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| <b>Report to:</b>               | <b>EXECUTIVE</b>   |
| <b>Relevant Officer:</b>        | Alan Cavill, Director of Place   |
| <b>Relevant Cabinet Member:</b> | Councillor Gillian Campbell, Deputy Leader of Council<br>(Tourism, Economic Growth and Jobs) |
| <b>Date of Meeting:</b>         | 4 <sup>th</sup> April 2016   |

## **ADDITIONAL LICENSING FOR THE CENTRAL AREA**

### **1.0 Purpose of the report:**

- 1.1 This report seeks approval for an Additional Licensing scheme to be introduced in the Central area of Blackpool, covering most of Talbot ward and parts of Brunswick and Bloomfield wards.

The final proposal for the Additional Licensing scheme is set out for approval in the document at Appendix 2a. This document is presented together with Appendix 2b that summarises the consultation, the Council's responses and how these have influenced the final proposal. Additional Licensing schemes help to reduce anti-social behaviour and improve the management and condition of privately rented Houses in Multiple Occupation (HMOs) that are not covered by mandatory House in Multiple Occupation Licensing.

### **2.0 Recommendation(s):**

- 2.1 To confirm the Council's continuing approval for the principles underpinning the development of proposals for Selective and Additional Licensing in the Central area, the consultation that took place from 17<sup>th</sup> July to 25<sup>th</sup> September 2015, and the Council's response attached at Appendix 2b.
- 2.2 To designate the Central area for an Additional Licensing scheme as set out in the report including the amendments proposed to the scheme as a result of the public consultation, with effect from three months after the published decision date in accordance with the regulations.
- 2.3 To request the Director of Place to advertise the scheme in accordance with the regulations.
- 2.4 To request officers to further develop Selective Licensing proposals for the Central area.

### **3.0 Reasons for recommendation(s):**

3.1 Additional Licensing, like Selective Licensing, is a key component of the Council's approach to address issues commonly occurring as a result of poor quality privately rented accommodation; it will improve management, reduce the impact of anti-social behaviour arising from private rented Houses in Multiple Occupation and help improve the quality of life for local residents.

3.2a Is the recommendation contrary to a plan or strategy adopted or approved by the Council? No

3.2b Is the recommendation in accordance with the Council's approved budget? Yes

3.3 Other alternative options to be considered:

Other options for addressing poor conditions and anti-social behaviour are set out in the final proposal document at Appendix 2a and are summarised in the Background Information below. Alternative approaches are not considered to be appropriate given the scale and severity of issues associated with poorly managed Houses in Multiple Occupation in the Central area.

### **4.0 Council Priority:**

4.1 The relevant Council Priority is: "Communities: Creating stronger communities and increasing resilience"

### **5.0 Background Information**

5.1 A report was approved by Executive on the 20th July 2011 to develop work to introduce Selective Licensing to a number of inner areas of Blackpool. Following the introduction of Selective Licensing to South Beach in March 2012 and selective and Additional Licensing to Claremont in July 2014, the remaining areas were brought together as the Central area and formal public consultation on a draft proposal for Selective and Additional Licensing took place between 17<sup>th</sup> July and 25<sup>th</sup> September 2015.

5.2 While the consultation proposed both Additional and Selective Licensing in the Central area, as a result of considering consultation responses, and having reviewed the proposals generally, it is proposed that an additional House in Multiple Occupation Licensing Scheme is introduced to the area in the first instance and that a further report is brought to Executive with a Selective Licensing proposal for the Central area prior to submission to the Secretary of State for confirmation. The

proposal for additional House in Multiple Occupation Licensing at Appendix 2a has been considered on its own merits, independently from the question of introducing any selective licensing scheme. The Council can introduced an additional licensing scheme under section 56 of the Housing Act 2004, but it has since April 2015 been required to seek Secretary of State confirmation for any new Selective Licensing schemes because the existing schemes in South Beach and Claremont already cover nearly 20% of privately rented homes in the borough.

