



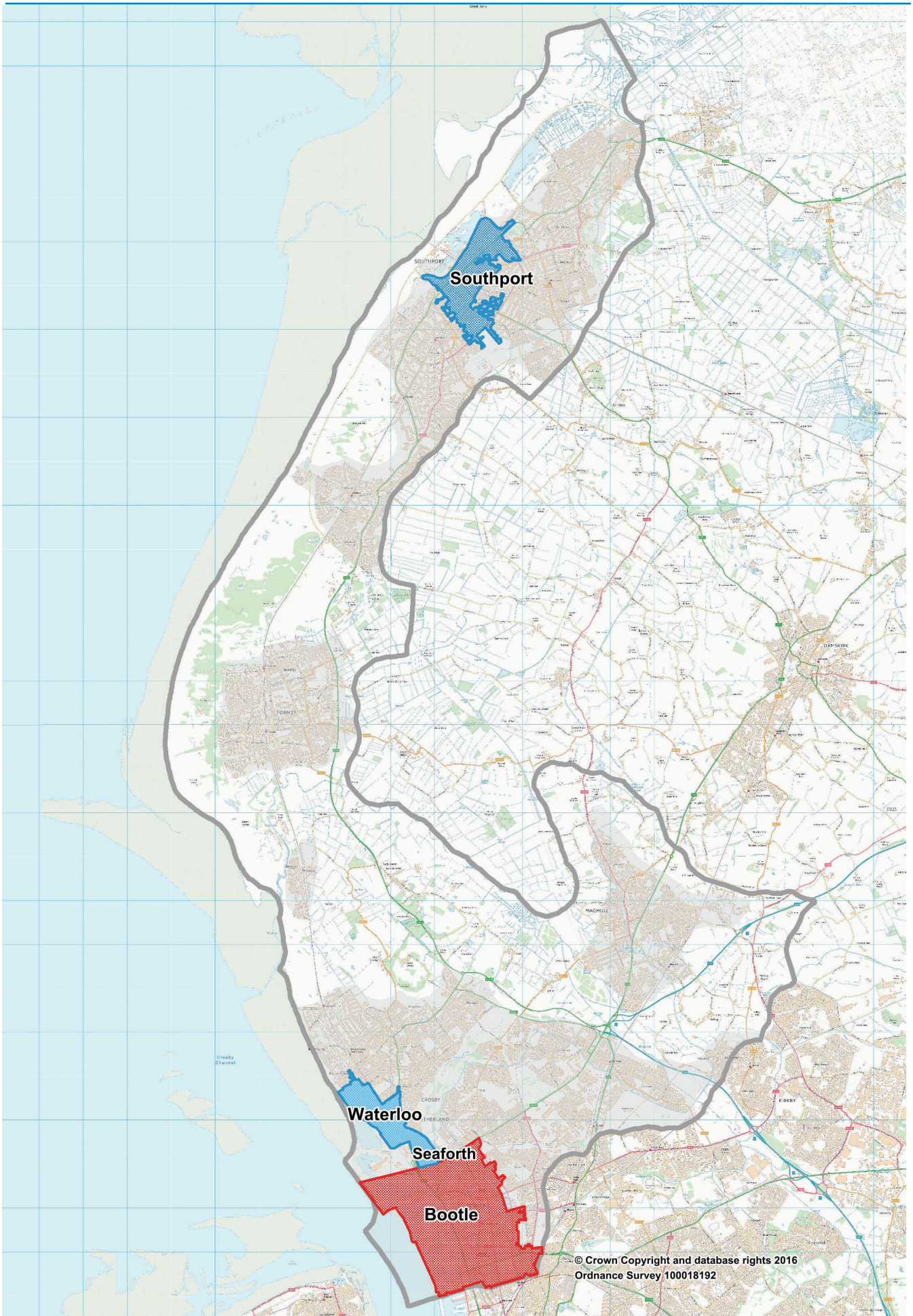
# Selective & Additional (HMO) Licensing Proposal for Sefton



## Consultation Document

1 April to 24 June 2017





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## Introduction

Sefton has a largely self-contained housing market; however, there is a north-south divide with a higher proportion of owner occupiers outside of Bootle and Netherton. Whilst there is a mix of house types and tenures across Sefton, there is less choice in south Sefton where there are more terraced houses, and more homes owned by housing associations or private landlords.

