



Northern Ireland
Assembly

**COMMITTEE FOR
SOCIAL DEVELOPMENT**

**OFFICIAL REPORT
(Hansard)**

**Housing (Amendment) (No.2) Bill:
Landlords Association of Northern
Ireland**

18 November 2010

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Simon Hamilton (Chairperson)
Ms Carál Ní Chuilín (Deputy Chairperson)
Mr Sydney Anderson
Mrs Mary Bradley
Mr Mickey Brady
Mr Jonathan Craig
Mr Alex Easton
Mr Tommy Gallagher
Ms Anna Lo
Mr John McCallister
Mr Fra McCann

Witnesses:

Mr Declan Boyle)
Mr Diarmid Laird) Landlords Association of Northern Ireland
Ms Marnette Lyons)
Mr Joe Nugent)

The Chairperson (Mr Hamilton):

This evidence session on the Housing (Amendment) (No.2) Bill is with the Landlords Association

of Northern Ireland (LANI). As part of the Bill's Committee Stage, we will hear evidence from various witnesses. I welcome Marnette Lyons, the chairperson of LANI, Joe Nugent, Declan Boyle and Dairmid Laird. Members will have a copy of LANI's submission on the Bill, and another paper has been tabled today.

I remind everybody, including myself, to ensure that their mobile phone is switched off. Today's proceedings are being recorded by Hansard. I invite the witnesses to make a brief presentation, after which I will open proceedings to the floor, when I am sure members will have some questions.

Ms Marnette Lyons (Landlords Association of Northern Ireland):

Good morning everyone, and thank you for inviting us.

The private rented sector offers a diverse range of accommodation, as I am sure several of you know. We provide short- and long-term accommodation to a range of tenants who can be retired,

professional, students and families, and which includes those receiving housing allowance. We are told that there are almost 40,000 people on the housing waiting list, with almost 20,000 people in housing need. It is apparent to us that government's main interest is in ensuring that the demand for social housing is met, and our emphasis this morning may be more or less on that.

We are aware that it makes good sense to government to encourage the private rented sector to meet as much as possible of the demand for social housing. That is because the private sector provides the capital outlay, in that it provides the house. It provides the management and the maintenance and repair. The public sector then pays the tenants their housing allowance. On the other hand, if the public sector provides the accommodation, it has the capital outlay, the maintenance and repair bills and the management, in addition to paying the housing allowance.

We have no doubt that the private rented sector is more cost-effective than the public sector. It generally does not have large staff; swanky offices, like some housing associations have; or glossy brochures, etc. Accordingly, it is more cost-effective for the private rented sector to

provide accommodation, and it therefore makes good, sound economic sense for government to work to encourage a stable and healthy private sector. That is appreciated by Governments around the world.

Mr Dairmid Laird (Landlords Association of Northern Ireland):

I would like to make just two small points to the Committee. One of the amendments to the Private Tenancies (Northern Ireland) Order 2006 is around powers to determine certain private sector rents. When the last major piece of legislation came in prior to the 2006 Order, which was the Rent (Northern Ireland) Order 1978, the initial reaction was a withdrawal from investment in the market. Landlords were reluctant to spend money on their properties because they felt that the money that they spent would not necessarily be reflected in the rent. Fortunately, at the time, the Housing Executive introduced its improvement grants, and one offset the other. Obviously, in the position that we are in, further improvement grants are unlikely to be forthcoming, and therefore powers to affect private sector rents should be treated with caution.

The other aspect is the provision for sharing of information regarding antisocial behaviour of tenants. A lot of the problems regarding antisocial behaviour tend to be the responsibility of the tenants rather than the landlords. It seems slightly bizarre, therefore, to consider a register of landlords as opposed to a register of antisocial tenants. It is the tenants who tend to cause the problems.

If antisocial tenants are removed from their property in the public sector — if they are thrown out or evicted — they have to be picked up by somebody, and that is invariably the private sector. We end up having to house them, maybe by putting them into a stable community and destabilising it. It would be handy if we were able to find out whether they were subject to an injunction or some sort of anti-social behaviour order (ASBO). It seems slightly strange, as I said, that the information will be shared among housing associations so that they will have the opportunity to refuse the tenant's application, yet the private landlord will stumble into it, pick up the financial and other costs, and possibly lose other good tenants.

Ms Lyons:

Before we go into the specifics of the Bill, I would like to say that when the Government published ‘Building Sound Foundations: A Strategy for the Private Rented Sector’, we were very encouraged by the Minister’s objective of:

“encouraging the development of a healthy private rented sector capable of responding more effectively to housing need in Northern Ireland.”

Unfortunately, that objective has been totally ignored in the Housing Amendment (No.2) Bill, the purpose of which is:

“to enable better regulation of the private rented sector”.

In other words, the bureaucrats take over.

With regard to the economics of providing housing in the private sector, we have distributed a copy of the actual costs based on a £100,000 three-bedroom house, as it might be today, and £200,000, which might have been a reasonable cost at the peak. It is apparent that the rents received from the tenants through housing allowance do not cover the true cost of providing

accommodation. Former Governments in the UK and Ireland encouraged people to become involved in the buy-to-let market in order to secure their financial status for later in life. It is not entirely surprising, therefore, that a University of Ulster survey, which was carried out not so many months ago, indicated that 50% of landlords in Northern Ireland entered the market in the past five years, and most of them probably did so in the past three or four years.

