

# Selective Licensing - Frequently Asked Questions

## 1. What is a Selective Licensing scheme?

Under section 80 of the Housing Act 2004 a local housing authority can designate the whole or any part or parts of its area as subject to Selective Licensing. Where a Selective Licensing designation is made it applies to privately rented property in the area. Subject to certain exemptions specified in the Selective Licensing of Houses (Specified Exemptions) (England) Order 2006, all properties in the PRS which are let or occupied under a licence, are required to be licensed by the local housing authority, unless the property is a House in Multiple Occupation and is required to be licensed under Part 2 of the Act.

## 2. What properties will be affected by Selective Licensing?

All privately rented properties, within the area of Bootle will be subject to Selective Licensing from 1 March 2018.

## 3. Exemptions from Selective Licensing

The following properties/circumstances do not require a licence:

- Owners who reside in property they own as their main residence (owner-occupiers)
- Homes let to tenants of registered housing providers (housing associations)
- Those places specifically excluded from the legislation such as care homes, etc.
- Student accommodation directly managed by educational institutions, e.g. halls of residence [but not those where students have tenancies with private landlords]
- HMOs that require licensing through Sefton's Mandatory HMO licensing scheme
- Homes subject to management orders and exemption notices
- Households that act as host families for foreign students studying for a short period
- Homes with lodgers

## 4. Why is housing association property (social housing) exempt from licensing?

The law exempts social housing property from licensing. Social housing is regulated separately by the Homes and Communities Agency.

## 5. What are the benefits of licensing?

The benefits of the licensing of privately rented homes include:

- Creating a clear set of rules that all landlords must follow
- Ensuring private landlords are managing and maintaining their properties to a reasonable standard
- Encouraging those landlords who are inexperienced or live outside of the area to use reputable managing agents
- Responsible landlords will receive information and support to help tackle antisocial behaviour
- Poor performing landlords will receive support and training to help them improve
- Improving the image of the designated areas with licensing as places where people want to live
- Helping landlords to protect their investment in their property leading to an increase of property value
- Improvement in the reputation of private landlords
- Greater ability for the landlord and authority to deal with rogue tenants
- Reduced crime, ASB and other environmental problems, such as graffiti, litter and fly-tipping
- Shorter void periods
- Reduced number of empty properties

- Reduced risk of homelessness and increased length of stay
- Landlords who have voluntarily engaged with a recognised accreditation scheme can also benefit from a reduced licensing fee
- Preventing ‘rogue landlords’ from letting substandard accommodation at lower rents
- Reassuring tenants that landlords with licensed accommodation are providing housing of a decent quality that is managed to a reasonable standard

## 6. Why is Sefton Council introducing Selective Licensing?

Sefton Council has proved that there is a link between the private rented properties in the designated area of Bootle and deprivation, poor property conditions ASB and crime. Along with evidence of the poor management of a significant number of privately rented properties that has led to problems for both their tenants, local communities and other members of the public. Sefton has considered whether there are any courses of action, other than Selective Licensing, that might achieve the same objectives in the area, however, has come to the conclusion that designating a Selective Licensing area is the most appropriate course of action in the circumstances.

## 7. Where will the scheme operate?

The Selective Licensing scheme will cover a large proportion of Bootle, the list of roads and map of the area can be seen in the below documents.

Map [www.sefton.gov.uk/media/3909/bootlesl\\_map.pdf](http://www.sefton.gov.uk/media/3909/bootlesl_map.pdf)

Street List - [www.sefton.gov.uk/media/3907/sl-designation\\_final.pdf](http://www.sefton.gov.uk/media/3907/sl-designation_final.pdf)

## 8. What evidence do you have that Selective licensing will help?

Selective Licensing has proved in a number of Local Authorities to have had a substantial impact on landlord and agent behaviour and improved their engagement and relationship with them.

## 9. What standards will a landlord have to meet to get a licence?

Selective Licensing requires landlords or their agents to demonstrate they are ‘fit and proper’ and have no criminal convictions which may affect their management of the property. They must also have satisfactory management and financial arrangements, as well as having adequate procedures in place for dealing with problem tenants.

Management arrangements will include things such as making sure the property is safe to live in and issuing the tenant with a written tenancy agreement. Licence holders will also have to provide annual gas safety records and adhere to a number of conditions as part of their licence. The licence conditions can be seen at [www.sefton.gov.uk/private-housing](http://www.sefton.gov.uk/private-housing)

## 10. What does a “fit and proper person” mean?

Sefton Council will carry out checks to make sure that the person applying for a licence is a “fit and proper person”. In deciding whether someone is “fit and proper”, Sefton must take into account, amongst other matters:

- (a) Any offences involving fraud or other dishonesty, or violence or drugs, or any offence listed in Schedule 3 to the Sexual Offences Act 2003.
- (b) Any unlawful discrimination on grounds of sex, colour, race, ethnic or national origins or disability in, or in connection with the carrying on of any business.
- (c) Any contravention of any provision of the law relating to housing or of landlord and tenant law.
- (d) Any person involved in the management of the property has sufficient level of competence to be so involved.
- (e) Any person involved in the management of the house is a fit and proper person to

be so involved.