The 2014 Sefton Strategic [Health] Needs Assessment emphasises that the quality of people's living environment has a profound effect on their health and wellbeing. The SSNA recognises housing decency (housing quality) and affordability as one of the ten key wider determinants of health in Sefton. It considers tackling problems of poor housing and provision of quality affordable housing to protect the health, safety and welfare of the occupants as a key public health and corporate priority.

Bootle, located in the South of the borough suffers from a wide range of problems that arose out of many years of socio-economic change. As one of the most deprived areas in England, Bootle suffers from high levels of crime and anti-social behaviour and poor housing conditions.

Central Southport and parts of Waterloo, Brighton-le-Sands/Seaforth also suffer similar problems, a situation that is not uncommon in other coastal communities. Long term changes in the tourism industry and the recent economic down turn has had a detrimental impact and decline on Southport as a traditional seaside resort. Visitor numbers have declined, leading to an adverse effect on local businesses. Many guest house and small hotel property owners had to sell up or diversify that has led to many buildings being converted into flats or Houses of Multiple Occupancy (HMOs), particularly bedsits,

to maximise rental income. As a result more hotels and guesthouse businesses closed and, more private landlords moved in.

Changing conditions have also created a demand and need for privately rented HMO's, particularly in areas such as Waterloo, Brighton-le-Sands/Seaforth and Southport, where there is a lack of social housing. The economic downturn, welfare reform, seasonal work, international migration have all helped create a larger cohort of people who have come to rely on private rented sector flats and bedsits. Some of these areas are now characterised by high levels of unemployment, benefit dependency, crime and anti-social behaviour, and health inequalities.

While individual private landlords cannot be held responsible for these wider changes, a significant number are contributing to the deprivation and poor health outcomes by providing poorly managed and unsafe homes. It is clear that something has to be done to improve the housing conditions for our residents in the private rented sector, and this document provides information on the proposals being considered by the Council.

## Why is Sefton Council considering licensing?

Sefton's private rented sector (PRS) has increased by 64% between 2001 and 2011. This shows a significant and continuing growth. Owner occupation has fallen over the same period. In 6 wards located in Southport (4), Waterloo/Seaforth (1) and Bootle (1) the PRS is higher than the national average [2011 census]. What's more, the nature of the sector is changing with, for the first time in living memory, families constituting the most common household type renting privately.

A well-managed PRS plays an important role in meeting the Borough's housing needs. However, the short-term nature of tenancies brings challenges, especially when those properties are not well managed. Increased anti-social behaviour and poor property condition are a growing concern. The 2013 Sefton house condition survey found that 24% of privately rented property failed to meet the decent homes standard, compared to 16% of all private housing in the borough. This is largely due to the fact that the PRS is generally unregulated.

Sefton Council is proposing to introduce both Selective and Additional (HMO) Licensing schemes for privately rented properties across selected areas of the Borough. A designation can be in place for up to 5 years.

The Council has considered data from a wide range of sources before coming to this decision. We believe that introducing Selective licensing and Additional (HMO) licensing in targeted parts of the borough will:

- Ensure that properties are managed properly
- Improve communities across the designated areas

- Reduce complaints of noise, rubbish, housing disrepair and other anti-social behaviour related to PRS
- Ensure that the licence holder and property manager are suitable
- Ensure that the standards of accommodation provide a safe and healthy environment (such as having adequate fire, gas and electrical safety, suitable room sizes and adequate kitchens/ bathrooms for the number of tenants)
- Identify and deal with rogue landlords.

## What are the benefits of licensing?

The aim of the schemes is to lead to an improvement of management and property conditions across the designated areas and members of Sefton's Housing Standards Team will be available to offer advice and support to both landlord and tenant. Licensing of privately rented properties, albeit often unpopular, can provide benefits to tenants, landlords and the wider community.