It is apparent from that survey that 50% of landlords are now sitting on quite substantial amounts of negative equity and will inevitably face grave financial hardship. This is the true picture, which is very different from the Government's apparent perception that landlords are very wealthy; it is quite the reverse. Many people who rent out accommodation are not landlords and do not own their properties, because they took out interest-only loans. However, they are still responsible for all their losses.

Mr Declan Boyle (Landlords Association of Northern Ireland):

On that point, a £50,000 deposit is now required for a house costing £200,000. The game has changed, because all of the financial institutions now want interest-only to be changed to interest

and repayment. Very often, landlords are teachers, civil servants or other averagely paid people, who now have to feed this product called investment property out of their paid employment. Those people thought that they could make money and move on, but they were. They are now in something that is going to take a long, long time to get out of. They might never get out of it. Investment properties have been seized by financial houses all round the place. That is a very real concern.

[Inaudible.] — public landlord registration. Our concerns range from the nuisance caused to the undesirables. *[Inaudible.]* People who have multiple properties can see their names on a public register, and that is a real concern. The other aspect is that that they would not get any enjoyment from their “house”, because people would be calling to say that the washing machine was not working or ask whether there was a house to let. People are arriving at your front door on these issues, so the need for a public register — *[Inaudible.]*

The agencies need to get a hold of somebody. If there was a service level agreement or

something along those lines whereby agencies and departments could work through and with each other between the Housing Executive, environmental health, the rates office and the Land Registry, the amount of properties that would not be available after going down through those people to find out whether they are available from the owner is tiny; there is nothing to suggest to me that that would be a large number. The register will have a cost implication attached that will be passed on to tenants, who are struggling to pay their rents at the minute. We are going to have a cost now, and — *[Inaudible.]*

Mr Joe Nugent (Landlords Association of Northern Ireland):

I want to talk about the proposed tenancy deposit scheme. We believe that the Government has not really studied the statistics, which we gave to the Department for Social Development (DSD) during our consultation. For example, 98.9% of deposits are returned amicably. It does not take a genius to work out that 1.1% of deposits are disputed. In fact, a trading standards officer came out and told one of our general meetings that he had only one complaint of a dispute last year, out of 28,000 complaints.

We also argue against the very high fees that will be added to taking a deposit. At the moment it is £57.50 per deposit, plus £15 each. That will obviously increase, and inevitably this will be passed on to tenants, increasing their costs.

We also want to address the tenancy deposit scheme with regard to social housing with housing benefit. Nowadays, most landlords take a deposit and a guarantor. Some may decide not to take a deposit and not bother with unnecessary bureaucracy, because it is quite a bureaucratic process, so they take just a guarantor. That leaves vulnerable tenants, who are not able to provide a guarantor, having difficulty finding accommodation. That is a major concern in light of the fact that the private rented sector is being asked to increase the uptake in demand for social housing.

Mr Laird:

The public sector has shrunk considerably over recent decades, with properties sold off and less money being put into it. The private sector is picking up the slack. We are housing a lot of vulnerable tenants who would, perhaps, be better suited to public housing. There does not appear

to be any bridging mechanism for those tenants. It would be good if some assistance or mechanism could be put in place for them, because a number almost fall between two stools. Most of the ones in the private sector are probably fine. They understand everything and can comply with everything. However, there will be a percentage at the bottom end who are not as fortunate, and they very much seem to have been cast to one side by the public sector.

Ms Lyons:

In the private rented sector, the landlord is the primary stakeholder. We have invested capital, time and effort. We have also provided information, and met government officials and politicians, at no expense to government. Yet we can conclude only that we are not being listened to and understood.

It would appear that government has its own agenda and a total disregard for our views. Nor does it seem to have direct experience and understanding of the true problems in the private rented sector. That is such a pity, because there is a real housing need. With government

intervention through the introduction of unnecessary legislation, the provision of housing by the private sector to social tenants could completely collapse. That is a real concern.

The coalition Government in the United Kingdom appears to have understood that. Minister Grant Shapps, on 10 June, in Parliament, announced that he was going to scrap all plans to introduce new legislation on private landlords. That included the national register of landlords. He said:

“With the vast majority of England's three million private tenants happy with the service they receive, I am satisfied that the current system strikes the right balance between the rights and responsibilities of tenants and landlords.”

Why, then, is the Government proposing to introduce more legislation in Northern Ireland, especially when, as we heard from Joe, tenant satisfaction is much higher than in England? We do not understand why the Government here feels that it knows better than central Government and those who are the stakeholders in providing the service.

Needless to say, we feel totally let down, ignored and burdened by the threat of more

bureaucracy. For us, it is hard to imagine a more effective way of discouraging and undermining the long-term investment that people in the private rented sector here have made than by imposing some of the provisions in the Bill, which we feel is not properly thought through. As you can appreciate, we have genuine concerns about the Bill. We thank the Committee for listening to us this morning.

