

# **Driving Up Standards for the Private Rented Sector**

## **Gold Standard Charter Scheme Process – Final Proposal**

**19 October 2021**

## Introduction

1. The Gold Standard Charter is aimed at landlords and managing agents letting properties in the private sector. It is a voluntary scheme that rewards landlords and managing agents already providing a good service to tenants and encourages others who provide an acceptable service to improve. We believe the Charter includes standards which provide for a professional level of good practice within the sector above those required by law.

## How the Charter will work

2. Landlords and managing agents, who sign up to the Gold Standard Charter and are accepted on to the scheme, will be declaring themselves, publicly, to be responsible and a provider of high standard accommodation and tenancies.
3. Applications to sign up to the Charter will be made online. Checks will then be made by the Council to ensure the applicant is fit and proper (see definition below) and that they are complying with the gold standard charter criteria. The applicant will then be invited to sign two copies of the charter document. The council will keep one copy for its records and the successful applicant will be given a copy and access to the charter logo to use on their documentation.

Note: Fit and Proper test for the purposes of Gold Standard Charter membership - *The council will determine the landlord or managing agents unsuitable to be accepted onto the scheme if :*

- (a) a banning order under section 16 of the Housing and Planning Act 2016 is in force against the person.*
- (b) They have committed any offence involving:*
  - *Fraud or dishonesty (including benefit fraud)*
  - *Violence*
  - *Drugs*
  - *Matters listed in Schedule 3 to the Sexual Offences Act 2003*
  - *Or received a caution, informal reprimand or formal warning in respect of any of the above*
- (c) Practiced unlawful discrimination on grounds of sex, colour, race, ethnic or national origins or disability in or in connection with the carrying on of any business*
- (d) Contravened any provision of the law relating to housing or of landlord and tenant law including any civil proceedings in which judgment was made against the proposed member*
- (e) Acted in contravention of any relevant Approved Code of Practice (including the code of practice issued by the government under section 233 of the Housing Act 2004 relating to the management of HMOs)*
- (f) Been refused a license under Parts 2 or 3 of the Housing Act 2004 anywhere in England or Wales*
- (g) Breached the conditions of a licence in England or Wales*

*(h) Been subject to a HMO Control Order or Management Order in England or Wales. Failed to comply with a housing notice (requiring works etc.) served by a Local Authority in respect of any property currently or previously owned by the proposed member*

*(i) Been declared bankrupt*

4. Members who become 'not fit and proper' during their charter membership will have their membership cancelled and will be barred from applying to the scheme again until such time as they have proved that they have become fit and proper again (at the discretion of the council).
5. Membership would last for 5 years following the date the charter was signed and, upon expiry, members would need to make a new application online to sign up to the charter and renew their membership for a further 5 years.
6. A list of landlords signed up to the charter will be available online and updated regularly. There will also be a reporting tool so that tenants can report their landlord or agent if they are not upholding their charter obligations. Following investigation, if there have been significant breaches, charter status can be removed. The landlord or agent would also be barred from applying to the scheme again until such time as they had provided adequate evidence, to the satisfaction of the council that they were taking all steps to ensure that they could comply with Charter principles in the future.
7. Annual checks will be carried out to ensure members of the scheme are still complying with the Gold Standard Charter Criteria.
8. The council will actively promote the charter through its website, its private sector tenants union, and in partnership with other councils and third sector groups involved with the private rented sector (PRS).
9. The council will provide an information pack for landlords/agents to help them comply with the charter criteria.
10. One of the criteria for achieving the Gold Standard is that members are signed up to a recognised accreditation scheme.
11. Accreditation schemes will only be accepted if;
  - The landlord or managing agent can prove that they are current valid members and
  - The scheme includes an initial training session and a minimum amount of continuous professional development to remain a member.
12. Example of acceptable schemes include:
  - London Landlord Accreditation Scheme (LLAS)
  - Private Rented Sector Accreditation Scheme (PRSAS)
  - National Landlords Association (NLA)
  - Residential Landlords Association (RLA)