- 5.3 Under Section 56 of the Housing Act 2004 local authorities can introduce an Additional Licensing designation where the authority can demonstrate that there are a large number of Houses in Multiple Occupation that are being managed badly and that this is causing problems for the tenants or members of the public. The designation gives local authorities more powers to apply licensing conditions relating to the management and condition of Houses in Multiple Occupation properties.
- 5.4 The proposed new Additional Licensing scheme would affect around 700 of the 954 House in Multiple Occupation properties in the Central area that meet the criteria for additional licensing schemes – typically smaller Houses in Multiple Occupation of up to two storeys that have at least three or more people living in them as two or more separate households. If the scheme is approved, each affected House in Multiple Occupation in the Central area will be required to obtain a licence and comply with the licence conditions. The licence is proposed to last for five years.

#### 5.5 **Consultation results**

- 1,408 completed questionnaires were received (online and postal) of which 1,141 were from residents and 267 were from landlords and managing agents
- Over 150 people attended the 8 public meetings and Fylde Coast Landlords Forum meeting at which the proposals were discussed.
- Written representations were made by the Residential Landlords Association and the National Landlords Association and a number of individual correspondents.

Separate questionnaires were sent out to landlords and managing agents and other residents within the consultation area and the headline results of the surveys are that:

##### Landlords and Agents

- 75.5% think that the council should intervene in areas suffering from high levels of anti-social behaviour (ASB)
- 80.6% think that poorly maintained properties contribute to the decline of an

area

- 77.4% think that badly managed properties contribute to the decline of an area
- 85.0% think landlords have a responsibility to have satisfactory management arrangements in place

Landlords cited anti-social behaviour, empty properties, low rent levels, high turnover of tenants and a poor perception of landlords, as being the five most significant problems in the area. These highlight the key issues that Additional Licensing seeks to tackle.

When asked if it was their responsibility to tackle nuisance and anti-social behaviour arising from either their tenants or visitors to their property, 50.4% said they thought it was, whilst 38.2% thought not.

When asked specifically about Additional and Selective Licensing their responses were largely negative, with 73.4% being against its introduction and 20.3% being in favour.

Residents

In terms of the findings from residents, the following can be highlighted:

- Residents said that their 5 biggest problems in the area were rubbish dumping, no sense of community, neglected properties, nuisance neighbours and the use of/dealing drugs
- 96.1% felt it is a landlord's responsibility to make sure their properties are well maintained
- 82.8% think that private sector landlords should demand references from prospective tenants
- 82.1% think landlords should be responsible for dealing with nuisance tenants and anti-social behaviour caused by tenants or visitors to their property
- 60.7% feel that the Council are not effective enough in dealing with anti-social behaviour
- 64.7% would like to see Additional and Selective Licensing and 22.2% would not, with 13 % as don't know

During the public meetings and through individual representations during the consultation period, a number of suggestions and comments were made about the proposed scheme and these have been detailed in Appendix 2b.

## 5.6 Main changes to the scheme following consultation

Following the consultation the Council has revised the proposal to reflect the views of residents and landlords:

Initial focus on Additional Licensing – apart from having to seek Secretary of State confirmation for further Selective Licensing schemes, an initial focus on Additional Licensing would allow the Council to target the properties in the Central area that consultation respondents saw as most problematic.

Consideration of alternative approaches – the final proposal sets out the alternative approaches that have been considered following consultation responses. Some of these approaches, like accreditation, have been tried previously without success in Blackpool. Other suggested approaches still use Selective and/or Additional Licensing but outsource the verification of landlords' credentials and inspection of properties to ensure compliance with licence conditions. Given the extent and severity of issues in the Central area of Blackpool, and the tendency for properties to drift between holiday and Houses in Multiple Occupation uses, it is considered that all affected landlords should have to comply with management conditions, and that using Council house to manage the Licensing Scheme ensures consistency with wider regulatory activity.

Robustness of data linking anti-social behaviour to private rented properties – some respondents queried the robustness of Police data on anti-social behaviour and how it is recorded. Further interrogation of the data shows that anti-social behaviour is indeed strongly linked to private rented properties in the Central area, and especially to Houses in Multiple Occupation.

Potential negative impacts of the scheme – the final proposal sets out how support services will work alongside the Council's Housing Licensing Team to ensure that licensing doesn't lead to increased homelessness. Other negative impacts that were referenced include landlords withdrawing from the Blackpool market or increasing rents because of the cost of Licensing Fees or mortgage lenders not lending in Selective Licensing areas. These impacts are less likely for an Additional Licensing Scheme and the cost of the licensing fee for a House in Multiple Occupation over the 5 year lifetime of the scheme is very small in comparison to landlords' typical revenue.

