



ROGUE TENANTS

Restoring fairness in London's
Social Housing

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EXECUTIVE SUMMARY

London's social housing is a precious resource which deserves to be treated with respect. Unfortunately, a small minority of problem, or 'rogue' tenants cause unfairness for the vast majority of tenants who are rule-abiding, by causing costly damage and vandalism to properties, costing an estimated £3.4 million over the past five years across London, and damage to individual properties of up to £25,000.

In order to tackle this problem, it is important for many councils and housing associations to improve their data collection, so that they can understand the scale of the financial impact and how best to tackle it, and information can be shared with other social landlords where appropriate.

With cost recovery rates as low as 2% in some organisations, collection systems need to be as robust as possible, and charging deposits should be considered where applicable. Councils' housing allocation policies should be reviewed, so that problem tenants are not prioritised over rule-abiding tenants. The Mayor of London should also include robust property protection requirements when funding is allocated for new affordable homes or major repairs.

The report makes the following recommendations.

Recommendation 1: All councils and other social landlords should keep a record of costs incurred through tenant damage, and ensure that this information is publicly available. Councils and housing associations should ensure that they have strategies in place to minimise and discourage tenant damage as far as possible.

Recommendation 2: Deposits should be levied where social housing tenants have a previous history of vandalism or property damage, where appropriate.

Recommendation 3: Councils and other social landlords should review their collection systems to identify additional ways to recover damage costs, such as deductions from benefits where circumstances allow.

Recommendation 4: Previous behaviour of tenants should be reflected in all councils' priority banding through their housing allocation policies. This could potentially lead to exclusion from social housing for the worst cases, or additional conditions being attached for others.

Recommendation 5: Records should be kept of problem tenants and shared with other authorities on request, subject to data protection regulations.

Recommendation 6: The Mayor of London should include robust property protection measures in his funding conditions for new social housing properties, as well as major repairs funding.

Introduction

London's social housing, provided by its boroughs and housing associations, is one of the capital's most vital public resources. Whilst the vast majority of social housing tenants are rule-abiding and deserving of support and protection, their interests are undermined by the small minority of problem, or 'rogue' tenants, who cause damage and vandalism to social housing properties and fail to treat them with the respect they deserve.

Not only does this incur significant costs for councils and housing associations, which are difficult to recover, it harms all Londoners by taking vital funds away from investment in new and existing properties, creating a sense of unfairness for other tenants and those on waiting lists.

The aim of this report is to stand up for rule-abiding tenants by tackling the problem of rogue tenants, and minimising the incentives and impacts of property damage and vandalism, setting out proposals to improve data collection and transparency, cost recovery, priority banding for new homes, and improved use of the Mayor of London's housing funding powers.

Damage

One of the main impacts of problem tenants is on council and housing association finances. Public money is a precious resource when it comes to housing, and there is a need to ensure that as much of the available funding as possible is directed towards building new affordable homes, improving existing homes to a decent standard, and general repairs and maintenance. Therefore, for money to be wasted on unnecessary damage undermines all of these objectives, and makes this a strategic issue for London as well as a local issue.

As part of this investigation, evidence was gathered from London boroughs and housing associations as to the scale of this cost impact. From the responses received, the highest individual damage cost from a council tenancy in the past five years was £25,000¹. A number of other responses quoted figures in the range of £17-18,000². These are significant sums to be lost from individual properties.

Total damage costs can be extremely high. One housing association, working in a single borough, reported damage costs of £229,000³ over the past five years. Overall, just six organisations were able to report total damage costs, at an average of over £105,000⁴ in five years. To project this across London would indicate total costs of at least £3.4 million over a five-year period.