The Chairperson:

I want to pick up on your final remarks. You asked why the Government here think that they know better than the Government in Westminster. It is the right of this Assembly to decide what it thinks is best for Northern Ireland and its people. That is the nature of the devolved system, so I do not take particularly kindly to being lectured about what —

Ms Lyons:

I apologise about that.

The Chairperson:

I accept that. The Committee and the institution here have the right to decide what we think is best. Up to that point, I agreed with a lot of the principles that you put forward, and I value incredibly the work that the private rented sector does. It has been greatly undervalued in the past, and its contribution to housing has not been particularly recognised. It has a huge role to play in the future.

You said at the end that you are not particularly supportive of the Bill and indicated that you think that the current regulatory system for the private rented sector is pretty much OK. However, given the huge role that the private rented sector plays — I and others here want it to play an even greater role in the future — and given the sheer levels of public money that are poured into private rented accommodation, do you not accept that the public sector needs to keep a careful watch on the money that the sector spends and ensure that the money goes to a sector that is fit for purpose and delivers high standards for the people who are in the most need?

Mr Laird:

People tend to forget that the housing allowance money that is paid is not the landlord's rent; it is the tenant's housing benefit. In effect, it is being paid to the tenant. The tenant may decide to have that passed on to the landlord. However, the idea that we are putting x million pounds into landlords' pockets is incorrect. The landlord is providing the service. If landlords do not have the houses and make the properties available, the rent will not flow from that. There is a misconception that we are putting money into landlords' pockets; we are not doing that. The Government does not pay rent to landlords. They pay it to tenants, who pass it on to landlords. There is a difference between those two concepts.

The Chairperson:

There is a difference all right. Your perception of what happens is different to my perception and that of several other members.

Mr Laird:

The position is that the Housing Executive pays every tenant their housing benefit direct. The landlord has no call on it.

The Chairperson:

It is specifically there for a purpose.

Mr Laird:

With due respect, the tenancy agreement that I put in place is between me and the tenant, not between me and the Housing Executive. If the Housing Executive does not pay, I have no call against it for that.

The Chairperson:

Of course you do not; that is not the point. The point is that millions and millions of pounds from the public purse that is provided to people in need —

Mr Laird:

The service is being provided —

The Chairperson:

Hold on a second. It ends up with landlords in the private sector. That is the fact. That is what happens. That is the trickle-down.

Mr Laird:

But we are providing a service —

The Chairperson:

Hold on a second. We can have a semantic discussion all we want, but that is a fact. Public money goes to private landlords, and my point is that there is a duty on those in the private sector

to adhere to a certain standard. We are having a discussion about what those standards should be and about what government and private landlords need to do to maintain the necessary standard across the board.

Ms Lyons:

A person needs food and water to survive, and the next most important thing is shelter. When people have that shelter, the most important thing is their safety, yet the Bill does not even attempt to address that. Tenants must be safe in their homes, yet there is no legislation to say that they must have smoke alarms, fire alarms or carbon monoxide monitors. Tenants must be kept safe, yet that is not addressed.

The Chairperson:

No one would disagree with that, but that is not a provision that the Department for Social Development could bring forward. That is entirely the responsibility of another Department, and although colleagues and I can make that point elsewhere, it is not something that can be included

in the Bill.

Mr F McCann:

There are a couple of things. Where landlords have houses, I would have thought that it is not up to the Government to bring forward legislation to deal with fire alarms or carbon monoxide alarms. I would have thought that landlords would have put them in to ensure the safety of their tenants. I have been in quite a number of homes that are owned by landlords, the conditions of which leave a lot to be desired. Like Simon, I have said on a number of occasions that much of the private rented sector provides decent homes. However, there is a substantial part of it which provides homes that are in bad condition. I represent and live in an area in which I face that on a daily and weekly basis, and I sometimes find landlords difficult to deal with.

Between £80 million and £90 million of Government money goes into housing benefit each year. That is a substantial amount of money that goes through the Assembly to the Housing Executive to pay landlords. I understand what you say about the setting of rents, but I deal with

people on income support who are below the poverty level, yet when they get their housing benefit they must come up with at least another £100 a month to subsidise their rents. They then have to eat into their already meagre benefits to put bread on the table

The first time that I met a representative of LANI was three or four years ago. At that stage the argument was that the market should be allowed to control the destiny of the private rented sector. However, we saw the mess that the market made of housing and of the entire economy. The last time that some of you were before the Committee, I detected a shift. You said that you did not fear the introduction of a registration scheme, and I thought that that was a recognition from the sector that we could start to manage the bad landlords through some form of legislation. However, we have seen a complete reversal of that this morning. In your report, there seems to be a complete walk away from any type of legislation or regulations that the Department might bring in. I have a number of major difficulties there.

I looked at the Scottish example the other night and found it to be fairly reasonable. It has

developed over a period of years from what people felt would have been a hard and difficult scheme for landlords to what is now generally thought of as a soft touch agreement by the Scottish Parliament. Even that scheme goes far beyond what the Department is looking to do here.

Ms Lyons:

I could not agree with you more. It is important to raise the standards of rented accommodation, and we want to do that. However, the Bill does not do that; it does not give us that opportunity.

