

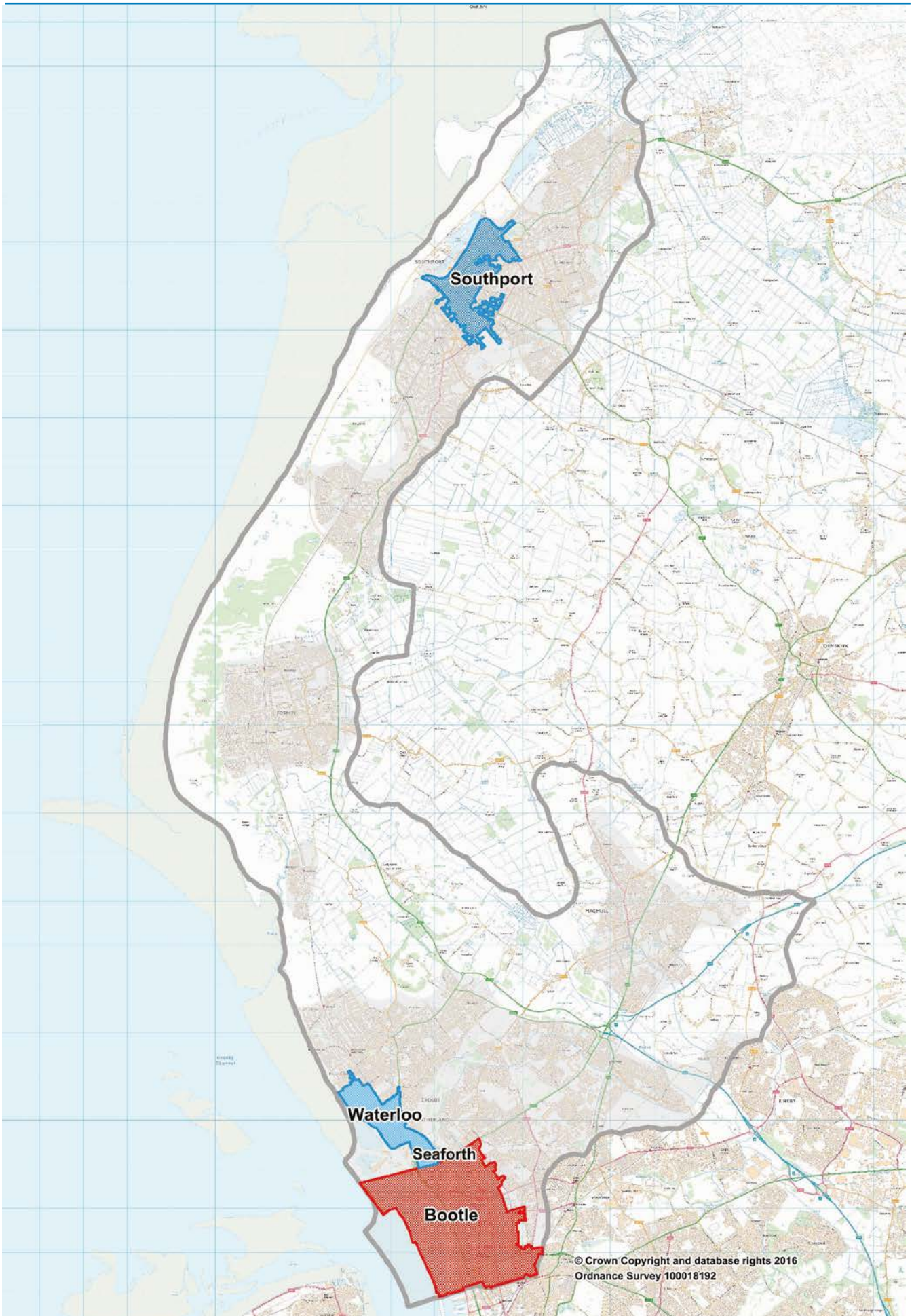


Selective & Additional (HMO) Licensing Proposal for Sefton



Consultation Document
9 May to 31 July 2022





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The Appendices below will be available on the consultation page on the website at www.sefton.gov.uk/licensing-consultation

Appendix 1

Maps and Address List of Proposed Selective Licensing Designated Area

Appendix 2

Draft Selective Licensing Conditions

Appendix 3

Maps and Address List of Proposed Additional (HMO) Licensing Designated Areas

Appendix 4

Draft Additional (HMO) Licensing Conditions

Introduction

Sefton comprises 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, and house prices are generally higher in central and north Sefton than in the south of the Borough. 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.