Unfortunately, lack of information is a significant issue in seeking to assess the true financial impact of tenant damage. The vast majority of councils and housing associations were unable to provide data on damage costs – either individually or in total – or on amounts recovered. The reason given, time after time, is that the data is simply not collected. The result is that these organisations will have little or no understanding of the scale of financial loss they may be incurring as a result of problem tenants. Not only does this make it difficult to take measures to resolve the issue, it also hampers scrutiny of what in most cases is public money, or at least originated as such. It is also possible, or even likely, that within the unreported figures even worse examples may exist of damage costs, and therefore the above figures should be seen as a baseline in terms of the scale of the problem.

In addition to this, another hidden cost of tenant damage is that the properties can be out of action for extended periods of time whilst repairs are made. Not only does this reduce the supply of housing in the meantime, it also creates additional need for temporary accommodation and therefore additional costs to councils.

¹ Enquiries conducted of councils and housing associations in London, Aug-Sep 2019

² Ibid.

³ Ibid.

⁴ Ibid.

Cost Recovery

From the evidence received, it is clear that the substantial majority of damage costs incurred by councils and housing associations are not recovered. The specific amounts recovered from tenants vary by organisation. For example, one organisation reported that of £88,000 damage costs incurred in the last five years, just £17,000 had been recovered⁵. From the total figures reported, on average 25% of damage costs have been recovered⁶. However, many of the councils and housing associations that were unable to provide specific figures reported how difficult it was to recover damage costs from tenants; therefore, the overall recovery rate may be much lower. Indeed, one organisation reported the typical recovery rate as 2%⁷.

The approach to cost recovery also varies by organisation, but all find this a challenge. Some do not consider it worth their while to recover costs from tenants that have left, due to the difficulties involved and expected lack of success. Others follow a recharge policy, with the ultimate provision for legal action.

Currently there are significant challenges to councils and housing associations in recovering costs from damaged properties. Once a tenant has left the property, there is limited power to compel former tenants to pay these costs, especially if they cannot be found or it cannot be demonstrated that they have the means to pay.

Unlike other tenures, social housing tenants are not generally required to pay deposits. Given the nature of social housing and the need that this caters for, it is understandable that this should be the case. However, there are two practical implications of this. First, there is less of an incentive to avoid damage costs, since the tenant has no deposit to lose. Secondly, there is no money available to contribute to repairs, so damages are more costly to councils and housing associations than they otherwise would have been.

To illustrate this point further, one housing association reported to us that they do charge deposits for a small portfolio of 'key living accommodation', which is not rented on a social tenancy. The association reported that they see 'very little damage' in this portfolio compared to their other properties⁸.

Therefore where tenants have a history of damage or vandalism, it may in fact be appropriate to require deposits as a condition of future tenancies.

It is also important for councils and housing associations to continually review their collection systems to ensure that they can recover costs as far

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

⁸ Ibid.

as possible. Not only would this help with the funding situation, it would also act as a further deterrent to cause property damage. Conversely, if the tenant believes they will not be pursued for costs, this could act as an encouragement for poor behaviour.

Additional collection measures could include deductions from benefits, where circumstances allow. Local authorities and landlords can apply to the Department for Work and Pensions for deductions from certain benefits to cover outstanding housing and accommodation costs, where other methods have not been successful, subject to specific criteria.⁹

Fairness

Social housing is a public resource that deserves to be treated with respect. However, the most significant victims of damage by problem tenants are the vast majority of social housing tenants who are rule-abiding, as well as those waiting patiently on council waiting lists. The additional resources taken up in attending to damaged properties, undertaking repairs, and chasing for repayments reduces the ability of councils and housing associations to repair other properties, invest in improvement works or build new affordable homes.

There is therefore a sense of unfairness between tenants who keep to the rules and take pride in their area, and the small minority of tenants who do not. Properties that are damaged, or not well looked after, can bring down the character of a road, estate or area, to the detriment of other tenants who work hard to keep their properties clean and tidy. This can easily lead to a downward spiral, and to other problems such as antisocial behaviour.