Fee structure and payment terms – Landlords were concerned that fees are set at unreasonably high levels and that it is onerous to have to pay up front. The basic fee structure remains the same and therefore continues to reflect the costs of administering the scheme (as outlined at the financial considerations at 9.1), but additional fees for late or incorrect applications have been omitted because the costs of collecting the additional fees can be uneconomic. The fee for variations of licences, for example through changes in ownership, has been reduced to ensure that it only

reflects the costs of carrying out fit and proper person checks. Requiring payment of fees up front minimises the costs of administering the scheme, but landlords can pay by instalments over the first 12 months if they cannot afford to pay all of the fees at once.

5.7 Does the information submitted include any exempt information? No

**5.8 List of Appendices:**

Appendix 2a– Final proposal for additional licensing in the Central area

Appendix 2b – Summary of consultation and the Council’s responses

**6.0 Legal considerations:**

6.1 Additional licensing under section 56 of the Housing Act 2004 allows the local authority to extend the Mandatory HMO licensing scheme to include other types of Houses in Multiple Occupation. Section 56 (2) states that;

*‘The authority must consider that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the Houses in Multiple Occupation or for members of the public.’*

The full list of criteria is set out in the submission document at Appendix 2a in section 2 "Legislative Framework".

**7.0 Human Resources considerations:**

7.1 Additional staff will be recruited to deliver the Additional Licensing scheme.

**8.0 Equalities considerations:**

8.1 An Equalities Impact Assessment has been completed to meet the requirements of S.149 of the Equality Act 2010. The assessment found that the Additional Licensing proposal would not adversely affect people with any of the key protected characteristics.

**9.0 Financial considerations:**

9.1 Financial implications are as set out in Section 5. The fees have been set bearing in mind the costs of administering the scheme, the responses to the consultation and the market conditions.

**10.0 Risk management considerations:**

- 10.1 If Additional Licensing is not introduced, there will be no further ability to require consistent standards of management from Houses in Multiple Occupation landlords in the area.
- 10.2 There is a risk of Judicial Review of the scheme, but the process and case has been planned in accordance with the relevant statute and legal advice has been taken.
- 10.3 One risk in implementing the scheme is whether the income levels from the scheme will fully fund the staff needed and other costs which will be incurred. The processes are well established from the South Beach and Claremont selective and additional licensing schemes so the review of costs for the Central area reflects the knowledge gained from this experience.
- 10.4 A second risk is that by tackling problems in the private rented sector around the management and condition of properties along with a rigorous fit and proper person's test some landlords cease renting their properties, leading to a threat of empty properties and some homelessness. As in the previous Selective and Additional Licensing schemes, the Council's Housing Options team will work closely with the Council's Housing Licensing Team to provide support to any tenants affected by the shutting down of sub-standard properties.

**11.0 Ethical considerations:**

- 11.1 None

**12.0 Internal/ External Consultation undertaken:**

- 12.1 Extensive consultation has been conducted as detailed in the Background Information and in Appendix 2b.

**13.0 Background papers:**

- 13.1 Proposal to designate the Central area for Selective and Additional Licensing schemes published for public consultation from 17<sup>th</sup> July 2015

**14.0 Key decision information:**

- 14.1 Is this a key decision? Yes
- 14.2 If so, Forward Plan reference number: 22/2015

14.3 If a key decision, is the decision required in less than five days? No

14.4 If **yes**, please describe the reason for urgency:

**15.0 Call-in information:**

15.1 Are there any grounds for urgency, which would cause this decision to be exempt from the call-in process? No

15.2 If **yes**, please give reason:

**TO BE COMPLETED BY THE HEAD OF DEMOCRATIC GOVERNANCE**

**16.0 Scrutiny Committee Chairman (where appropriate):**

Date informed: 22<sup>nd</sup> March 2016 Date approved:

**17.0 Declarations of interest (if applicable):**

17.1

**18.0 Executive decision:**

18.1

**18.2 Date of Decision:**

**19.0 Reason(s) for decision:**

**19.1 Date Decision published:**



**20.0 Executive Members in attendance:**

20.1

**21.0 Call-in:**

21.1

**22.0 Notes:**

22.1