 The promises

2.1 For each stock transfer the promises have been broadly the same and include the following:

Improving homes and neighbourhoods

Every home will be improved to at least the Decent Homes standard. For each stock transfer this included, where required, new heating, rewiring, new kitchens and bathrooms and external environmental work.

Rent

A commitment to keep rents in line with Government rent guidelines and not to increase rents any more than they would have if the tenant had remained with the Council.

Tenants' rights after transfer

A new type of tenancy but with all the main rights that tenants had as Council tenants protected.

Service standards

A local office and a commitment to improving the quality of service provided.

How tenants can get involved

Agreement to develop new ways to involve tenants more closely including seats on the Board of Directors.

The Right to Buy

Tenants who transferred to a housing association retain the Right to Buy. New tenants have the Right to Acquire which has a significantly lower discount.

3.0 Have the promises been kept?

3.1 All of the trusts have upheld the promises that the Council made to the tenants who transferred. Each of them has produced a report on their progress at 5 years. During this period, amongst other things, all of the home improvements should have been completed.

3.2 A copy of the 5-year reports for Willow Park, Parkway Green, Southway, Eastlands and City South Manchester are attached to this report as Appendix 1.

3.3 Highlights

3.3.1 All of the companies delivered the physical improvements to the properties within the first 5 years.

3.3.2 Willow Park

Between 1999 and 2004 Willow Park invested over £70m in 6,663 homes (over 22,000 improvements). They also reduced the percentage of empty homes from 12% to 1%.

With the addition of the Woodhouse Park and Moss Nook transfer (2,300 homes) in 2004, overall investment by the Trust increased to £185m by 2009.

In addition to this, the Trust worked with its Contractors to support job creation and the employment of local labour – for the 2001-2004 contracts, a figure of 36% was achieved (workforce from the local area) exceeding a target of 20%. The Trust also launched the Business Enterprise Support project in 2005, which has since helped to create over 100 new businesses.

Soon after the original transfer date, the Trust (in partnership with MCC) created its in house Building Services Division to carry out day-to-day, voids, planned preventative repairs and maintenance services – this helped to ensure the Trust could provide a high quality service, improve VFM, and provide further training and employment opportunities for local people, including apprenticeships. The Audit Commission Inspection (2004) awarded the Trust with the equivalent of 3 stars for the overall Repair and Maintenance function – first housing association in the North of England to gain this maximum rating.

The Trust actively promoted tenant involvement (through Tenant and Resident Associations and Area Panels), with consultation a key principle in developing service proposals.

A copy of the Trust's annual reports, at year 5 and year 10, are attached at Appendix 1.

3.3.3 Parkway Green

In 2006 Parkway Green began a £90m investment programme (over 13,000 improvements) in the 7,000 homes they manage delivering decent homes 20 months early. With the significant savings made, the Trust was able to invest a further £4m in a communal area refurbishment scheme. They also allocated £9m for environmental improvements across the estates in West Wythenshawe to deliver 2,000 new boundary treatments and 1,100 car parking spaces.

252 jobs were created, of which 27% were local people, along with 62 trainee/apprenticeship posts. Parkway Green created a social enterprise company, PG Turnaround, to work with ex-offenders offering training and, in some cases, full employment to a number of local people – by July 2011, this had a 100% success rate.

The trust developed a variety of ways to encourage residents to get involved in improving the area in which they live including:

- Youth Panel
- Tenant Scrutiny Committee
- Leaseholder forum
- Mystery shoppers
- Neighbourhood Performance Panels

Willow Park and Parkway Green formed Wythenshawe Community Housing Group (WCHG) in 2013.

Parkway Green's 5th year report is attached as Appendix 2.

3.3.4 Southway

In 2007, on the first day of transfer Southway commenced (and completed its first property) in its five year £100M home improvement programme. Through this over 50,000 individual home improvements were completed. The work significantly exceeded decent homes and had the added value of securing more than 130 two and three year apprenticeships and a range of other community and social benefits.

Alongside this £12M was invested in the environment and some of these are clearly visible when travelling through Princess Parkway towards the airport at Merseybank and West Didsbury estates.

Southway asked that its Tenant Scrutiny Panel assess how successful the Trust had been in delivering the transfer promises. This was to provide an independent and tenant-focussed assessment across all areas and the report is attached as Appendix 3. The Scrutiny Panel found that all transfer promises had been met and specifically highlighted the improved customer service provided by Southway and the positive impact made through its work in the community.