Another manifestation of this unfairness is when properties are allocated to problem tenants ahead of those who may be more rule abiding. In 2018, London had 232,000 households on waiting lists for social housing properties¹⁰, whilst some families wait more than a decade for a property¹¹. So when this limited resource is treated with abuse, rather than respect, this creates a manifestly unjust situation.

Councils decide who has priority for social housing in their areas through their allocations or lettings policy, which sets different priorities or bands for different categories. Within these policies it is possible for councils to specify tenant behaviour, such as property damage or vandalism, as grounds for reducing a tenant's priority for social housing or even exclusion from the social housing register. Indeed, a number of councils have already

⁹ <https://www.gov.uk/government/publications/how-to-request-deductions-from-benefit-a-guide-for-creditors>

¹⁰ <https://data.london.gov.uk/dataset/households-local-authority-waiting-list-borough>

¹¹ <https://www.independent.co.uk/news/uk/home-news/social-housing-uk-family-wait-homeless-shelter-accommodation-a8389926.html>

done this¹², but not all. Some councils even specify that arrears and debts from previous tenancies can also impact on a priority banding or lead to removal from the register¹³.

These measures should become standard for all allocations and lettings policies, to help protect all council and housing association assets, and ensure a fairer system for all tenants. It could also allow exclusion from the register for the worst cases, and conditions being attached for other tenancies.

However, such policies can only be as good as the information they are based upon, and rely on councils and housing associations sharing information with each other. Given that the vast majority of councils do not record information on damage costs, it is not clear that councils collect or retain sufficient information to share with others. Additionally, in view of the low recovery rate and lack of pursuit of former tenants for unpaid damages, it is not apparent that provisions in allocation policies to deal with arrears and debts are widely used.

The Mayor's Role

The Mayor of London has funding and strategic powers for housing in London, especially affordable housing. In particular, the Mayor has been given £4.82 billion by the government to build 116,000 affordable homes, all of which must be started by March 2022¹⁴.

As part of these funding powers, in allocating these funds for affordable housing, the Mayor sets conditions for providers to adhere to as a condition for grant funding, through his Affordable Housing Capital Funding Guide (AHCFCG)¹⁵.

The AHCFCG already refers to tenant damage and vandalism, but only in the context of applying for major repairs funding:

*In some circumstances substantial repairs will be necessary because of extensive vandalism or damage or neglect by tenants. Where the costs of such works are not recoverable through insurance or charges to the tenant they can be considered for major repairs funding. In such cases the GLA will need to be satisfied that the IP [investment partner] has taken all reasonable steps to secure the property and/or to recover any costs.*¹⁶

¹² For example: <https://www.harrow.gov.uk/downloads/file/23788/housing-allocations-full-scheme>, page 26

¹³ For example: <https://hackney.gov.uk/lettings-policy>

¹⁴ [London Housing Strategy](#), GLA, 2018, p209

¹⁵ <https://www.london.gov.uk/what-we-do/housing-and-land/increasing-housing-supply/affordable-housing-capital-funding-guide>

¹⁶ https://www.london.gov.uk/sites/default/files/14_section_3_housing_for_rent_clean_0.pdf, page 18

However, these requirements could be made far more robust, requiring property protection measures to be in place such as adequate data, information sharing, specific cost recovery methods, allocation policy criteria and deposit conditions. The scope of these requirements could also be extended to cover grant for new properties. This would mean that every new or existing affordable home funded by the GLA would be subject to measures to protect against property damage from problem tenants, or to minimise it as far as possible.

Conclusion

As set out in this report, in order to support and defend the rights of the vast majority of rule-abiding social housing tenants, it is important to tackle the problem of rogue tenants and the significant damage costs incurred to councils and housing associations.

The following recommendations would help to redress this balance, protect social housing properties as a valuable asset, and minimise the harm caused by tenant damage.

Recommendation 1: All councils and other social landlords should keep a record of costs incurred through tenant damage, and ensure that this information is publicly available. Councils and housing associations should ensure that they have strategies in place to minimise and discourage tenant damage as far as possible.

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