

<b>ADULTS AND COMMUNITIES SCRUTINY COMMITTEE</b>	<b>AGENDA ITEM No.7</b>
<b>12 March 2019</b>	<b>PUBLIC REPORT</b>

Report of:	Adrian Chapman, Service Director - Communities and Safety	
Cabinet Member(s) responsible:	Cllr Irene Walsh, Cabinet Member for Communities	
Contact Officer(s):	Jo Bezant - Manager Housing Enforcement and Selective Licensing	Tel. 863785

**SELECTIVE LICENSING INTERIM REVIEW AND OUTCOMES**

<b>RECOMMENDATIONS</b>	
<b>FROM:</b> Assistant Director for Public Protection - Rob Hill	<b>Deadline date:</b> n/a
<p>It is recommended that the Adults and Communities Scrutiny Committee review and comment on the progress of the Peterborough selective licensing scheme, and note and comment on the next steps regarding the future of the scheme.</p>	

**1. ORIGIN OF REPORT**

1.1 This report is submitted at the request of the Adults and Communities Scrutiny Committee.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to provide the committee with an update on the progress and current position of the selective licensing scheme currently in force within certain areas of Peterborough.

2.2 This report is for the Adults and Communities Scrutiny Committee to consider under its Terms of Reference Part 3, Section 4 - Overview and Scrutiny Functions, paragraph No. 2.1 Functions determined by Council:

3. Housing need (including homelessness, housing options and selective licensing);

2.3 This report links to the following corporate priorities:

- Keeping our communities safe, cohesive and health
- Safeguarding children and vulnerable adults
- Achieve the best health and wellbeing for the city

**3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	N/A
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**4. BACKGROUND AND KEY ISSUES**

- 4.1 The current selective licensing scheme has been in operation for just over two years, since 1 December 2016, and runs until 31 October 2021. The scheme includes all privately rented properties in parts, or all, of the following wards of Peterborough: Central, North, East, Park, Fletton, Bretton North, Stanground Central, Walton and Orton Longueville.
- 4.2 At the time the scheme came into force it was estimated that 6205 properties would be required to have a licence. The council offered a discounted fee to landlords who were either accredited members of a nationally recognised landlord association, or whose properties were managed by an accredited agent, and who applied for their licence prior to the scheme start date on 1 December 2016.

By 1 December 2016 the council had received 5989 applications for licences showing that the consultation and publicity campaign was successful and initial compliance was high.

The total number of applications received by February 2019 is 7951 and the current position of those applications is as follows:

Licences granted	6363
Applications rejected	655
Licences revoked	9
Applications withdrawn	344
Applications pending	580

Currently there are in the region of 600 properties under investigation for being unlicensed.

- 4.3 As part of the process landlords were required to submit a copy of the current gas safe certificate with their application. In November 2016 we received 5225 applications. Of those applications 938 had gas safe certificates dated November 2016 showing that 18% of properties did not have a valid gas safe certificate prior to this time.

It is a condition of licence that an annual gas safe certificate is submitted to the council on application and each year thereafter. All 6363 properties for which licences have been issued now have current gas safe certificates which are annually renewed.

- 4.4 The housing team have so far carried out 6907 initial property inspections, these are to determine if there are any serious risks that need to be dealt with urgently. The visits are also used to advise owners of any defects found that they need to attend to and to risk assess when a full inspection should be carried out within the lifetime of the scheme, the aim being to tackle the worst first. Of the 6907 inspections undertaken, 4280 (62%) had a score of 0 meaning the property was in good condition with no category one or high category two hazards that would warrant the council's intervention, all documentation was present and correct and the properties were well managed. The remaining 2627 (38%) required repairs and a full inspection to be carried out by a housing enforcement officer during the term of the scheme.
- 4.5 Full inspections under the HHSRS (Housing Health and Safety Rating System) have been ongoing with 321 having been completed so far. Officers have seen a significant improvement in compliance from landlords and agents since Selective Licensing was introduced thus reducing the number of enforcement actions that have been necessary. Only 139 notices have been served as a result of the housing inspections.
- 4.6 Since the introduction of Selective Licensing there has also been a drop in complaints received from tenants about their housing conditions as can be seen in the table below

2014	970
2015	995
2016	1016
2017	651
2018	635

(nb these are whole city figures not just SL areas)

- 4.7 Ten cases have been brought before the courts for not licensing, all have been found guilty and fined. The fines have been lower than we would have expected. However since the Government introduced civil penalties they will, in the vast majority of cases, be issued instead of prosecutions. To date 3 civil penalties have been issued. Civil penalties are designed to remove these offences away from the court system and will allow us to set more appropriate fines.
- 4.8 One concern that was raised during the consultation before the scheme was introduced was a fear that many landlords would simply sell their property and move out of the licensing areas rather than be subject to further regulation, thus leading to a shortage of rental accommodation within the areas and an increase in homelessness which the council would have to deal with.