3.3.5 Eastlands Homes

Eastlands Homes was established in 2003 with the transfer of 3,000 homes in Clayton, Beswick and Openshaw. A 5 year programme of improvements to bring the properties up to and beyond the Decent Homes Standard was completed a year ahead of schedule. Over £50M was invested during this period and all transfer promises were met. Several hundred training and employment opportunities were made available to local people through Eastlands delivery partners.

The second stock transfer to Eastlands Homes took place in 2009 with over 5,000 properties in East Manchester transferring. An improvement programme was delivered within 5 years and invested £110M of improvements which included over £13m of environmental works. A second round of local employment and training opportunities was included in the programme which made a huge difference to the number of opportunities for people in the area.

Eastlands Homes delivered on all of the promises made as can be seen in Appendix 4. As well as investing in components and the external environment a high level of investment has taken place into energy efficiency measures to reduce customers fuel bills, this has included internal and external insulation and renewable heating solutions.

All properties have been maintained at or above the Decent Homes Standard since completion of the investment. A recent stock condition survey has endorsed the high standard of investment at both Eastlands and City South since transfer with the quality of installations extending the expected life of the components.

3.3.6 City South Manchester

City South Manchester Housing Trust was formed in 2008 and undertook a programme of home improvements of over £92 million up to 2013. Bi monthly newsletters were provided to residents to update them of progress on the improvements and each year an annual Report was produced for tenants highlighting some of their achievements during that year and are attached as Appendix 5.

In addition to home improvements they also carried out over £14m of boundary and environmental improvements, to create attractive communal spaces across all of its neighbourhoods.

Additionally they successfully decommissioned a District Heating System to almost 1000 homes and replaced it with modern and efficient individual central heating systems.

Voids have remained below 1% and demand high.

During the first 5 years of its existence, City South had also;

- Supported 1315 people into jobs and provided 51 people with work experience opportunities.

- Developed Award Winning Youth, Financial Inclusion and Employability Services.
- Created Scrutiny Panels to support the delivery of co-regulation.
- Developed its own in house Grounds Maintenance Team, creating local job opportunities.
- Created over 40 apprenticeship opportunities in conjunction with partners.

Eastlands Homes and City South formed the One Manchester (OM) group in 2015.

4.0 Right to pass on a home

4.1 Tenancy Succession is a term used to describe the process whereby a relative, partner – including same sex partners - or surviving spouse (husband or wife) inherits a tenancy following the death of the tenant. The person who inherits the tenancy enjoys the same rights as the previous tenant and is referred to as a 'successor'.

4.2 Succession can only occur once in law. This means, for example, that when a tenancy passes from a husband to his wife (following his death), a child who has lived in the family home for most of their life will not be able to inherit the tenancy and subsequently may have possession proceedings brought against them. A family only has one succession right which is used up when the tenancy passes from one to another as in the above example. Under both the Housing Act 1985 and the Housing Act 1988, where a joint tenant becomes a sole tenant following the death of the other joint tenant, he or she is treated as a successor and no further statutory succession is possible. This is also known as survivorship.

4.3 All of the stock transfer companies gave a commitment to offer the same rights of succession as those offered by the Council. This is clearly referenced in the Assured Tenancy Agreement with Protected Rights that was agreed as part of the transfer promises.

4.4 The Council's policy on succession is included in the Council's Allocations Policy.

4.5 The table below shows how the Council's allocations policy and stock transfer companies' policies currently deal with requests to take over a home when someone dies. It is important to understand that there are different types of succession (Statutory, contractual, discretionary)

Statutory succession	MCC policy	WCHG	Southway	One Manchester
Only applies when a tenant dies	yes	yes	yes	yes
Pass to a joint tenant	yes	yes	yes	yes
Pass to a spouse/civil partner if lived there at time	yes	yes	yes	yes

of death				
Consider rehousing if property will be underoccupied	yes	yes - If affordability issues	No – only if tenant requests a move	No – only if tenant requests a move
Limited to one succession	yes	yes	yes	yes