Mr Boyle:

You talked about the mess that the housing market made in the past, but it would have been considerably worse if those who had bought properties had not rented them out. The private sector is now 120,000 strong.

Mr F McCann:

Yes; it is bigger than the social sector. However, there is total control of the public sector, which is not the case for the private sector.

Mr Boyle:

If the private rented sector had only 80,000 private landlords rather than 120,000, there would be a lot more on the housing list and nowhere for them to go.

Mr F McCann:

You are missing the point. We are trying to build in protections for people, and you are arguing against those protections.

Mr Boyle:

No, I am not. I am asking how a public register would enhance property. Through these other mechanisms — the Housing Executive, payments of housing benefit or HMO registration, which is already in place, environmental health, rates — how many properties do you have issues with

for which you cannot find the landlord? I would say that the number is minimal.

Ms Ni Chuilín:

There are a lot.

Mrs M Bradley:

A lot.

Mr Boyle:

Well, I will ask the next question: have you tried all these other mechanisms?

Ms Ní Chuilín:

Yes, we have.

Mrs M Bradley:

Yes, we have.

Mr Boyle:

And nobody knows anything?

Mrs M Bradley:

No.

Ms Lyons:

Those inter-government service arrangements —

Mr Boyle:

I think what is needed is an interaction between agencies. First, any time a property is sold now it

is put on to the Land Registry. You are trying to tell me that nobody is paying a rates bill in these properties. That may or may not be the case, but if it is, then the rates people are not doing their job. Also, fitness certificates have to be issued for properties if they are after 1945, so there is another mechanism. If the tenant gets housing benefit paid, the landlord's name and address is on the paperwork, so I honestly do not know how there can be a significant number of people who are not engaged with one of those departments somewhere along the line.

If the rates people have not had a bill paid for 10 years, then someone is failing in the rates division. If somebody has not issued a fitness certificate for properties, then someone is failing there. If the property has been sold and it has not been put on the register, there is a failure there, but those mechanisms are in place. Even if the landlord is approached to talk about issues of tenant behaviour and so on, there is only so much you can do. The point I am making is that there are other avenues. Local knowledge is another good thing; everybody knows that Mrs Jones lived in that property for 40 years before it was sold to X, and at that point, agents or solicitors must be involved and information recorded.

Mr F McCann:

One of the only things that you have said from the start that I agree with is that it would be helpful if information was shared in a way that would allow LANI to tap into Housing Executive and housing association records, especially in the movement of antisocial tenants. However, Declan, your houses must be in a place very different to where I live. I know that you are talking about the growth of the private rented sector, but let us face it: most of the growth came through the property boom when people were buying houses. They were not buying them for the health of people wanting social housing; they bought them to make a profit.

Mr Boyle:

I accept that. Profit is not a bad word.

Mr F McCann:

I am not saying that it is a bad word, but let us face facts —

The Chairperson:

Hold on a second.

Mr Boyle:

The fact of the matter is that the private sector is housing people now in greater numbers than the public sector; that is my point.

Mr F McCann:

That makes it more essential that we have some type of scheme brought in to control the sector.

It is totally unaccountable; it is not transparent in any shape or form. When a community group in my area got £30,000, they were pestered and crucified by accountants and auditors. There is around £90 million going into the private rented sector with no controls whatsoever.

Mr Boyle:

Is £90 million going into the private rented sector or into housing benefit?

Mr F McCann:

That is in housing benefit going into the private rented sector.

Mr Boyle:

How much is going into —

Mr F McCann:

In west Belfast, £25 million a year goes into the private rented sector.

Mr Boyle:

The point I am making is that the need must be there.

Mr F McCann:

We are not arguing about the need; what we are arguing about is the condition of some of those properties. There is no control over the sector.

Mr Boyle:

If the property is in bad condition, the city council are the people, they issue notices to —

The Chairperson:

Hold on a second. I am not going to let this descent into a row back and forth here.

Mr F McCann:

You have already had that at the start.

The Chairperson:

I started it, yes, and I am going to finish it as well. Let us not bat back and forward like this; it is not helpful in getting to the nub of the issue. In fact, we are well away from that now.

Mr Laird:

The way the system used to work was that, if someone was applying for housing benefit in the private rented sector, the Housing Executive would come out and do an inspection and assess what rental value the property had. That took into account the location, the type of furniture and the condition of it. That was phased out, I assume, as a money-saving issue. It used to be that an awful lot of tenants receiving housing benefit had a pre-tenancy inspection carried out, which specifically assessed the amount of rent that they were going to pay. That would almost obviate some of the concerns that Mr McCann has about there not being any control. If a property is only worth £500, that is what it is assessed at. If it is worth £700, it is assessed at £700. Therefore, tenants and landlords knew what it was assessed at before the tenant moved in.

Mr F McCann:

I do not disagree. However, I have seen, under rent legislation, in the middle of west Belfast, somebody coming out and declaring that they believed — this is four or five years ago — that the rent was only worth £1 because the flat was in such a bad condition. I immediately dealt with the tenant, and the landlord told the tenant to leave the house because he could put another tenant in there without losing housing benefit. He was not concerned about clearing the conditions up or dealing with the problems there.