Whilst it is evident that homelessness has increased substantially in the past two years and the main reason given for homeless presentations to the council is the end of a private rental tenancy as a result of a S.21 notice being served, there were a number of different factors which landlords reported as the reason for seeking possession. The most common of these was the introduction of Universal Credit, the freezing of Local Housing Allowance rates and the changes to the Tax relief landlords could get on their private property which have all had an impact.

Information collected from local letting agents show that whilst they have lost a small amount of properties from their books (on average, 5%), the reasons for selling appear to be more around these broader factors rather than selective licensing.

Between February 2018 and February 2019 we received 385 applications for properties that were new to the rental market, showing that investment is still being made in the rental market within the selective licensing areas.

- 4.9 The scheme has enabled good working relationships to be built with all local letting agents. It was important to gather their views on the success and failings of the scheme from an agent point of view so a small sample survey was undertaken.

The general sentiment conveyed by all agents was a positive one in terms of seeking to address the poor/substandard living conditions in the private rented sector and this was further reinforced in the knowledge that the local authority Housing Enforcement Team were actively pursuing these poor conditions. Most agents also said that business had increased as a result although claims by one agent suggested that investors were put off by properties falling in a selective licensing area. This claim was further extended by citing that surveyor prices were lower in these areas but with no quantitative data to support this.

All agents spoke about the application form being lengthy and needing too much information and documentation.

All agents also expressed a wish for selective licenising to be extended to the other parts of the city so as to ensure a sense of fairness for all and to also raise the housing standards generally. One particular agent said they were proactive in the "selling" of the licensing concept to landlords.

- 4.10 Further interviews have recently been undertaken with some landlords, tenants, managing agents and property managers/investors with properties within the selective licensing areas to seek their views on the impact of the scheme now it is two years on:

One landlord who owns a large portfolio of property in and around the selective licensing areas said that something needed to change to raise the profile of the private rented sector in Peterborough and sees selective licensing as the opportunity to address the multitude of problems already well documented, such as poor living conditions and ASB. This landlord is well known to the selective licensing team and from the outset he approached the team with a proposal to work with council officers on a sample of his portfolio which he felt had been partially neglected over time and might now fall short of the standards prescribed by the council. This example shows that landlords who had been happily drifting along with substandard accommodation were now keen to engage and make improvements to their properties without waiting for the council to tell them to do it. This now happens more often than not.

He went on to say that the introduction of the scheme provided the ideal platform from which to raise the standards and felt that landlords and agents should embrace the scheme and endeavour to work with the council towards tackling the problem areas that persist. He also went on to say that those landlords who were not receptive to the introduction of such a scheme should “think long and hard about their future business ventures”.

Another landlord with a number of properties commended the council on its selective licensing scheme. He said that senior staff as well as housing officers have all gone out of their way to act responsibly, striking a fine balance between their strict legal responsibilities and simultaneously supporting diligent landlords through effective and purposeful engagement, and that the council should be congratulated warmly for its administration of the project. He says that there is indeed “palpable” evidence of “significant” improvements in standards in Peterborough generally, and particularly in the Lincoln Road area.

One letting agent with a long standing business in the central area said “that the Licensing has been a success as it has brought a minimum standard forward for all rented properties. I have seen visual improvements already just near to where I work. Good quality homes will accommodate good tenants creating good neighbourhoods. If Licensing remains it will continue to improve but we still have a long road ahead. Working together will be the only way forward”.

He also had concerns and said, “The fee of £600 does cause financial implications, on top of the maintenance and new Tax laws, I’m afraid we won’t be able to survive. A discounted fee to remain accredited for the first 3 months of renewal would be good as it will show the council is not out to penalise Landlords but only interest is better homes and basic rights for every Tenant”.