Contractual succession	MCC policy	WCHG	Southway	One Manchester
Only applies when a tenant dies	yes	yes	yes	yes
Pass to family member who has lived at the home during the 6 months prior to death	yes	WCHG may allow this as a Statutory Succession *	Southway may allow this as a Statutory Succession *	OM allow may this as a Statutory Succession *
New tenancy created	yes	No	No	Yes, if not statutory succession
Consider rehousing if property will be underoccupied	yes	Not specified	yes	Yes – if the tenant requests
Limited to one succession	yes	yes	yes	yes

*if they apply for a Grant of Probate and/or Letters of Administration and/or seek to have the tenancy vested in them under the tenant's will or intestacy)

Discretionary (or Special) succession	MCC policy	WCHG	Southway	One Manchester
Only applies when a tenant dies	yes	yes	yes	yes
Pass to family member who has lived at the home during the 10 years prior to the death (and there has already been a statutory or contractual succession)	yes	Pass to anyone who would have qualified if there had not already been one succession	Pass to family member if there has not been a previous succession and they have been resident at property for	yes

			at least 6 months	
Pass to live-in carers who have lived at the home during the 2 years prior to the death	yes	Not specified	Not specified	yes
Consider rehousing if property will be underoccupied	yes	yes	N/A	yes
Limited to two successions	yes	N/A	one	yes
New tenancy created	yes	yes	yes	yes

Section 1 Appendices

Reports from stock transfer companies:

Appendix 1 WPHT Making a difference 1999-2004

Appendix 2 WPHT a brighter tomorrow - 10-year celebration brochure

Appendix 3 PGHT real dividends PGHT 5 yrs.

Appendix 4 Southway 5th Birthday report

Appendix 5 Eastlands Appendix 16a Promises Monitoring 2013.14

Appendix 6 CSM Annual Report to tenants 2013

Section 2

1.0 Homelessness

1.1 There has been a significant increase in people becoming homeless in Manchester since 2010. Many more people are at risk of becoming homeless. This includes families, singles and couples. There are particular challenges around vulnerable women and children leaving care. Those sleeping rough are a small number of the total people affected.

1.2 Key data

The number of people becoming homeless and those at risk of homelessness has increased significantly in recent years:

- Assessments: There has been a 155% increase in the number of people having a homelessness assessment. From 1,090 in 2009/10 to 2,778 in 2016/17
- Statutory duty: There has been a 158% increase in the number of people that MCC owes a statutory duty to. From 482 in 2009/10 to 1,242 in 2016/17.

1.3 Reasons for homelessness

There are consistently more single people than families approaching the service. However, last year the number of families approaching increased by 30%, from 1,559 in 2015/16 to 2,031 in 2016/17.

Loss of a private rented tenancy has recently become the prime reason for people being owed a statutory homelessness duty in Manchester. The National Audit Office reports a similar picture nationally.

Domestic abuse remains a significant feature in the lives of people who have lost their home and are owed a statutory duty, and other households approaching the authority for help with their housing.

More people from the North and East of Manchester approach the service. In line with the findings of the National Audit Office report, this is likely to be linked with the availability of cheaper private rented homes in these neighbourhoods, and the quality of some private sector landlords.

1.4 Next steps

A report on changes to the way in which homelessness services are delivered will be considered by Executive and will be shared with relevant scrutiny committees.

Section 3

1.0 Activities to promote good practice in the Private Rented Sector

1.1 Background

1.1.1 In January 2015 Executive approved the Market Rental Strategy which acknowledged that there have been significant changes to the factors which influence the supply and demand of market rental properties in Manchester including:

- Demographic growth of around 6,000 new households a year
- Shifting employment patterns and linked constrained mortgage lending
- Strength of investor interest stemming from attractive potential rental yields
- Relative stability and enhanced quality in the social rental sector
- Welfare Reform

1.1.2 The private rented sector is becoming more fragmented and there are effectively 3 basic sectors –

- firstly, good quality and professionally managed mainstream properties,
- secondly, those provided for students
and
- thirdly, the bottom end of the market where there are poorer property conditions, management standards and concentrations of Local Housing Allowance (LHA) take up.