Bootle located in the South of the borough suffers from a wide range of entrenched 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 (ASB) and poor housing conditions.

Central Southport and parts of Waterloo/Seaforth also suffer similar problems, a situation that is not uncommon in other coastal communities. In the north of the borough, Southport was a highly desirable area with a viable economy based on tourism, but longer-term changes in the tourism industry and the recent economic downturn have had a detrimental impact and decline on this traditional seaside resort. Many guest houses 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 Occupation (HMOs), particularly bedsits, to maximise rental income. A number of property owners also decided to create small flats in pursuit of the maximum number of rental units.

Changing socio-economic conditions have also created a demand and need for privately rented HMO's, in areas such as Waterloo/Seaforth and Southport, which have a shortage of alternative social rented housing. The economic downturn,

welfare reform, seasonal work, international migration has all helped create a larger cohort of people who have come to rely on private rented sector flats and bedsits. In recent years, the accommodation offer has largely been aimed at the lower end of the market, accommodating many vulnerable households.

The three proposed licensing areas for re-designation are now characterised by high levels of unemployment, benefit dependency, crime and ASB, 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.

Here we evaluate and highlight the successes relating to the implementation of the current private sector licensing schemes in March 2018. However, we also outline the requirements for the continuation of these schemes; to further improve the housing conditions and management for our residents in the private rented sector and to fully achieve Sefton's strategic housing vision

Why is Sefton Council seeking to re-designate the 3 licensing areas?

To achieve Sefton's vision, it is clear that although great strides have been made through our current schemes, more still needs to be done to improve the housing conditions for our residents in the private rented sector.

The Local Authority considered whether there are any courses of action, other than re-designating Selective and Additional (HMO) Licensing, that might achieve the same objectives in the proposed areas such as;

Property Accreditation which continues to be supported by the Local Authority in promoting good property management. The Local Authority will again offer licence fee discounts for members of Sefton's Property Accreditation Scheme as is offered in the current licensing schemes. The majority of properties accredited are within the licensing areas which suggest that many landlords and agents may have only signed up to receive the licence fee discounts and would not have done so otherwise. Sefton have accredited 664 properties, 535 of those have been accredited since the introduction of the Selective and Additional (HMO) licensing schemes and almost all of them have been licensed properties. Despite a considerable uptake in accreditation applications this still only represents 4.2% of the private rented stock in the Borough. Any reliance on voluntary accreditation, as an alternative to Selective/ Additional (HMO) Licensing, is not considered to be a viable alternative to licensing.

Officers again considered introducing a district-wide scheme for Selective licensing, but this was not taken forward because the evidence is not yet sufficient to introduce the whole district and therefore such an application is unlikely to be supported by the Secretary of State (who has

to agree to the implementation of such a big scheme)

The Local Authority has, therefore, concluded that re-designating remains the effective course of action to assist in achieving its objectives. Licensing since 2018 has had a substantial impact on landlord and agent behaviour and has improved their engagement and relationship with Sefton.

Licensing of privately rented properties, albeit generally unpopular with landlords can provide several benefits to them for example as mentioned in the quotes below. There are also benefits to their tenants and the wider community.

Comment from a local Managing Agent:

"The fire hazard in the property was only brought to our attention as a result of the Selective licensing scheme, and with the guidance from the Housing Standards Officer, we were able to remove the serious hazard without delay"

Comment from local landlord:

"I grew up within the local community where I have my rental property and have noticed many changes over the 45 years that I have been in and around the area.

Since the purchase of my rental property I was shocked by the lower standards of living that people where having to put up with and I always said I wouldn't be one of those landlords that monopolise off these unfortunate ways.

The licensing scheme is a very good idea of weeding out any landlords who are not up to standard, it is also a very good way for the local authority to keep a closer eye on hot spots.