A female tenant whose house was repaired following the selective licensing property inspection fed back that prior to the launch of the scheme she was unaware that she was able to report any disrepair matters to the council. She felt that the scheme gave her some reassurances that her living conditions and any other housing related matters would be addressed without having to suffer the frustrations of having to deal with the managing agent and the amount of time it takes for matters to be resolved. The tenant thought that selective licensing should be introduced across the entire private rented sector as this would ensure that tenants would not continue to suffer poor living conditions or the fear of retaliatory action from their landlord or agent.

Brian Gascoyne, Chairman of MANERP (Millfield and New England Regeneration Partnership) has been lobbying for Selective Licensing for many years prior to the introduction of the scheme which he says has made a huge difference to the people and communities which he aims to serve. Brian said that the success of the scheme was most evident given the fact that they (MANERP) did not receive a single tenant complaint last year regarding living conditions.

He wanted it to be shown on record that this was solely down to the hard work of the Selective Licensing Team at the council.

Brian maintains that he felt another five-year scheme would be necessary so as to ensure that the standards are maintained as otherwise he believes that the private rented sector would revert back to the previous bad practices and inactions.

#### 4.11 Next Steps

The current selective licensing scheme will come to an end on 31 October 2021. The Government are currently undertaking a review of selective licensing and the outcome of this review is due later this year. Depending on the outcome of that review it would be our intention to investigate the need for a further licensing scheme to start at the end of this one. That would involve extensive data research and would take a fresh look across the whole city to identify areas that would benefit from a scheme being in place.

### 5. CONSULTATION

5.1 The Council took great care in deciding which areas should be included in this scheme. It used a range of independently produced information to assess the evidence creating a 'selective licensing index' (SLI). The SLI was developed to provide an objective geographical appraisal of those areas across the city which may benefit from the implementation of a scheme.

The SLI amalgamated crime, socio-demographic, deprivation and other housing related data to produce a tool used to assess each of the six criteria upon which a selective licensing scheme can legally be based. The concept of the SLI originated from the vulnerable localities index which was developed by the Jill Dando Institute of Crime Science.

The SLI index uses the lower super output geographies, and we only introduced selective licensing in the areas of Peterborough that met either five or all six of the criteria set out by government for introduction of a scheme.

To prepare for a further scheme, an updated piece of research will need to be undertaken followed by a ten week public consultation (depending on the outcome of the Government's current review).

5.2 Additionally it would be beneficial to undertake an interim consultation to establish the success and failures of the current scheme after it has been in operation for about three and a half years, at which time the scheme will be fully embedded. The consultation should seek the views of landlord, letting agents and residents and should take the form of a questionnaire. The views of those consulted could be compared with the original consultation questionnaire and used to make changes and improvements to any future scheme.

### 6. ANTICIPATED OUTCOMES OR IMPACT

6.1 It is recommended that the Adults and Communities Scrutiny Committee review and comment on the progress of the Peterborough selective licensing scheme, and note and comment on the next steps regarding the future of the scheme.

### 7. REASON FOR THE RECOMMENDATION

7.1 Member's comments around the effectiveness / success of the scheme are invited to inform next steps, and views are sought regarding the research to ascertain if another scheme should follow the end of this current one, as well as to consider if a new scheme would be beneficial in other areas of the city beyond 2021.

### 8. ALTERNATIVE OPTIONS CONSIDERED

8.1 n/a

## **9. IMPLICATIONS**

### **9.1 Financial Implications**

Gross Budget £537,219, Income Budget -(£702,723, Net Budget -£(165,504) for 2018/19, this relates to income that has been rolled forward and also for income to be rolled forward for the life of the scheme. If a new scheme is to be implemented they would need to be a consultation period to take place which could not be covered by the existing or new scheme income. For the present scheme there was a cost in the region of £50k.

### **9.2 Legal Implications**

The Housing Act 2004 gives councils the power to require residential landlords to obtain a licence in order to let property to tenants within a designated area. Its aim is to improve the quality of life for all in the area by ensuring a consistent high standard of management of private rented homes which thus make a positive contribution to the area.

### **9.3 Equalities Implications**

n/a

### **9.4 Rural Implications**

n/a

## **10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 None

## **11. APPENDICES**

11.1 n/a