### What are the benefits of licensing for landlords?

- Increase of property value
- Responsible landlords will receive information and support to help tackle ASB
- Poor performing landlords will receive support/training to help them improve
- Shorter void periods
- Landlords who have voluntarily engaged with a recognised accreditation scheme can benefit from a reduced licensing fee
- Greater ability for the landlord and authority to deal with rogue tenants
- Improvement in the reputation of private landlords

### What are the benefits of licensing for tenants?

- More professional landlords providing good quality homes
- Likelihood of improvements to their properties
- Have a clear set of rules that all landlords must follow
- Reduce the risk of homelessness
- Ensure private landlords are managing and maintaining their properties
- Minimum standards for rented housing are met

### What are the benefits of licensing for the community?

- Better housing
- Increased housing demand
- Reduce crime and anti-social behaviour
- Image of the area is improved and more desirable to live in
- Improved security and more settled communities
- Reduced number of empty properties
- Reduced environmental problems, such as graffiti, litter and fly-tipping
- Landlords will have to give and ask for references for their tenants
- Protect vulnerable people who may currently live in poor condition properties.

### How licensing fits with Sefton Council's strategies

Licensing alone cannot guarantee improvements in the targeted areas. The Council and its partners recognise that a holistic and joined-up response can achieve beneficial outcomes for the community.

Housing should provide a living environment that is as safe and healthy. Whilst great improvements have been made in recent years through the Decent Homes programme and Housing Market Renewal, too much of the borough's existing stock is not fit for purpose, and risks becoming unsustainable. The Local Plan and Housing Strategy interventions will help to play a full role in raising the quality of housing.

#### Sefton's Housing Strategy

A key priority of Sefton Council's Housing Strategy (2016-21) is to improve the quality of existing housing stock to benefit households, neighbourhoods and communities.

#### Property Accreditation

Sefton has operated a Property Accreditation Scheme since 2013. This is a voluntary scheme whereby landlords sign up to a code of standards which sets minimum standards for both property condition and management practice. Sefton has accredited 942 housing units (October 2016). This represents less than 1% of the private rented stock in the Borough. With only 63 landlords, this demonstrates that poor landlords are unlikely to engage.

#### Empty Homes Strategy

Sefton Council is fully committed to tackling empty homes. Much of the Council's intervention and effort is focussed on Bootle and Southport, which contain the highest concentrations of empty homes.

## Homelessness Strategy

New powers arising from the Localism Act 2011 mean that local authorities are now able to discharge their homelessness duties by making a suitable private rented sector offer of housing. The Homelessness Strategy highlights the need to work more closely with the private rented sector.

The PRS currently presents real challenges for homeless people regarding access, affordability, standards and security. Licensing will help reduce these challenges, and help provide a better quality home.

## Meeting housing needs

With welfare reform changes, more people will only be able to afford single room housing such as that usually found in the PRS and HMOs. In the social housing sector there is a shortage of one bedroom/bedsit accommodation so many young, single households will become reliant on the PRS and HMOs.

There is established evidence that many vulnerable households live in HMOs. One of the Council's priorities has been to try to protect the most vulnerable.

## Anti-social Behaviour (ASB)

It is essential that private landlords take their responsibilities seriously and work with local agencies to ensure that communities do not suffer from persistent anti-social behaviour from their tenants. The effects of ASB can have a negative impact on the places that we live in or visit.

Other programmes aimed at improving the health and well-being of our communities are the Well North Programme in Bootle and CLAHRC in Southport. More details on these can be found in our business case.

## Alternatives to licensing

The Council has considered whether there are any courses of action, other than Licensing, that might achieve the same objectives in the proposed areas. After careful consideration, the Council has come to the conclusion that designating Selective/Additional (HMO) Licensing areas is the most appropriate course of action in the circumstances, and that it will significantly assist it in achieving its objectives.

Other enforcement tools include the use of Special Interim Management Orders, whereby the Council takes over the management of a property. However due to the significant numbers of problematic properties and limitation of resources this option is not a feasible alternative.

Property Accreditation is also fully supported by the Council and has its place in promoting good property management. The Council will offer licence fee discounts for members of Sefton's Property Accreditation Scheme such as is currently offered for Mandatory HMO licensing. However, any reliance on voluntary accreditation, as an alternative to Licensing, is not considered to be a viable option in respect of the proposed areas.