This Strategy is primarily aimed at addressing the deep seated concerns with this latter sector

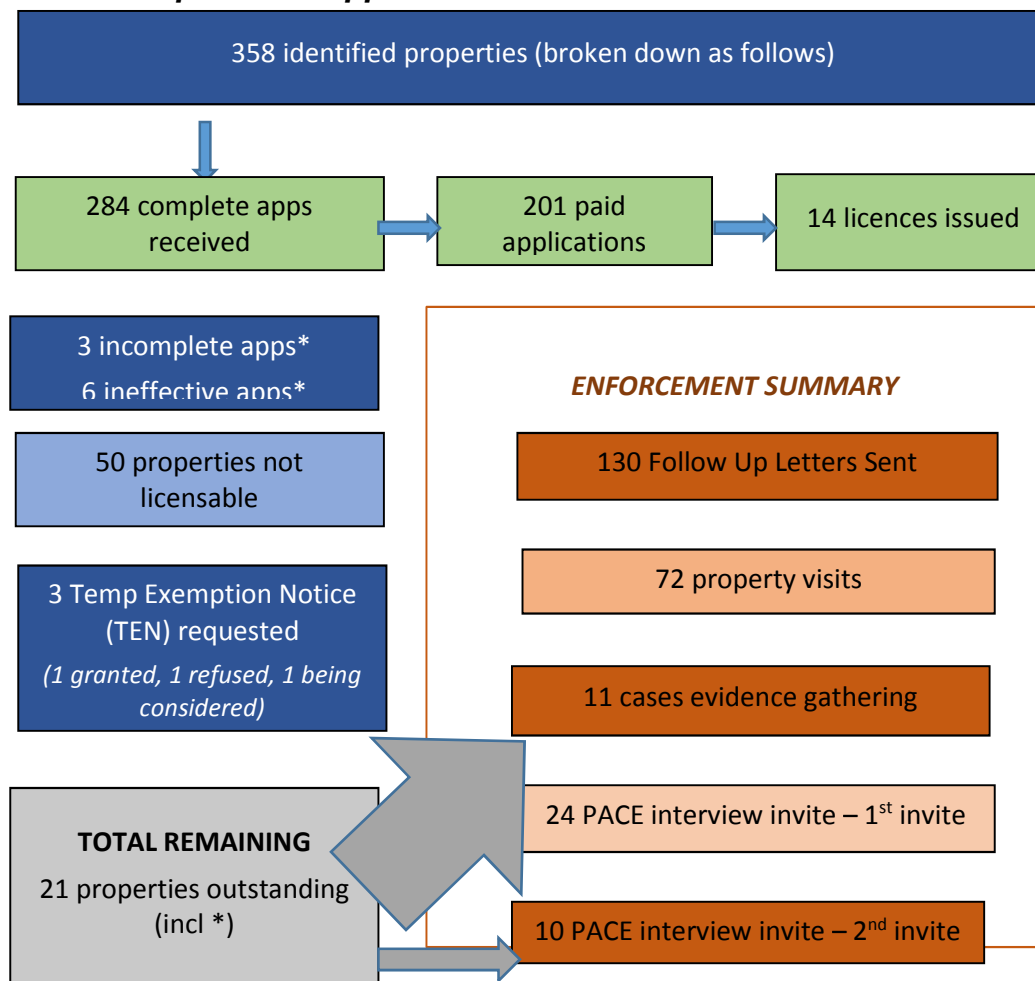
1.1.3 Through the Strategy the Council has been working towards its primary aims and objectives of intervention by promoting greater self-regulation of the sector; targeting and focusing intervention and pro-active enforcement on the very worst properties, enhancing the role of partners; and improved communications between landlords, tenants and the city council.

2.0 Selective Licensing

2.1 Over the last year Manchester has introduced Selective Licensing into specific areas of the city. Landlord Licensing is seen as an important tool in raising management and property standards and the Council is committed to extending licensing to other areas of the city over the next year. The first area of the city to be designated was part of Crumpsall ward. The response to the designation has been positive, with large numbers of landlords submitting early applications with the required documentation.

2.2 Below is a snapshot of progress to date with licensing in this area:

Licensable Properties & Application



2.3 The second pilot area, which is the largest, was designated on 2nd October. This includes 1200 private properties, in parts of Moss Side and Rusholme and there has been an encouraging early response with landlords completing applications as soon as they were notified of designation. The decision to designate areas in Moston (approx. 234 properties) and Old Moat (approx. 267 properties) is planned to take place early January 2018, with a further designation around the Ben Street area of Clayton (approx. 66 Properties) anticipated mid-2018.