Mr Laird:

One problem is that, when one introduces any sort of register, the good landlords put their hands up and join it. They are not the problem. The problem is the bad landlords.

Mr F McCann:

I agree with you 100%.

Mr Laird:

Even now, after the best part of eight or nine years, some landlords are still not on the register.

Mr Craig:

I will try to calm the situation down. Fortunately, Lagan Valley does not suffer to the same extent as some of my colleagues' areas. The private rented sector provides a very important service in Lagan Valley. We are almost at the top of the list in terms of shortage of public housing. Therefore, I will put on record that, if there was no private rented sector in Lagan Valley, we would be in dire straits. There is no other way to put that. However, the flipside is that there needs to be recognition that the private rented sector receives huge sums of money from the public purse. There is no getting away from that. Without the input from the public purse in Lagan Valley, the private rented sector would be in huge difficulties, and a lot of properties would be lying vacant. There needs to be a recognition that both sides benefit.

I looked at your paper, and I found it fascinating that you seem to be totally and utterly against

a tenant deposit scheme. We are trying to achieve some form of reasonable protection for the tenant, and I am afraid that, even in Lagan Valley, my experience of deposits is quite simple. There are 15 million excuses as to why tenants never get deposits back. Some of them are legitimate, and some of them are not. However, when people try to make the argument that it is not legitimate, it falls on deaf ears and goes nowhere. We are trying to introduce a scheme to give some form of protection to the tenant under those circumstances. You have completely ruled that out. Can you explain to me why you have completely ruled that out?

I listened with interest to what you had to say about people looking for guarantors. Your sector is already looking for guarantors in a lot of this and, when it comes to the most vulnerable in society, you will not get those guarantors. I personally believe that that is a deliberate ploy by some people who do not want those people in their houses. They have a legitimate right to do that, but they are hiding behind a smokescreen. Will that increase or decrease with the introduction of the scheme? If it does increase, is the private sector not shooting itself in the foot because, in areas such as Lagan Valley that do not have that public sector investment in private sector rental, the housing market will, quite frankly, collapse on them?

Mr Nugent:

I will reiterate the figures that we gave you, which come from the Northern Ireland Housing Executive and from the National Landlords Association. They say that 98.9% of deposits are returned amicably. I do not know what more to add to that. No tenant will like some of the deposit being kept, for example, for a damaged bed. There is always an argument, and maybe that is what you are hearing. However, all the members of our association met about three months ago and said that they did not have a problem with deposits. They returned them amicably.

We advise landlords to take a deposit and a guarantor. Remember, you are giving a property worth £120,000 or £200,000 over to someone you do not know and have never met before. You do not know where they are coming from, and you are giving it over to them for £500 or less. So, it would be reasonable to ask them for a guarantor as well.

In order to avoid the whole bureaucracy of the tenancy deposit scheme, some landlords may insist on a guarantor and no deposit. That would impinge on the social sector, because a lot of vulnerable people in the social sector are not able to provide a guarantor.

The Chairperson:

You are recommending a guarantor, is that right?

Mr Nugent:

Yes, we are recommending a deposit and a guarantor.

The Chairperson:

That may move to just a guarantor, which is not substantially different. I understand your point, but you are already recommending that landlords seek a guarantor, and you are saying that, if a deposit scheme comes in, some landlords may say: "Give me just a guarantor."

Mr Nugent:

Yes. We are totally opposed to a deposit scheme, which will cause a problem in the housing market.

The Chairperson:

Yes, but you are already asking those vulnerable people for a guarantor.

Mr Laird:

The point is that a lot of those vulnerable people will say that they cannot get a guarantor, but can provide a deposit. At that stage, the landlord may continue with the letting and say, OK, you have a deposit.

What we are saying is that landlords may decide that there is too much red tape. The

obligations of the landlord with the tenancy deposit scheme are such that if the money is not transferred into the scheme within 10 days, they are liable to a fine of three times the amount of the deposit. For agents such as us, who look after 400 or 500 properties, the majority of which are probably not housing benefit tenants, we would have to try to get 500 deposits into the scheme within 10 days of receiving them. At the same time you are also changing locks and getting old tenants' deposits back out because they have to get their deposits back within that time frame, and the time frames are very tight.

Joe is saying that the landlord who previously would have said he would take a deposit and forgo the guarantor is now going to say that he will not bother taking a deposit because of the hoops that he has to jump through, but will be insisting on a guarantor. That is how that proposal may have an impact.

The Chairperson:

That makes a bit more sense.

Mr Craig:

I understand what you are saying, but we need some form of understanding about what exactly you mean when you recommend that there be a guarantor. Is that someone who just says: “Yes, I know that person, and they’re OK”, or is a legal obligation then put on the guarantor?

Mr Boyle:

There is a legal obligation; there is no question of that. It is not enough to say: “I know that person.” Would you hand the keys of a £200,000 house over to somebody or other and say: “Well, I know that fella.”? There is a legal obligation — *[Inaudible.]*

Mr Craig:

I accept the logic behind what you are saying, but we now have an issue that will be a huge problem. If you ask someone to be a guarantor, especially for someone who is unemployed and has lost his job through no fault of his own — and the families of a lot of those people are not

well-to-do — they will not take on a legal obligation like that. Those people are being sidelined in that private market, and that will be a difficulty. Maybe it is something to highlight for the Minister and let him look at.

