

Subject: SELECTIVE LICENSING UPDATE REPORT

Report to: Executive Leadership Team – 4<sup>th</sup> November 2019; Housing & Neighbourhoods Committee – 14<sup>th</sup> November 2019

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#### SUBJECT MATTER/RECOMMENDATIONS

This report seeks to update the Executive Leadership Team and the Housing & Neighbourhoods Committee on the implementation and operational stages of the Selective Licensing Scheme. The Housing & Neighbourhoods Committee is recommended to:

1. Note the contents of the update report ahead of future updates.
2. Agree that Members representing the Nelson Ward and The Housing & Neighbourhoods Committee may attend a quarterly Nelson Ward Private Rented Sector Group.

## 1. BACKGROUND

- 1.1 Following a stakeholder consultation exercise during summer 2018, Full Council met on 13<sup>th</sup> September 2018 and agreed to introduce a Selective Licensing Scheme for the most challenged parts of the Nelson Ward. This commenced on 7<sup>th</sup> January 2019 and will run for five years, until 6<sup>th</sup> January 2024 – unless extended following another stakeholder consultation and designation
- 1.2 The Selective Licensing Scheme aims to tackle significant and persistent levels of Anti-Social Behaviour (ASB), crime, poor housing conditions, low housing demand, and high deprivation, related to the private rented housing sector within these areas.

## 2. INTRODUCTION

- 2.1 Applications for Selective Licences have been open since December 2018, with licences legally required from 7<sup>th</sup> January, application fee discounts ending on 7<sup>th</sup> April, and late application fees of £1,000 per currently rented property after 7<sup>th</sup> July.
- 2.2 The year 1 Selective Licence inspections are underway, with a significant number of hazards or defects found within the dwellings visited so far.

### **3. SELECTIVE LICENCE APPLICATIONS**

- 3.1 We have had a combined total of 1,365 applications for dwellings out of an estimated 1,677 properties that require Selective Licences (a very high proportion of over 81%), comprising of 1,238 applications to The Home Safe Scheme (THSS), and 127 directly to the Council. This is approximately 90% of the properties having applied to be members of and inspected by THSS.
- 3.2 There are a minority of outstanding applications which have not been completed due to not paying the application fee, a £1,000 late application fees is being levied, and the applicants are being warned of enforcement action, which we hope will ensure that the applications are completed promptly.
- 3.3 The approximately 300 unlicensed properties are continuing to be identified (through Benefits, Council Tax, reports and other data), with the properties, landlords and lettings agents notified to apply for Selective Licences, the requirement for the £1,000 late application fees, and the legal consequences of being unlicensed.
- 3.4 This application and identification work has proved beneficial in identifying properties requiring Mandatory HMO licences and/or Planning Consent. The approximate number of licensed HMOs is likely to rise from 60 to over 80, this work is being progressed.
- 3.5 Additionally, the work has uncovered letting agents and property managers who are not compliant with the legal requirement to belong to a redress scheme. In such cases the Council may serve notice of monetary penalties of up to £5,000.
- 3.6 Whilst individual properties, and occasionally small property portfolios have been sold prior to, or following the implementation of the Selective Licensing Designation, this has led to opportunities of engaged landlords investing in the private rented sector; additional owner-occupied dwellings; and additional properties owned, managed and made available to families as emergency accommodation.

### **4. INSPECTION OUTCOMES**

- 4.1 There was an initial small tranche of pilot inspections undertaken by THSS' Lead Housing Inspector, during July and August, following which the results were reviewed, and processes adjusted. The full first year inspection programme for THSS and Council inspections commenced September, and will be completed by January 2020, after which the first annual reporting will take place.
- 4.2 As of the week commencing 21<sup>st</sup> October, there had been 355 inspections. The most

common hazards or defects are summarised as follows:

- Window safety;
- Kitchen and cooker workspace;
- Carbon monoxide detectors;
- Damp and mould growth;
- Ceiling or wall plaster damage or leaks;
- Ground Floor - suitable and sufficient smoke/heat alarm provision;
- Kitchen electrical sockets unsuitable/insufficient;
- First Floor – suitable and sufficient smoke/heat alarm provision;
- Gutters blocked or damaged.

