

Unsatisfactory Rental Practices

i. **Rent to Rent model**

This is where a landlord will rent to a tenant. This tenant (now referred to as the “head tenant” for ease of reference) will then sub-let the property to other tenants creating an HMO. In the majority of cases neither the landlord nor the “head tenant” will make any attempt at carrying out the improvements now needed at the property in relation to levels of amenities and improvements to fire safety for the number of people now living in the newly created HMO.

Often these HMOs are not declared and therefore remain hidden in the community. They are invariably poorly managed and the sub-tenants have little recourse as they are not the actual tenant of the property. The “head tenant” has no authority (in the majority of cases) to let and create new tenancies. This means that the sub-tenants are often caught in the middle and end up being evicted from the HMO. This was not a situation envisaged by the legislators when drafting the Housing Act 2004. The role of a “head tenant” and the landlord is not clearly set out. It is common for the “head tenant” and the landlord to blame each other for this practice. This makes it hard to establish who the Royal Borough should take legal action against.

There have been multiple cases found by officers, and numbers are increasing. To help establish who the responsible party is, a test prosecution case was recently taken. Initially this resulted in both parties, freeholder and “head tenant”, being found guilty, however, on the application of the freeholder, his case was reopened and the convictions overturned following Counsel’s advice. This advice has given some clarity over these issues, but now requires officers to undertake greater detailed, time intensive work to secure the evidence required to establish who should be prosecuted. If HMO Licensing proposals are adopted by Cabinet (see section 5) then this should help deal with this situation as one of the parties will be forced to take responsibility for the HMO as the license holder.

ii. **Beds in Sheds**

An unauthorised development, usually within the curtilage of an existing dwelling. This practice sees unsuitable buildings, such as outbuildings and garages, converted into dwellings usually associated with HMO use. This is done without planning consent or Building Regulation approval. They are

often sub-standard and will usually require multi-agency intervention, such as planning enforcement, housing enforcement, etc.

Again there have been multiple cases identified by RBG services. Often the use has been established for such a time that planning enforcement cannot take action. However, the sub-standard condition of these developments often means that the use is prohibited until extensive works are carried out. These works in themselves will require planning permission and/or Building Regulation approval which can then be used to prevent the development from being re-established.

iii. **Avoidance Rental Model**

Two storey (four or more bed) properties are purchased and then the rooms converted into small self-contained flats, with minimal kitchen facilities and a small ensuite bath/shower room within the room. A 'shared kitchen' will also be provided. Vulnerable single persons are then sought from charities and local authorities (LAs) to place in these rooms. This type of practice avoids the need for planning permission for the conversion because of the shared kitchen making the use ambiguous. However the 'flats' are separately assessed for Council Tax. This creates a situation where the 'self-contained' Local Housing Allowance (LHA) rate can be applied rather than the significantly cheaper 'room' LHA rate. This type of development remains unregulated, the conversion/building practices are often sub-standard (such as overloaded electric systems) and it leads to tenants being accommodated in tiny unsuitable flats.

So far nearly 200 suspected properties have been identified that match this model. These properties are being investigated and action taken to improve standards in individual cases. However, a longer term, more sustainable solution requires a change in how Local Housing Allowance (LHA) rates are applied, with a pan-London agreement to only charge the 'LHA room rate' rather than the 'LHA 1 bed rate'. If this can be achieved then landlords would not be able to exploit the loopholes in the legislation. Officers are actively working to encourage a London wide solution.

iv. **Beds to Rent**

As the name suggests, rather than rooms being rented instead, beds within rooms, such as bunk beds, are rented. A recent raid revealed a situation where three HMOs in a row, each with four bedrooms, were being occupied by 36 people. Where this practice is discovered, the PRSHEP Team has to take enforcement action to protect the health and safety of the tenants.

This practice is more hidden and often involves migrant workers who have many reasons not to complain about standards. If HMO Licensing proposals are adopted by Cabinet (see section 5) then this will help address this issue. The numbers of tenants and households will be restricted to how many the HMO can reasonably accommodate and only related and/or cohabitating tenants will be allowed to share rooms with certain restrictions to prevent overcrowding due to the sex of the occupants (where people over the age of 10 of the opposite sex share a room unless they are of a legal age to be co-habiting or married to each other).