The Chairperson:

Yes, that is one for the Minister.

Mr Laird:

It is actually worse than that. The guarantor is normally required to be a homeowner in full-time employment, because there is no sense in having one without means.

Mr Boyle:

The issue of a wait at the end of a tenancy will still be there. I do not know where the deposit scheme is going to operate from —possibly England. If it operates from there, paperwork between landlord and tenant will have to go back and forward, whereas you could walk round at

the end of the tenancy and agree — *[Inaudible.]* You are there at the end of it and can amicably sort it out on the day. The deposit scheme will not speed things up, and the issues of debate will always be there.

Ms Lo:

I accept many of the views that have been expressed by my colleagues. Do you not accept that, while the majority of landlords are good landlords, there is an element of rogue landlords who cannot be contacted? I will give you one example in south Belfast — in South Parade. Declan probably knows this. He is one of the good landlords. We meet regularly —

The Chairperson:

I am worried where this is going. *[Laughter.]*

Ms Lo:

We meet regularly at Partners And Community Together (PACT) meetings. Declan and another

landlord always come to those meetings and face the wrath of tenants and residents.

That house in south Belfast has been in a state of disrepair for years. There is a bath in the front garden among grass that is very high. No one, including ourselves, can find the landlord.

I am sure that you accept that the standard of the sector could be raised through all of the measures that we hope to put into the Bill, but there are a couple of points that I want to pick out. I have dealt with a number of complaints from students who have just graduated and either want to leave the area to take up jobs in other parts of the UK or are overseas students who must leave the country as their student visas have run out. Landlords are holding on to their deposits, which is causing them a great deal of grief and difficulty.

I think that Joe mentioned the point about landlords not being able to do anything about antisocial behaviour which is instigated by tenants. Landlords can do something about antisocial behaviour. They can put conditions into their contracts that if tenants behave badly then they can

be chucked out, but a lot of them still do not.

Ms Lyons:

We can do that, and most landlords do. However, the problem is that it takes a long time to go through the eviction process, and the antisocial behaviour continues. We seem to be dwelling on bad tenants, but an awful lot of tenants are good, law-abiding citizens.

Landlords fear the bureaucracy and legislation that will come in. However, it will also cost landlords more money, and, in the current economic climate, there is a fear that they will not be able to afford it. I was in a housing estate in west Belfast on Monday and I met a young man who is trying to better himself. He became a landlord a few years ago, but could not afford to buy a house in Northern Ireland and rent it out, so he bought in England instead. There are quite a few new and existing landlords who are buying and managing property in England. They may even group, and so on. That is happening, and it is not helping our situation here.

It is vital that we work together to try to solve the problem in Northern Ireland. However, I do not think that the Bill will do that. We need to find some way of getting to the bottom of it. You mentioned not being able to find the bad landlords. However, those landlords will not register, and that is one of the problems. As Joe said, that is what they are finding in Scotland.

Mr Nugent:

Just to bring the point up, Fra, that issue came up at a meeting in England with the previous Minister. How do we get a rogue landlord to register?

Mr F McCann:

We put in place strong legislation to force them to register.

Mr Nugent:

But they will avoid that, Fra.

Mr F McCann:

They are talking about £20,000 fines for landlords in the HMO sector. There are plenty of ways you can do it.

The Chairperson:

We cannot have witnesses starting to chair the meeting and calling in other people. Anna has the floor. Do you have any other questions?

Ms Lo:

No, that is fine.

Mrs M Bradley:

A lot of things have already been said. However, I want to make it clear that I do not take any pleasure in talking about good and bad landlords. However, I am very aware of bad landlords

with private buildings. Marnette, you said that some of them are in groups where they live in England, Scotland the South of Ireland or somewhere. They can never be contacted. Even when landlords give the name of an agent who is looking after the house, sometimes even the agent cannot contact the landlord, and he cannot do anything without the landlord's say-so. People who rent houses in the private sector are on a hiding to nothing.

You were talking a minute ago about getting someone to be a guarantor. That is a non-starter, because nobody will be fit to take on a private house. There are a lot of difficulties with private lets and private landlords that have to be dealt with. I do not know how the Department can deal with it, because we are confused here today, listening to what you are telling us. It will be difficult for the Department as well. A lot of work needs to be done. The private rented sector is really needed, and nobody here denies that. It is about how we work with them.

A minute ago, you mentioned that there are good tenants. Indeed, there are very many good tenants, but there are also very many good landlords. They are getting the black mark now the

same as those who are just doing it for the sake of getting money and who are not bothered once you go in there, should the ceiling fall down round you. I have seen that happen. They do not want to know. I had an incident about four months ago in the area that I represent. There was water running from a tank in the roof, and the people who were in the place were forever reporting it. They had to move out, and they were still out of the house, and the ceiling fell in two days later. The house next door was affected, and it, too, had to be repaired. It took months and months to get that done. It should not be like that at all for people; they should be able to live contented lives.