- 4.3 The nature of the above hazards or defects identified during inspections, means that the majority are likely to be 'Category 2 Hazards' under the 'Housing Health and Safety Rating System' (HHSRS). This helps demonstrate that the licence holders, landlords, and lettings agents have been making efforts to eliminate the more harmful or dangerous 'Category 1 Hazards'.
- 4.4 The aspects where Category 1 Hazards were more likely, such as gas installations, inadequate heating and insulation, or defective electrical installations, were dealt with prior to inspection, due to the requirements of Selective Licensing; this is because applicants must hold valid Gas Safe Certificates and Energy Performance Certificates for their properties to obtain and maintain a licence; also, licence holders are now obtaining Electrical Installation Condition Reports (EICR) for their properties, being made aware that this will become a licence requirement, once the Government passes the 5 yearly EICR requirement into law, as announced in 2018.
- 4.5 It should be recognised that whilst the property improvements directly help protect the health, safety and wellbeing of tenants and their neighbours, they also help ensure that tenants do not need to sue their landlords for compensation due to sub-standard or dangerous properties under the Homes (Fitness for Human Habitation) Act 2018. Equally, if landlords refuse to make repairs or improvements following inspections, then these reports could be used as evidence in legal action by tenants, in addition to the Council's own enforcement activities.
- 4.6 The outcomes of Selective Licensing are being communicated outside of the Council through the Early Help Hub, a monthly Selective Licensing Partnership Meeting, the Comeunity Board, Eastern Landlords Association meetings, and the Great Yarmouth and Gorleston Landlords Association meetings. The reception and response are generally positive from licensed landlords, and within landlord association meetings.

## **5. DEVELOPMENT OF THE SCHEME**

- 5.1 Now that the Selective Licensing Scheme is in the operational phase, THSS have appointed a Local Scheme Manager, as specified in the Council's concession and contract with them. Norwich City Council's Private Sector Housing Manager has taken on this role. Their knowledge and extensive experience with the private rented sector and Environmental Health in Norfolk should be an asset to the Council's Selective Licensing Scheme.
- 5.2 With the emerging themes and identified issues from the Selective Licensing inspections and reports or complaints, it is now possible move forward with community involvement and improvement activities similar to those THSS have been involved with in other areas.
- 5.3 Such activities in other areas have included rebuilding walls around gardens and yards to deter burglars, using donated bricks from B&Q, time and labour from a construction colleague, and facilities from a local Church.
- 5.4 In order to agree such priority activities within the Nelson Ward Selective Licensing Designation, it is proposed that Officers from Environmental Services, THSS, and landlord representatives meet on a quarterly basis. However, it could benefit if Members representing the Nelson Ward and H&N are also involved in this 'Nelson Ward Private Rented Sector Group'.

## **6. ENFORCEMENT**

- 6.1 Court summons have been served for several housing act licensing offences with respect to HMOs and Selective Licensing, with the prosecutions due to take place during the autumn or winter. For subsequent cases – depending on the severity – the Council may issue Civil Penalties of up to £30,000 per offence: unlike prosecutions, this money can be retained by the Council to invest in Selective Licensing and housing enforcement work.
- 6.2 When an individual is convicted of a criminal offence, or they have two confirmed Civil Penalties, the Government expects the Council to apply for a Banning Order on the landlord, where they must sell off their entire residential property portfolio to someone unrelated or unconnected with them.

## **7. UPDATES**

- 7.1 The first annual update will be made to the Housing and Neighbourhoods Committee during January/February 2020.
- 7.2 Additional progress updates – such as this one – will be given to ELT, H&N and

other Committees as required.

## **8. CONCLUSIONS**

- 8.1 There have been applications for a very high proportion of properties requiring Selective Licences, with the remainder being identified and encouraged to apply under threat of enforcement.
- 8.2 The Selective Licensing inspections have found significant defects and hazards throughout the private rented sector, which are being addressed by the licence holders, landlords and letting agents. These are primarily low risk issues and would not have been identified or addressed without this scheme being in place.
- 8.3 Enforcement action is due to commence with prosecutions this autumn/winter.

## **9. RECOMMENDATIONS**

- 9.1 The Housing & Neighbourhoods Committee is recommended to:
- Note the contents of the update report ahead of future updates.
  - Agree that Members representing the Nelson Ward and The Housing & Neighbourhoods Committee may attend a quarterly Nelson Ward Private Rented Sector Group.

*Areas of consideration: e.g. does this report raise any of the following issues and if so how have these been considered/mitigated against?*

Area for consideration	Comment
Monitoring Officer Consultation:	Consulted during project stage.
Section 151 Officer Consultation:	Consulted during project stage.
Existing Council Policies:	The Housing Strategy has been considered.
Financial Implications:	Yes being addressed within the existing budget management and business case for the scheme
Legal Implications (including human rights):	Legal advice during project stage.
Risk Implications:	Risk Register was maintained during project. Significant challenges have been met and closed.
Equality Issues/EQIA assessment:	No.
Crime & Disorder:	No.
Every Child Matters:	If issues found within property then referred to appropriate agency.