This scheme should have started a few years ago in my opinion."

What are the benefits of licensing for landlords?

- Responsible landlords will receive information and support to help tackle antisocial behaviour
- Poor performing landlords will receive support and training to help them improve
- Landlords will be more knowledgeable and legally compliant with tenancy matters
- Improved rental income as areas are maintained and improved
- Increase of property value
- Improvement in the reputation of private landlords
- Shorter void periods
- Landlords who have voluntarily engaged with a recognised accreditation scheme can also benefit from a reduced licensing fee
- Greater ability for the landlord and authority to deal with rogue tenants.

What are the benefits of licensing for tenants?

- More professional landlords providing good quality homes
- Likelihood of improvements to their properties
- Licensing will create a clear set of rules that all landlords must follow
- Reduced risk of homelessness and increased length of stay
- Licensing would ensure private landlords are managing and maintaining their properties
- Minimum standards for rented housing are met leading to improved health outcomes for occupiers.

What are the benefits of licensing for the community?

- Increased housing demand
- Reduce crime and ASB
- An areas image is improved and more desirable to live in
- Improved security and more settled communities
- Reduced number of empty properties
- Better housing
- Reduced environmental problems, such as graffiti, litter and fly-tipping
- Landlords will also have to give and ask for references for their tenants
- Protecting vulnerable people who may currently be living in poorly maintained properties.
- Lower demand on public services such as NHS/Council/emergency services due to improved living environments

How licensing fits with Sefton Council's strategies

Licensing alone cannot guarantee improvements in the designated areas. The Local Authority 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 as possible. Tackling problems of poor housing to protect the health, safety and welfare of the occupants is a significant wider determinant of health. Officers within the Housing Standards team focus primarily on helping tenants living in private rented sector housing, by requiring landlords to carry out necessary repair or improvement works, to remove serious health and safety hazards.

Whilst great improvements have been made in recent years through the Decent Homes programme within the social housing sector, and Housing Market Renewal has sought to redevelop the poorest groups of housing in Bootle together with some improvements to existing housing stock, too much of the borough's existing stock is not fit for purpose, and in its current state risks becoming unsustainable. The Local Plan and Housing Strategy interventions will help provide a further drive to ensure that our existing homes play a full role in raising the quality of place and become part of neighbourhoods where people choose to live, work and invest.

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. This will remain a key message in the emerging Housing Strategy refresh (currently under development and anticipated to be fully adopted by the Council in April 2022). It is recognised at a borough-wide level; that an up-to-date Housing Strategy is prerequisite for introducing a Selective Licensing scheme within Sefton. As guidance states: *“selective licensing is not a tool that can be used in isolation. The local housing authority will have to show how such a designation will be a part of the overall strategic borough wide approach”*.

Empty Homes Plan

Sefton Council remains fully committed to tackling empty homes. Our current Empty Homes Plan ensures that we continue to have a targeted approach to bring long term empty properties back into use. Much of the Local Authority's intervention and effort since 2018 has focused on Bootle and Southport, in conjunction with Selective and Additional licencing schemes, which contain the highest concentrations of empty homes.

The Selective and Additional (HMO) Licensing schemes have provided a tool for engaging with empty homeowners and targeting resources across the designated areas.

Homelessness Strategy

The Homeless Reduction Act 2017 includes several changes to the way that people who are homeless or threatened with homelessness are supported. In the Council's subsequent Homelessness Strategy 2018-2023 Action Plan, there are a number of actions relating to Private Rented Sector offer to increase engagement with the Private Rented Sector.

The Local Authority places greater emphasis on prevention of homelessness. Finding alternative housing in the PRS has become an increasing means of assisting households threatened with homelessness.

Renting from a private landlord has long been the main housing option for single homeless people. Yet with more people finding home ownership unaffordable and social housing unavailable, the private rented sector is increasingly seen as a long-term solution to broader housing needs.

The sector, however, currently presents real challenges for people regarding access, affordability, standards and security. Licensing should help reduce these challenges.

By re-introducing Selective and Additional (HMO) Licensing, the Local Authority will have greater confidence that there are adequate safeguards in place to ensure that any homeless applicants are allocated appropriate, safe, affordable, good-standard accommodation in a greater number of PRS properties in the Selective and Additional (HMO) Licensing areas.