Sefton can also decide if a person is not “fit and proper” as a result of association with other persons who would not be considered “fit and proper” where this would affect the management of a licensed property.

**11. Will my property be inspected by the Council?**

Sefton Council intends to inspect all licensed properties during the period of the licence to ensure compliance with licence conditions.

**12. What will happen if I do not apply for a licence?**

It is a criminal offence to operate without a licence in a designated area and could result in the landlord/owner being prosecuted. On conviction the landlord/owner could face an unlimited fine and any rent collected during the unlicensed period could be reclaimed by either the tenant or the council.

The local authority can also apply to the First-tier Property Chamber for a “rent repayment order” to recoup any housing benefit the landlord has received during the unlicensed period (maximum 12 months). No offence is committed, if there is an outstanding application for a licence on record or a “temporary exemption notice” is in force.

**13. What happens if licence conditions are breached?**

If a licence is issued and the conditions are subsequently breached, this could lead to a fine of any amount for each breach. A breach of licence conditions could also lead to the revocation of the licence and unless a suitable alternative licence holder could be found, the Council may take over the management of the property by issuing an Interim Management Order (IMO).

**14. Who is responsible for paying the licence fee?**

The licence holder will be responsible for paying the licence fee for each property.

**15. Is the Council using Licensing fees to raise money?**

The Council is not permitted to obtain financial gain from the fees paid through the licensing process. The fee charged will cover the costs associated with administering the Licensing Schemes.

**16. Will landlords sell up?**

The fee for a licence is affordable. We believe that irresponsible landlords who do not keep their properties in good condition and do not manage them properly might decide to sell, in order to avoid licensing. This will, however, open up their properties to people that will manage them well. Licensing will improve the image of the sector as a whole and will help encourage responsible landlords to invest in Sefton.

**17. What will the council do to support landlords under its schemes?**

The council intends to enhance its good working relationship with responsible private sector landlords as part of the licensing schemes.

Specific support measures will include:

- A reduced licensing fee for properties accredited with Sefton’s Property Accreditation Scheme

- A reduced licensing fee for those properties where a landlord appoints a Sefton accredited managing agent as the licence holder.
- A reduced fee on 5-year licences for applications received within the first 3 months of the scheme's commencement date
- Support will be provided to landlords in relation to the licence standards
- Training courses at a reduced fee will be offered to help landlords understand their rights and responsibilities
- Online resources such as sample letters and tenancy agreements will be provided
- Opportunity to attend Landlords' Forums

**18. I'm a tenant of a property within the designated area. How will Selective Licensing affect me?**

Selective Licensing requires landlords to adhere to a number of conditions as part of their licence. Officers from Sefton Council plan to inspect the property to ensure it is in a satisfactory condition and that any hazards present are appropriately addressed by your landlord. This provides you with the reassurance that checks have been done to ensure that the property is of a suitable standard and suitable for occupation.

**19. I'm not a tenant but I do live in the area so how would it affect me?**

Selective Licensing aims to ensure that privately rented properties in your area are being properly managed and will enable the Council to take enforcement action against a wider range of properties, where necessary. The additional controls will assist in addressing issues such as property condition or anti-social behaviour and should result in benefits to all residents, businesses and visitors to the local area.

**20. Who made the decision to approve the scheme and when does it start?**

The responses from the consultation were reviewed by elected members and a decision to implement the scheme was made by Cabinet at their meeting on 7 September 2017. The scheme will start on 1 March 2018.

**21. Has the Council learnt from the failing of management of other LA's licensing schemes?**

Sefton Council Officers have spoken to, visited and reviewed practices of other local authority licensing schemes and any scheme, if introduced in Sefton, would take account of those 'lessons learnt'.

**22. Licence conditions for Selective Licensing include the requirement for landlords to 'demand' a reference from a prospective tenant, what happens if a landlord asks for a reference but does not get one (or receive a negative tenant reference)?**

The wording of this condition is directly from the Housing Act 2004 (Part 3) *"A licence under Part 3 must include conditions requiring the licence holder to demand references from persons who wish to occupy the house."*

Sefton Council requires landlords, as part of a new tenancy application, to request at least one reference, and it is up to individual landlords/agents to then make an informed decision on the content or lack of reference.

**23. Will the Council give support to landlords who experience anti-social behaviour (ASB) from their tenants?**

Yes, the fees from the licensing schemes would fund part of a post within the ASB Team

to provide support for private landlords. The Council is aware that many landlords can be intimidated by some tenants and find tackling this issue a real concern. Leaving ASB to escalate can cause excessive strains emotionally and financially on landlords in particular. The ASB Team will offer advice, provide sample documentation and be able to mediate between landlords and their tenants.