Sometimes the hands-on landlord who comes himself once a month and visits the place is the best landlord that you can have, because he sees what state his property is in and how his tenants are either abusing or enjoying it. We have to get something done about it, because we need the private rented sector.

Ms Lyons:

I agree entirely with Councillor Bradley. Every tenant has a right to decent accommodation. However, as I said before, the legislation does not solve the problem. That is our major concern. At the same time as not solving the problem, it will add extra expense for landlords, because we will have to pay for registration and one thing and another. At the moment it might be quite a low cost. We hope that it will be, entering with a soft touch. However, look at the HMO register of properties: initially, it was not very expensive, but now prices have jumped very substantially. It is important that we work together and that we get this right and get a good solution, because the present situation is not satisfactory. As I said, I do not think that this Bill will improve that.

The Chairperson:

You raised HMO registration, which I think is a good point to raise, because that is the only experience that we have to date of any sort of registration scheme. You probably agree that that experience has not been particularly satisfactory in some respects. What is your experience of that? Perhaps you can share that with us now, because it has some bearing. It is a form of registration, and there is cost and bureaucracy. I think we all agree here that it is a good thing,

and we all know the particular problems that there are. What have you got out of that as a sector?

Mr Laird:

The major aspect of the HMO registration is that it is not just about registering property. First, it is not a public register, and secondly, it is about safety. Safety was meant to be the main driver for the HMO register, with the result that it is not registering someone for registration's sake. It is not so that we can have a list of landlords; it is about bringing the individual properties up to standard. It is a register of houses; it is not a register of landlords. Safety is the driver. Once you register the property, everything else swings into line and you have a specific period within which to bring that property up to standard. If you do not, you then fall foul of various regulations, and then there are impositions and fines and so on.

The Chairperson:

Do you think that, if it were functioning entirely appropriately, it would be the focus on safety that would make it worthwhile?

Mr Laird:

The focus is on safety and on the property. The focus is not on the landlord. If you want to click onto a house, say 47 Jerusalem Street, and find out whether it is a safe house, you are able to find out that, yes, it is. It is not a matter of its being a safe landlord; the house is the issue. That is the aim of that register.

The Chairperson:

I always worry when I hear about safe houses. *[Laughter.]*

Mr Laird:

Perhaps it is an inappropriate term.

The Chairperson:

Somebody knows them, anyway. They have a register.

Mr Boyle:

On the HMO issue, the registration fees started off being reasonable but, within three years, there was a 67% hike. That is five years in advance, so it is very costly, and, as a landlord, you get nothing out of it. It is a cost that I have to pass on to the tenant coming in, who is unemployed, unwaged, in my case, or a student at university, and I will not go into the issue of fees there. My point is that it is an increasing cost, and if the house is fit for purpose, it is a good, safe property. That is the priority, then if you had an issue with any of that — *[Inaudible.]* — name of the landlord.

Mr Brady:

First, thank you for your presentation. Mr Laird, you seem to have a very altruistic view of the role of a private landlord. It seems to me that the bottom line is that it is a business to make

money. As Declan said, it is about profit. There is nothing wrong with that, because you provide a very useful service. I think that most, if not all, of us appreciate that.

You talked about housing benefit belonging to the tenants, people on benefit and that, but when legislation was introduced in Britain which meant that housing benefit would be paid directly to the tenant, we proposed in the Committee that it should be paid directly to the landlord, mainly to prevent the tenant from getting into debt because of the circumstances that that person is in. You said that there would be no problem for good landlords in being registered or regulated. As someone who worked in the voluntary sector for a long time, which is heavily monitored in terms of the funding it gets and the amount of bureaucracy, which has been mentioned several times today, it seems to me that any sector that gets approximately £90 million of public money without being regulated needs to be regulated.

My other point is about the landlord agent; there seems to be some confusion in terms of who is responsible. If an agent is acting for a landlord, who do they go to? Is it the agent, who then

passes it on to the landlord? Who becomes responsible in that respect? I would like some clarification on that.

Mr Laird:

It would be helpful if everybody was aware of who is responsible. As an agent, as opposed to being purely a landlord, I take responsibility for probably 99% of our properties. About 1% of landlords might be builders and will tell me to come to them when work needs done. In that instance, I respond to them. If they do not do it within a reasonable period of time, my obligation to the tenant is to step in and do it or decide to no longer act for that landlord.

We look after about 2,500 tenants, and we hand out all our deposits within, hopefully, two to three weeks. They come in bulk, because the tenants are mainly students. I have 15 letters of appeal from 2,500 tenants. To be fair, probably half of those appeals were right, and I wrote back to them and gave them the additional moneys. There had been a bit of confusion, or whatever. However, as Declan says, a lot of those tenants were able to get their money back within days.

That is one of the problems: if a tenant is moving from one house to another, they need that deposit from this house straight away to move to the next house. If part of the deposit is in dispute, that will push it out to three or four weeks. That is one of the reservations about it.

Mr Brady:

You made the point well that the private rented sector provides much-needed social housing. However, to put that into context, that is because of the historical failure to provide proper public housing. Our public housing body, the Housing Executive, is now a collection agency. It does not build any more. In fact, it last built in our constituency 15 years ago. That has to be put into context. We all accept that you provide a much-needed service, but regulation is still necessary because the system is unregulated, and you made the point that good landlords will have no problem.