In the social housing sector, there is a shortage of one-bedroom accommodation and

virtually a nil supply of single room (bedsit) accommodation. So many young, single households will become reliant on the PRS and HMOs.

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 ASB from their tenants.

Sefton ASB Mission Statement: Statement of Purpose

This strategy sets out how agencies in Sefton will work together to effectively manage and resolve reports of anti-social behaviour; building upon the excellent partnership work already operating across the Borough and ensuring together we continue efforts to reduce anti-social behaviour and provide every member of the community with the highest possible standard of service. This strategy does not sit in isolation but is intended to run alongside existing anti-social behaviour policies as a framework of activity adopted by agencies in Sefton as an overarching approach to tackling anti-social behaviour

What has licensing achieved so far?

Since the commencement of the licencing schemes in March 2018 to end of August 2021, 288 licensable properties have had serious Category 1 health and safety hazards removed. The total number of hazards removed from all licensable properties is 1113 and 370 of them being the most serious Category 1 hazards. The main hazards that have been removed from the properties are hazards relating to Fire Safety, Electrical Hazards, Damp & Mould, Excess Cold and Falls between Levels.

In the first 3 years of the schemes 570 compliance visits took place. The number of compliance visits undertaken was severely

below target due to the Covid pandemic, that prevented officers from the Housing Standards Team carrying out routine compliance visits in the third/fourth year of the scheme. Of those 570 inspections, 58% of properties were non-compliant on first inspection. However, following informal intervention by the Housing Standards Team, 98% of these properties became compliant. The main reasons for non-compliance were the failure to have a Gas Safe report for the property, failure to have an Electrical Installation Condition Report where required, and failure to have smoke alarms fitted.

To summarise, there is evidence to indicate that the licensing schemes are leading to improvements in housing conditions. Selective and Additional (HMO) licensing and the need to obtain a licence has helped Sefton Council identify high risk properties requiring intervention, often where tenants would not have risked complaining to their landlord. Licensing has further highlighted the large number of landlords who are unaware of the basic legal responsibilities when renting out property. The application process identified just how many properties do not have the minimum requirements such as a Gas Safe Certificate. Without licensing, it is fair to conclude that most of these properties would remain without one, leaving tenants at serious risk.

Re-designate the 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 (ASB)

- poor property conditions
- high levels of migration
- high level of deprivation
- high levels of crime

A designation can only be in force for a maximum of 5 years.

A licence would be valid until the end of the scheme no matter at what point during the scheme it was issued. The Local Authority also has the discretion to grant the licence for a shorter period of time where there are problems with the application such as evidence of insufficient management. Once the licence has been issued the licence holder must comply with the conditions attached to the licence. Where there is a breach of those conditions the licence holder may be prosecuted with a fine of any amount per breach.

When assessing ASB, government guidance says that a Local Authority should consider crime, nuisance neighbours and environmental crime and then assess whether landlords are failing to take appropriate action to help resolve the problem.

The law states that any decision to implement a Selective or Additional (HMO) licensing scheme must be consistent with the Local Authority's housing strategy and must be part of a coordinated approach for dealing with homelessness, empty homes and ASB. The Local Authority must be satisfied that there are no other courses of action that might provide an effective remedy and that the introduction of a licensing scheme will significantly assist in dealing with the problem. So, there is a lot of evidence that Sefton analysed before it introduced its current scheme.

A Local Authority can implement a Selective Licensing scheme provided it meets all the

requirements in the Housing Act 2004 and they have consulted with everyone affected by the designation for a minimum of 10 weeks.

When assessing the geographic breakdown of the Housing Standards service requests with regards to poor property conditions and disrepair since the start of the current housing licensing schemes, the hotspot highlight that the current Selective and Additional (HMO) licensing areas remain the main areas of housing disrepair and poor conditions. Therefore, the renewal of the licensing schemes in March 2023 should persist with broadly the same neighbourhood boundaries and streets, to help continue to improve the quality of the private sector properties in these focused areas.