Sefton Council will inform tenants that landlords would be bound by licence conditions and, therefore, required by ourselves to deal appropriately with any ASB. Over a period of time, it is expected that tenants causing persistent ASB will soon realise that their options for housing in local communities may become limited.

Landlords who address ASB and follow the procedure/advice of the ASB Team will also be able to provide ample evidence, presentable to a court if a case progressed to eviction.

**24. Will there be a problem in other areas with displacement/homelessness of tenants evicted?**

It is recognised that there may be a risk of displacement, however, there has been no evidence to say that this has happened in other authorities.

Selective and Additional Licensing should not lead to homelessness. Licensing aims to stabilise tenants in better managed homes, reducing the high turnover that can lead to homelessness. There may be cases where tenants need to be re-housed from accommodation that is found to pose an immediate risk to their health and safety. In these cases, the Housing Standards Team will work closely with the Council's Housing Options service to ensure that alternative accommodation is offered where appropriate.

**25. How will the Council ensure 'Rogue' landlords are found and action is taken?**

Sefton Council is committed to ensuring the success of the scheme. Criminal Prosecutions and Civil penalties will form part of a rigorous enforcement approach.

Sefton Council has access to a number of data sources to identify privately rented properties and pursue those evading licensing or failing to comply with conditions.

**26. What about good landlords who already manage their properties well?**

A number of landlords already deliver good quality, well managed homes. Unfortunately, we cannot exempt them from the scheme but we will be encouraging those landlords to apply to accredit their properties and benefit from the reduced fee. Further information, additional free benefits and to apply for your properties to be accredited can be found at <https://www.sefton.gov.uk/housing/private-housing/property-accreditation-scheme.aspx>

**27. Fit and Proper - I have been passed as a fit and proper person Sefton and/or by another local authority do I have to complete this again?**

Yes, you will need to complete a Fit and Proper declaration as part of the online application process since up to date information on a person's suitability to be a fit and proper person is required. We cannot also guarantee that using another Local Authority's information is, therefore, up to date.

**28. Cost of Scheme - How much would the Licence cost and is this tax deductible?**

The table below shows the agreed licence fees and association discounts offered. Yes, the licence fees are tax deductible and examples of before and after tax calculations are included below. The fee is based on the cost of delivering the Licensing scheme over the 5 year period.

**Fees per property for Selective Licensing**

| Fee description                                   | £   | Annual Equivalent | Weekly Equivalent | 20% Tax Deduct | 40% Tax Deduct |
|---------------------------------------------------|-----|-------------------|-------------------|----------------|----------------|
| <b>Full Fee</b>                                   | 695 | 139               | 2.67              | 139 (556)      | 278 (417)      |
| <b>Accreditation</b>                              | 545 | 109               | 2.10              | 109 (436)      | 218 (327)      |
| <b>Accredited Managing Agent (licence holder)</b> | 495 | 99                | 1.90              | 99 (396)       | 198 (297)      |
| <b>Early Bird</b>                                 | 620 | 124               | 2.38              | 124 (496)      | 248 (372)      |
| <b>In addition:</b>                               |     |                   |                   |                |                |
| 7-12 units                                        | 150 |                   |                   |                |                |
| 13-20 units                                       | 250 |                   |                   |                |                |
| 21+ units                                         | 350 |                   |                   |                |                |

**29. Why is the Council in its current economic climate introducing a scheme which may run at a loss?**

It is felt that if the schemes are successful (or partly) and goes some way to addresses issues within the community and improve living conditions leading to improved health for occupiers it represents good value for money since there will be reduced demand on other Council and Health Services overall.

**30. I will evict my tenant and leave my property empty since I cannot afford the licence fee?**

Obviously, this is your choice, however, you would be advised to calculate the rental income less licence fee, compared to no rental income, possible 150% council tax, and potential losses from vandalism and deterioration associated with leaving a property vacant.

**31. I will increase the rent to recoup the licence cost?**

Recovering licence cost through rents is a business decision which you may consider.

**32. Will landlords of smaller properties have to pay the same fee as Landlords of larger, high rent properties?**

Yes. The fee is based on the time taken to process the licence application. The majority of this process is the same however large the property. We have included an additional charge for those with 7 or more units to take account of additional processing and inspection time.

**33. Are registered charities exempt from licensing?**

No, charities are not exempt from licensing. Only registered social landlords or those regulated through other enactments are exempt. If in doubt contact us.

**34. Who can I contact if I have any queries about Selective or Additional (HMO) Licensing schemes?**

Housing Standards Team  
 Sefton Council  
 Magdalen House  
 30 Trinity Road  
 Bootle L20 3NJ  
 Email: [landlord.licensing@sefton.gov.uk](mailto:landlord.licensing@sefton.gov.uk)