Sefton currently has a reactive enforcement approach in relation to privately rented properties, dealing with cases as they present themselves. A more proactive approach could be taken to target the worst landlords. To practically do this would involve the need to increase the resourcing allocated to the Housing Standards Team. This is a more traditional enforcement approach and less of an enabling one than licensing would bring.

## Licensing Schemes being considered

The Council is therefore proposing to introduce 'Selective' and 'Additional (HMO)' licensing schemes for privately rented properties across selected areas of the Borough.

## Introduce 'Selective Licensing' in the Bootle area

A Selective Licensing designation may be made if the area to which it relates satisfies one or more of the following conditions. The area is one experiencing:

- low housing demand (or is likely to become such an area)
- a significant and persistent problem caused by anti-social behaviour
- poor property conditions
- high levels of migration
- high level of deprivation
- high levels of crime

The Council is satisfied that Bootle meets four of the six legal tests set out in the Housing Act 2004. The designation in Bootle is proposed on the basis of anti-social behaviour, housing conditions, deprivation, and crime. The Council considered data from a wide range of sources before coming to this conclusion. Appendix 1 provides a map and street names of those area affected by the proposed designation.

### Deprivation in Bootle:

- Is in the top 1-5% of the most deprived areas across the country
- Suffers high levels of unemployment, low level educational achievement with low skill and low paid occupations

- Highest rate of lone parents across the Borough
- Average household incomes are the lowest in the borough
- Over a third of people aged 16 and over in Bootle have no qualifications, (quarter for the whole borough).

Selective Licensing would help identify landlords and provide for a better relationship between the Council and landlords to work together and help struggling households. By helping struggling tenants of private landlords there could be benefits for landlords too. If more households can be helped out of poverty, the prosperity of the area generally will improve making it a more attractive area to live, which should improve the demand for housing in this area.

### Property Conditions in Bootle:

- Housing stock consists of largely Victorian terraced properties (52%)
- 83% of properties are within Council Tax Band 'A' (83%) (31% for Sefton)
- High rate of housing disrepair complaints, with enforcement action taken
- Levels of non-decent homes of circa 26% (average of 16% for private housing in Sefton)
- The highest levels of fuel poverty are found in Bootle.
- Contains the highest rate of PRS properties across the Borough (26%)

Selective Licensing would provide additional powers to help the Council inspect and tackle poorly managed privately rented property. Improved management standards in this sector should contribute to an overall improvement in living conditions in the area, ultimately leading to a better quality of life for its residents.



### Crime and Anti-social behaviour in Bootle:

- Significant problem with crime and anti-social behaviour with all areas of Bootle being above Sefton's average
- Linacre ward is the worst affected area with 137 crimes per 1,000 population (average of 54.6 crimes per 1,000 across Sefton).

Overall, Selective Licensing aims to improve housing conditions including the security of homes, as well as their management and occupation, and positively contribute to the community they are in. It will help to protect the safety and welfare of tenants, provide confidence in the rented sector, and set clear standards. It will also provide an environment that is less attractive for poor and criminal landlords and give the authority and landlords more powers in dealing with those tenants that chose to cause anti-social behaviour. Therefore, having reviewed all data on the proposed area, Sefton Council is of the opinion that the legal test for designating an area for Selective Licensing has been met.

### Introduce 'Additional Licensing' in parts of Waterloo, Brighton-le-Sands / Seaforth and Southport

Having more than one household living in a property can increase the risk to the health, safety and welfare of the occupiers if the property is not properly managed. A number of landlords do not maintain their properties, leaving tenants at risk, and failing to adequately manage their properties leading to anti-social behaviour affecting neighbouring premises. An Additional Licensing (of HMO properties) designation may be made if a Council considers that a significant proportion of HMOs of a defined description, in a designated area are being managed insufficiently enough to give rise to one or more particular

problems either for those occupying the property or members of the public.

The central Southport and part of the Waterloo, Brighton-le-Sands/Seaforth area are proposed for 'Additional (HMO)' licensing.

Evidence of poor management practices can be identified through issues that arise within the property such as poor conditions or within the local community including anti-social behaviour and crime. Between 2012-2016, 267 service requests were received from HMO properties, of which 251 complaints were from unlicensed HMOs. 186 of these were within the proposed Additional (HMO) Licensing areas.