You quoted Housing Minister Grant Shapps. Yes, he talked about good landlords and bad landlords. However, it must be pointed out that, in Britain, local authorities have a lot more

legislative power that they have here. The councils here do not really have the legislative power.

That will possibly happen eventually under RPA. I am surrounded by councillors, and I am probably the only member who is not a councillor.

Mr McCallister:

I am not.

Mr Brady:

That is because you have all stood down, but that is another story.

Mr Boyle:

I still do not have a problem with being registered. My issue is with a public register. That is not the same thing. I do not object to the Housing Executive or councils having my information.

Mr Brady:

Is that because of the security aspect?

Mr Boyle:

Yes.

Mr Brady:

You have made that point.

Mr Boyle:

I do not have an issue with that. It is the public register that I am arguing about. The Housing Executive, the councils, the rates office and other agencies all have that information. There is no problem with that, and we promote that.

Mr Brady:

If I were devil's advocate, I would make the point that a really good landlord would not have to worry.

Mr Boyle:

I accept that point, but my issue is not with the register. My issue is with the public register. Most landlords are exactly the same; they do not have an issue with receiving a phone call from the council requesting them to meet to discuss an issue. The vast majority of landlords are absolutely fine and do not have an issue with that. It is the public —

The Chairperson:

At this stage, it is important to point out that the Bill only creates the power to create a register. The detail of that register is yet to be decided, and that is why today's discussion is very useful. We can get your perspective on what would make a good or bad register, and we can feed that back into that process at a later stage. The discussion is helpful.

Ms Lyons:

One of our major concerns is that there could be leaks of information from a register, and, given the criminal element in society, that worries us. Landlords were attacked by the criminal sector not so long ago, and we worry that somebody could look at the register or get into it, particularly if it was leaked, and find out where you have properties and how many you have. If you are collecting rents and things, you can easily become a target. We are beginning to fear that criminal element more, given the economic situation. That is a genuine problem of security. Again, many landlords worry about the cost of providing it, because it has been made quite clear that landlords will pay for such a register.

Mr F McCann:

We have had a lot of toing and froing. I have no doubt that the four of you provide quality accommodation for your tenants, although I do not recognise a lot of the stuff that you were saying from the area that I represent. I have listened to Anna, and I have listened to others. However, you have to admit that there is a sizeable rump in the private rented sector who do not

treat their tenants well and do not provide the type of accommodation that is required. How do we deal with that?

Ms Lyons:

That concerns us a lot, because it ruins the reputation of the private sector. We need a bit more time to work together on that. We are not going to come up a solution, and I do not think that you are, but we will work together on it, and I would appreciate having time to do that. We have the same objective, if we go back to the Minister's original objective as opposed to the way it has been changed.

Mr Boyle:

One fundamental thing it that there must be a tenancy agreement in place for the tenants.

Mr Laird:

By law.

Mr Boyle:

They can bring it to you and say that there house is in a poor state, and show the agreement between them and the landlord, whoever the landlord is. We can move from there. However, tenants can sometimes be their own worst enemies, and it may be through a lack of education in that field. Some young people are not au fait with that, and I totally appreciate that. Sometimes they are taken advantage of. I totally appreciate that as well.

I accept what you are saying, but I am simply saying that if there is a case, the first port of call is the tenancy agreement, which must be in place. We can look at that and see whether it is an agent or a landlord. We can meet at the property, go around it and see what the issues are. That should not take a terrible long time, and should be able to be done. If there is no tenancy agreement in place at the start, then we are all over the place.

Mr F McCann:

How do you deal with landlords who do not abide by a tenancy agreement?

Mr Laird:

Fra, would it be fair to say that what we really need is a register of bad landlords? We do not need a register of good landlords, because they are not the problem. We spoke about landlords in the private sector being aware of tenants who continually go down the antisocial behaviour route, and said that we want a register of bad tenants so we do not put them into an area. We do not need a register of good tenants. The bad landlords are the problem. However, if we are to make the 99% jump through the hoop so that we can try to penalise the 1% who are bad, is there no way that we can focus our attention on the bad landlords?

Mr Nugent:

Julie Rugg did a huge report on the private rented sector and the way forward in England. She suggested selective licensing to address the problem of an area with a lot of bad landlords and

rundown properties. That is a worst first scenario, and we support that.

Mr Boyle:

That could be done on a street-by-street basis, similar to the HMO legislation. If a particular street is not great, and nobody is acknowledging you, then that could be an avenue for you. It would not be a broad, blanket approach to a whole area, but it could be done selectively and would pick up an area.

The Chairperson:

Thank you everyone; that was very useful. We appreciate that the Bill has the potential to have a huge effect on private landlords, particularly if we are to create a list for registering landlords. If that passes, it is important for us to know what would constitute a workable and good list. There is absolutely no detail about that at this stage, but it was useful to tease out what you thought might be good, positive and helpful, and what could be damaging to the sector. Thank you very

much for your time, and I appreciate your coming along to give evidence.

Ms Lyons:

Thank you very much for giving us the opportunity to meet you again.