Re-designate the Additional (HMO) Licensing areas in parts of Waterloo, Brighton-le-Sands/Seaforth & Southport

An Additional (HMO) Licensing designation may be made “if a Local Authority considers that a significant proportion of HMOs are being managed insufficiently enough to give rise to one or more particular problems either for those occupying the property or for members of the public.”

Evidence of poor management practices can be evidenced through issues that arise within the property such as poor conditions or within the local community including ASB and crime. Over the 3.5-year period 189 service requests were received from HMO properties. 153 of those within the licensing areas equating to 81%. Therefore, this provides evidence of poor property management across this sector and specifically within the proposed re-designated areas.

Parts of Waterloo/Seaforth and central Southport have high levels of deprivation, being within the worst 10% most deprived areas nationally. Both areas also have above the national average of

flats/maisonettes within the PRS and have a significant stock of larger style properties that in recent years have been prone to conversion, to either bedsits or self-contained flats. Hence there is a strong correlation between these issues and the location of the PRS.

The number of service requests received by the Council regarding poor property conditions within Southport and Waterloo/Seaforth are just over twice the rate of the Sefton average. This highlights both areas as having poorer housing conditions, therefore, poor management practice.

Overall, Additional (HMO) Licensing can provide additional powers to help the Local Authority tackle poorly managed privately rented property. An estimated 33% of the private rented sector HMO accommodation across Sefton is in Waterloo/Seaforth and central Southport. Re-designating the Additional (HMO) Licensing areas will continue to build upon improvements to the management standards in this sector, improve living conditions and ultimately lead 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.

How will the schemes be delivered?

The Local Authority is committed to ensuring that the Selective and Additional (HMO) Licensing schemes continue to contribute to improvements in housing conditions across the private rented sector. All licensable properties should receive a compliance inspection over the period of the licence. The Local Authority 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 licensing application process, including the undertaking of inspections

and the provision of general advice and support to landlords will continue to be undertaken by Licensing Compliance Officers. Specialist support services will also be provided in relation to supporting landlords to deal with ASB. The income received from the fees shall be used to cover the additional costs incurred by the Local Authority in employing these staff with associated costs.

The Housing Standards Team will focus resources proactively with the key aim to improve the physical appearance of neighbourhoods and the quality of housing across the designations, particular focus will be on ensuring that the management of properties meet required standards and where necessary landlords or agents are educated appropriately to improve their management processes ensuring any issues are dealt with promptly and effectively.

Landlords will need to abide by a set of conditions as part of their licence. These conditions shall be finalised following feedback from the consultation process.

Licensing has enabled the Council to take a proactive approach to improve the living conditions and environment for tenants, some of which are the most vulnerable. Considerable progress has already been made with landlord engagement and the proposed re-designations should continue to build on this relationship. This will enable the Council to focus resources on housing related enforcement activity within the designated areas, whereby landlords either fail to licence their properties or fail to comply with licence conditions. It is also likely that issues regarding poor housing conditions or ASB across other areas of the Borough may be brought to the attention of the Local Authority as a result of the increased awareness generally brought about by licensing.

Licence application and Fees

In setting licence fees, the Local Authority must follow certain principles. In particular, the fee must not exceed the actual and direct costs of processing an application, monitoring compliance, and enforcing the scheme. The fee structure is also required to be reasonable and proportionate.

The licence fee, is therefore, set to cover the administration and associated

costs of the licence. A review of fees will be undertaken annually and will be adjusted to reflect changes in costs.

A licence would normally be granted for a period of the scheme and no further fees would be payable during the life of the licence. However, licences are non-transferrable in accordance with sections 68 (6) & 91(6) of the Housing Act 2004. A change of licence holder will, therefore, require a new application fee.

Selective Licensing	£	Annual Equiv. £	Weekly Equiv. £
Full Fee	695	139	2.67
Accreditation	545	109	2.10
Accredited Managing Agents	495	99	1.90

In addition to the above fee:

For each additional unit (under the same ownership, within the same building) a charge of £30 per additional unit will apply.