Parts of Waterloo, Brighton-le-Sands/Seaforth and central Southport are within the 10% most deprived areas nationally. Both areas also have high levels of flats/maisonettes within the PRS and have a high numbers of larger style properties that in recent years have been converted, to either bedsits or self-contained flats. Evidence also shows that there has been an increase in cases of overcrowding in the proposed areas. The highest level of empty properties (over 24 months) are located in central Southport.

The highest rates of non-decent homes (26%) are recorded within areas of Southport [Stock Condition Survey 2014] and along with a higher number of service requests received by the Council regarding property conditions within Southport and Waterloo/Seaforth being over three times greater than the Sefton average (66 service requests per 1000 households compared to 21.7 service requests per 1000 households across Sefton). This highlights both areas as having poorer housing conditions, therefore, poor management practice.

Overall, Additional (HMO) Licensing can provide additional powers to help the Council tackle poorly managed privately rented property.

Improved management standards should result in overall improvement in living conditions, ultimately leading to a better quality of life for residents. It will help the areas to be more conducive to good landlords but provide an environment that is less opportunistic and attractive for poor and rogue landlords. It will also give the authority and landlords more powers in dealing with those tenants that choose to cause anti-social behaviour.

Therefore, having reviewed the data across the proposed areas, Sefton Council is of the opinion that the legal test for designating an area for Additional (HMO) Licensing has been met.

## How will the schemes be delivered?

The Council is committed to ensuring that the Selective and Additional (HMO) Licensing schemes contribute to improvements in housing conditions across the private rented sector. The Council intends to inspect all licensable properties over the period of the licence. Some properties under the Additional (HMO) scheme may receive an initial visit to determine its HMO status, therefore, whether a licence is required or not. The Council will provide advice and support to landlords to help to bring property conditions up to the required standards along with ensuring that the landlord's statutory responsibilities are also met.

The administration of the application process, including inspections and providing general advice and support to landlords will be undertaken by Officers funded by licence fee income. Specialist support services will also be funded and provided to help landlords to deal with anti-social behaviour.

## Enforcement of licensing

Additional (HMO) and Selective Licensing operates in the same way as mandatory (HMO) licensing and has the same legal status and penalties for non-compliance. Landlords will need to abide by a set of conditions as part of their licence. Draft licence conditions have been drawn up (see Appendix 2 (Selective) and Appendix 4 (Additional (HMO))).

The Housing Standards Team will carry out a programme of pro-active inspections of properties. A firm approach will be taken on landlords where unlicensed properties or breaches of conditions are found. Landlords in these circumstances are likely to be prosecuted.

## Monitoring the schemes

It is important that progress of the licensing schemes be monitored in line with its respective objectives. This will most likely be done through collecting data on crime and ASB, together with information directly relating to property condition, on a regular basis (at least annually). Sefton will agree a monitoring framework in consultation with local stakeholders. It will also be important to measure any possible effects of displacement into neighbouring areas.

## Licence application and fees

### Application

It is the Council's intention to make the application process for landlords as streamlined as possible. Online applications and payment will be the preferred method, keeping processing costs at a minimum. The application process includes determining if the landlord or proposed licence holder is a 'fit and proper' person. This requires the declaration of any unspent convictions, unlawful discrimination and prosecutions under housing, public health, environmental health or landlord and tenant law. The Licensing Team will make checks into a person's 'fit and proper' status.

## Fees

In setting licence fees, the Council must ensure it does not exceed the costs of processing an application, monitoring compliance and enforcing the scheme. The fee structure is also required to be reasonable and proportionate.