3.0 Rental Pledge

3.1 The Manchester Renting Pledge encourages landlords and tenants to sign up to a set of standards which is aimed at improving the private rented sector. We are committed to the promotion of the Rental Pledge to help landlords and tenants understand their responsibilities and standards in the private rental market. There are currently 52 landlords and 11 tenants signed up to the pledge covering 21,788 properties across Manchester. The pledge will continue to be promoted during the Selective Licensing designations. The Council is also reviewing web pages to improve usability across mobile devices.

4.0 Access to the private rented sector

4.1 The Council is also developing opportunities to adopt a wider approach to opening up access into the sector. The initiatives will provide a further opportunity to improve property standards and open up opportunities to those on lower incomes and to prevent homelessness. These proposals are being put forward as part of a wider Homelessness and Housing report to Exec in November.

Following a successful bid for DCLG funding to target some of the worst performing private landlords in the city, the Housing Compliance & Enforcement Team are planning several proactive projects in 17/18 and 18/19.

Working together

4.2 Engagement with landlord bodies such as the Residential Landlords Association (RLA), National Landlords Associations (NLA), Association of Residential Lettings Agents (ARLA), Association of Residential Managing Agents (ARMA), and working collaboratively with them, will assist the Council in raising standards through co-regulation and simple accreditation schemes. They will also be central in our attempts to improve the lower end of the rented market and will assist with policy development and lobbying through joint responses to legislative and operational changes.

4.3 The Council is also exploring opportunities to develop a locally determined mandatory tenancy registration scheme with tax breaks for accredited landlords and stronger effective sanctions for negligence.

4.4 Consideration has been given to establishing a social lettings agency either run by the Council or one of its housing partners. Using an existing agency run by a neighbouring authority as an example revealed some very real difficulties in getting enough PRS properties to make a scheme worthwhile. This was also reflected by work carried out by Northwards Housing who researched several types of social lettings agencies locally and nationally which found that a significant underwriting cost would be needed and with very little evidence of them being very effective in the current climate of high demand.

4.5 The GMCA as part of its work on the devolved homelessness funding is also looking to establish a GM wide social lettings agency. There are currently 4 such agencies in operation in Greater Manchester and alongside the other work being undertaken by MCC to widen access to the PRS, it is felt more beneficial for Manchester to work with the Greater Manchester initiative rather than continue setting its own agency up.

5.0 Housing Compliance & Enforcement Team

5.1 Key Areas of Demand - The Housing Compliance Team (HCT) has two main areas of work:

- reactive disrepair cases
and

- planned HMO inspections.

5.2 Housing disrepair cases represent the majority of the team's workload with 1743 service requests received in 2016/17. The highest demand is in the North and Central areas of the city. These areas can be particularly challenging, where tenants often have complex needs and an Our Manchester approach, coordinating with support services, is regularly required.

The team's planned HMO inspection programme will increase significantly this year (444 HMO licenses expire in 2017/18 compared with 124 in 2016/17). Approximately 100 new HMO licence applications are also received each financial year. All new applications require assessment to ensure that the applicant/licence holder is fit and proper to hold a licence and that they can demonstrate appropriate management arrangements. All new applications receive a pre-licence inspection to ensure properties meet the Council HMO standards prior to a licence being issued and are then inspected once more during the period of the licence.

5.3 The HCT have been working with colleagues and partners on the Gorton Delivery Plan, concentrating on specific areas where there are issues with landlord and tenant engagement in the private rented sector. The team has worked with letting agents, One Manchester and Adactus to organise a Landlord's Forum to help get landlords to take more responsibility for their properties and tenants through learning from professionals in the sector. The team will also be developing a new approach to proactive work with landlords and tenants in the area, including consideration of wider aspects such as health and worklessness.

6.0 Priorities for the Year Ahead

6.1 Preparing for and implementing the extension to mandatory HMO licensing when introduced (expected in 2018). This extension will remove criteria around the size of building so the number of HMO properties requiring a licence is likely to increase by around 5,000.

6.2 Work will continue around the delivery of the further selective licensing pilot areas.

6.3 Following a successful bid to the Department for Communities and Local Government (DCLG) Control of Migration Fund, the team were awarded £280,000 to fund 3 additional posts, enabling more proactive work to tackle rogue landlords. The team will focus on rogue landlord activity, in particular around poor accommodation above shops, overcrowding and criminal activity including links to human trafficking and modern slavery.

6.4 Completion of the roll out of selective licensing area pilots and the evaluation of their effectiveness after 12 months of operation.