- Association of Residential Letting Agents (ARLA)
  - National Approved Lettings Scheme (NALS)
  - Private Rented Sector Accreditation Scheme (PRSAS)
  - UK Association of Letting Agents (UKALA)
  - Safeagent
13. One of the main benefits of becoming a Gold Standard Charter member is a discount on any property licensing fees incurred within the borough.
14. Property licensing fees will be split into two payments, Part A and Part B. On application the Part A fee is charged to cover the cost, to the council, of processing the application. If the application is successful a further fee (Part B) will be charged before the full licence is issued. This second fee is to cover the cost, to the council, of enforcing the licence. A discount of 50% on this (Part B) licensing fee will be given to all landlords who have signed up to the Charter. A Gold Standard Charter landlord or managing agent will be providing a higher standard of property and tenancy than they are legally required to and as such are more likely to be compliant with the conditions of their licence. The council therefore considers that the cost of enforcement should be less than that of any other landlord or managing agent. The council may recharge any discount to fees if the landlord or managing agent has their charter status removed following breaches in compliance as mentioned in point 6 above.
15. Gold Standard Charter Landlords who sign up to the Council's Finder's Fee scheme qualify for an additional discount and will not be required to pay Part B of the licensing fee (details given below). This additional discount is in recognition of the assistance the landlord will be providing to the Council in helping people in housing need in partnership with Southwark's Housing Solutions Department. Landlords who sign up to one of the schemes must accept the current Local Housing Allowance rate as the rent for the property. No shortfall of the rent payment is allowed to be made by the tenant.

### **The finder's fee scheme**

16. The finder's fee scheme is a free tenant finding service. The council finds a choice of tenants for the property and offers an incentive payment and rent.

Scheme includes:

- cash incentive
  - the possibility to choose the tenant that suits you
  - a fast service - if you are ready to let, we can send tenants to you the same day
  - a no fees or charges service
17. If a landlord or managing agent's membership to the Charter expires, at the end of the 5 year membership period, before the expiry of the licence and they do not apply to renew their membership successfully within three months of expiry of their membership, the council can recharge the discount on a pro rata basis for the time period of the licence that is not covered by the charter membership.

18. The Gold Standard Charter discount can be applied if the licence holder is not a Gold Standard Charter member but the managing agent of the licensable property is. However, if the licence holder changes their managing agent for the property during the period of the licence they must ensure that; the new managing agent is signed up to the Gold Standard Charter or, repay the discount, pro-rata, for the period of time the property is being managed by an agent who is not a Gold Standard Charter member.
19. Discounts will not apply to properties where the council has issued a warning letter regarding an unlicensed licensable property. This also applies where a licence has expired for more than 3 months before a new application has been received. The landlord or managing agent's membership to the Gold Standard Charter will also be reviewed and may be cancelled.
20. Discounts will not apply to landlords who have signed up to the Finder's Fee scheme but not the Gold Standard Charter.
21. The Gold Standard Charter scheme and criteria will be reviewed 18 months after the start date of the scheme and will be reviewed every 18 months thereafter. The review will look at the effectiveness and success of the scheme and make any changes necessary to the criteria, discounts and process.

### **Other Benefits for the Landlord**

22. By complying with the Charter criteria landlords will offer longer tenancies guaranteeing regular rental income, saving on costs of cleaning and advertising the property for rent, and periods of no rental income.
23. Members will also be invited to take their place on a regular forum for consultation on future PRS policy and receive invitations to our landlords' events (which count towards their CPD hours for accreditation).
24. There will be tenancy/legal advice available from the council if they are having issues with a tenant and fast track help for any property licensing issues.
25. When bigger problems arise mediation supported by the council will be available to help resolve issues between landlords and tenants. This will help landlords to avoid costly court proceedings for eviction.

### **Benefits to the Tenants**

26. Protects tenancies with a choice on the length of tenancy agreement to suit their needs.
27. Protects tenancies with mediation supported by the council to help resolve issues between them and their landlord to help prevent eviction.
28. Predictable rents for the duration of their tenancy and more advanced warning should the landlord need to increase the rent.

29. A safe clean secure home which meets the Decent Homes Standard.
30. Repairs and other issues dealt with appropriately and in a timely manner.
31. A single direct point of contact for housing enforcement and tenancy relations services if they have any concerns about their property or landlord.
32. An insulated home to help escape fuel poverty.