A licence would normally be granted for a period of five years and no further fees would be payable during the life of the licence. However, licences are non-transferrable, therefore a change of licence holder will require a new application and fee payment. A review of fees will be undertaken annually and they will be adjusted to reflect changes in costs.

| Selective Licensing  | £   | Annual Equiv. £ | Weekly Equiv. £ |
|----------------------|-----|-----------------|-----------------|
| Full Fee             | 695 | 139             | 2.67            |
| Accreditation        | 545 | 109             | 2.10            |
| Early Bird           | 620 | 124             | 2.38            |
| <b>In addition :</b> |     |                 |                 |
| 7-12 units           | 150 |                 |                 |
| 13-20 units          | 250 |                 |                 |
| 21+ units            | 350 |                 |                 |

Additional (HMO) Licensing fees for HMOs are proposed to be similar to those charged for mandatory HMO licences under Part 2 of the Housing Act 2004.

| Additional (HMO) Licensing | £   | Annual Equiv. | Weekly Equiv. |
|----------------------------|-----|---------------|---------------|
| Full Fee                   | 850 | 170           | 3.27          |
| Accreditation              | 700 | 140           | 2.69          |
| Early Bird                 | 800 | 160           | 3.08          |
| <b>In addition :</b>       |     |               |               |
| 7-12 units                 | 150 |               |               |
| 13-20 units                | 250 |               |               |
| 21+ units                  | 350 |               |               |

## Incentives

A reduced fee will be given to ‘accredited’ landlords. This is a landlord who is either accredited with the Sefton Property Accreditation Scheme or accredited with a national landlord body such as the National Landlords Association (NLA) or Residential Landlords Association (RLA). This reduction will be available for 3 months before and 3 months after the commencement of the scheme only, (also 3 months for newly purchased properties).

‘Early Bird’ incentive is for those applications made during the first 3 months of the scheme for each property.

## Refund policy

Refunds will be given if an application was made by mistake. Situations where this may happen could be when a property is outside the designated area, a duplicate application has been made or an application was made for an exempted property.

## How the fees have been calculated

The introduction of any housing licensing scheme would need to operate on a cost neutral basis to the Council. Sefton has calculated its fees, on the basis of the anticipated running costs of its housing licensing schemes.

The licence fee covers a five-year period. The licence fee is to pay for staff to administer and enforce the scheme, with additional support by part funding legal support services and the anti-social behaviour support service for landlords, along with associated resources and communication costs. This amounts to an overall cost of £2,076,377.

An estimate of the projected costs of administering the schemes together with the corresponding fee income is shown in the following table. The income has been based on

an assumed number of licensable properties being 3,000, an estimated percentage rate has also been applied to take account of applied incentives for accreditation and early bird. The projected income has been calculated at £1,944,300. There will be a shortfall expected of £72,077, however, trends indicate that the PRS sector will continue to increase over the term of the designation and due to our figures being taken from the 2011 Census we expect slightly higher numbers of licensable properties than used in this calculation. We have, therefore, built in a margin for error and we expect to meet this shortfall within the fee structure.

**Estimated total for 5 years**

| Expenditure            | Costs (£) |
|------------------------|-----------|
| Staffing costs         | 1,923,997 |
| Legal                  | 60,000    |
| Support & Resources    | 92,380    |
| Total                  | 2,076,377 |
| Income                 |           |
| Selective & Additional | 1,944,300 |
| Overall Total          | -72,077   |

**Consultation**

The Housing Act 2004 requires that before making a designation, the Council is required to undertake a formal consultation process on the proposed implementation of any licensing designations and take reasonable steps to consult with persons likely to be affected. This includes local residents, tenants, landlords, managing agents and other members of the community who live or operate businesses or provide services within the proposed designation and neighbouring areas that may be affected.

Our engagement and consultation process will last for a period of 12 weeks, which commences in April 2017. To provide an impartial

consultation, M·E·L Research, an independent research agency are undertaking the consultation process.

**Evaluation and decision making**

Following the closure of the consultation period the responses will be evaluated and published on the Sefton Council’s website. The responses will be considered and will inform officer recommendations to Cabinet Members before making a final decision as to whether to proceed with Selective and/or Additional (HMO) Licensing.

If the Council’s Cabinet agree the proposed designations for the purpose of Selective and Additional (HMO) Licensing, we expect the Selective Licensing and Additional (HMO) Licensing designations would become operative on 1 January 2018, with both schemes lasting for a period of five years. If Cabinet decide not to designate the area, Sefton could continue solely with the current reactive enforcement regime, linked with the more assertive promotion of Accreditation.

These timescales may be subject to change in the event of unforeseen circumstances.