Although the costs of running the Selective licensing scheme have increased, for example higher staffing costs in line with cost of living and additional staffing numbers. Sefton now has more data on the private-rented sector within the Borough, particularly within the Selective (and Additional) licensing areas. The original scheme implemented in 2018 had fees estimated on 2800 Selective licences being issued, however,

this figure was exceeded and the additional number received has been factored into the above and allows the proposed fees, therefore, to remain the same for Selective licences.

Furthermore, feedback from landlords throughout the duration of the current scheme was that they felt it was unfair for larger portfolio landlords to benefit as they only needed to pay one licence fee when they owned multiple flats within the same building. So, although they were receiving higher rental income in relation to another landlord owning only one property in the same building, they paid the same fee. Sefton, therefore, has proposed that in these instances an extra charge will be applicable at the rate of £30 per additional unit within the same building. This unit charge is proposed to be included across all housing licensing schemes.

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.

Within the proposals for the re-designation of the Additional (HMO) licensing schemes, the fees have been increased from current levels. The reasoning for this, is that in the current Additional (HMO) Licensing Scheme, it has become apparent that the licensing of HMOs consisting entirely of self-contained flats (so called 'Section 257' HMOs) is extremely time consuming due to the multi layered ownership arrangements and conflicts between freeholders who often cannot agree who would apply and pay for the licence. There were also several HMOs where the type and status of occupiers varied due to sales of flats. The definition of a section 257 HMO requires that for a building to be an HMO, more than a third of the flats within it must be occupied by persons other than leaseholders. Thus, a building comprising of three flats could cease to be an HMO because of just one of the flats becoming owner occupied. It also makes it difficult for

freeholders to identify whether their property is licensable as they may not know whether an individual leaseholder is in residence or has sublet the flat.

Additional (HMO) Licensing	£	Annual Equiv.	Weekly Equiv.
Full Fee	950	190	3.65
Accreditation	800	160	3.08
Accredited Managing Agents	750	150	2.88

In addition to the above fee:

For each additional unit (under the control of the same proposed licence holder, within the same building) a charge of £30 per additional unit will apply.

Discounts

The following discounts have been factored into the proposed fee calculations which will be confirmed following consultation feedback.

For the purposes of Selective and Additional (HMO) Licensing, an accredited landlord is a landlord who is accredited with the Sefton Property Accreditation Scheme. A landlord who is accredited with the National Residential Landlords Association (NRLA) will also benefit from a discount. The ability to apply for an accreditation discount will be available for 6 months after the commencement of the scheme only OR 6 months from date of completion for newly purchased properties until 28 February 2027. It is intended, subject to Council agreement, to offer a reduced and proportionate rate for landlords where the date of completion of a newly purchased property is between 1 March 2027 and 28 February 2028.

There is also a discount for managing agents who are part of our Managing Agent Accreditation Scheme and then only if they are the proposed

licence holder. Managing Agent accreditation is only available to agents who manage properties for other landlords and a full assessment of managing practices will be made by Housing Standards Officers to achieve accredited status. Further information on managing agent accreditation is available on our website.

Refund policy

We will give a refund for a property licence only if an application was made by mistake. Situations considered to be a mistake are if:

- the property is outside the designated area
- a duplicate application has been made
- an application was made for an exempted property.

How have fees been calculated?

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

The licence fee covers a five-year period. The fee is to pay for staff to administer and enforce the scheme, with additional funded legal support and resources. This amounts to £2,268,587

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 3465, an estimated percentage rate has also been applied to take account of discounts. The projected income has been calculated at £2,268,585

Any shortfall will be met by the Council. However, the Council has identified large numbers of privately rented properties during its current schemes and we expect these numbers will continue to increase. Additionally, based on evidence from our current schemes we expect to issue increasing numbers of penalty notices on non-compliant landlords especially following the lifting of Covid restrictions. We, therefore, expect to meet any shortfall within the fee structure.

Estimated total for 5 years

Expenditure	Costs (£)
Staffing costs	2,112,438
Legal	49,948
Support & Resources	106,200
Total Income	2,268,585
Total Expenses	2,268,587
Overall Total (deficit)	2

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 on 9 May 2022. 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 re-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 March 2023, with both schemes lasting for a period of five years. If Cabinet decide not to designate the area, Sefton could continue solely with a reactive enforcement regime, linked with the more assertive promotion of Accreditation.

