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Report of: Laraine Manley
Report to: Cabinet
Date of Decision: 20 June 2018
Subject: Designating an area of London Road, Abbeydale Road and Chesterfield Road for Selective Licensing of Private rented properties

Is this a Key Decision? If Yes, reason Key Decision:-	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
- Expenditure and/or savings over £500,000		<input type="checkbox"/>		
- Affects 2 or more Wards		<input checked="" type="checkbox"/>		
Which Cabinet Member Portfolio does this relate to? Neighbourhoods and Community Safety				
Which Scrutiny and Policy Development Committee does this relate to? Safer and Stronger Communities				
Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? 279				
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-				

<p>Purpose of Report:</p> <p>This report seeks approval to designate an area of London Road, Abbeydale Road and Chesterfield Road for the Selective Licensing of privately rented properties.</p> <p>The Council has a legal duty to review housing conditions in its area, and take enforcement action where serious housing defects are observed. Selective Licensing is a legal tool that Councils may use where there are significant problems with private rented housing.</p> <p>The Council acknowledges that the majority of landlords in Sheffield are professional, providing accommodation that is well managed and safe.</p>

However, in the past 3 years we have been working intensively in the London Road, Abbeydale Road and Chesterfield Road areas as a result of increased complaints and referrals. Common issues were observed at a number of properties which suggested that a significant number of properties had poor conditions, and that it wasn't simply on an individual property basis.

Because of this, we developed a programme of pro-active inspections over a two year period. This confirmed our concerns as we found significant and serious problems with the condition and management of the private rented properties. (See photographs on pages 36-44)

Furthermore, although we tried to build relationships with landlords and agents to encourage them to improve their properties voluntarily, we found great resistance which resulted in us having to pursue legal interventions. Where issues are widespread like this, the law allows councils to introduce a discretionary licensing scheme as long as they meet certain criteria.

Following this programme of activity we are more than satisfied that we meet the legal criteria of 'Poor Housing Conditions', and therefore sought approval through a report to the Cabinet Member for Neighbourhoods and Community Safety (see background papers), to carry out the statutory consultation exercise required for a designation.

This took place between November 2017 and February 2018, where we inspected further properties – some as a result of landlords and agents volunteering them throughout the consultation period.

We have determined that a scheme is the most effective tool to address the significant housing condition problems in the area.

However, as a result of the consultation process, information gathering and further visits, we have made some amendments to the original proposed scheme. A map and photographs and **Appendix 1** provide details of this, and a full address list can be found in section 1.11 of this report.

During the public events we experienced aggressive and potentially violent behaviour from groups of landlords. This was witnessed by many people in the meetings, and was reported on in the press and social media. They demonstrated through their behaviour that they did not understand the legal responsibilities associated with being a landlord - and that their management and maintenance of properties is likely to be lower than the legal requirements. Their behaviour also suggested there may be underlying issues with their properties or business activities that would come to light with such an intense programme of inspection and the relevant information requirements.

Selective licensing is being proposed as it increases landlords' accountability for the management of their properties and tenants. The Council considers that it will be the most effective way to improve badly managed and poorly maintained properties along the proposed area of London Road, Abbeydale Road and Chesterfield Road.

The report explains the reasons why Selective Licensing is being recommended, and the steps the Council would need to take for its introduction.

Recommendations:

It is recommended that;

- a) The Council approves the revised designation of the area referred to in this report and defined on the map set out in **Appendix 1**, and the schedule of properties set out at section 1.11 of this report as being subject to Selective Licensing, to come into force on 1st November 2018¹ and unless revoked beforehand, to remain in force for a period of five years from that date.
- b) The Council approves the Selective Licensing Scheme detailed in this report, including the Scheme Licensing Fees set out in **Appendix 6** and the Proposed Licence Conditions set out in **Appendix 5**.
- c) The Director of Housing and Neighbourhood Services be authorised to amend the Scheme Licensing Fees and the Proposed Licence Conditions as necessary for the successful administration of the scheme throughout the five year licensing period.

Background Papers:

Individual Cabinet Members Decision of 20th November 2017 (Cabinet Member for Housing and Community Safety)

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: Karen Jones
	Legal: David Hollis Equalities: Louise Nunn
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission: Laraine Manley
3	Cabinet Member consulted: Cllr Jayne Dunn (former) and Cllr Jim Steinke (current)
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.

¹ Date subject to change dependent on operations

Lead Officer Name: <i>Michelle Houston</i>	Job Title: <i>Service Manager, Private Housing Standards</i>
Date: 30 May 2018	

1. THE PROPOSAL

- 1.1. This report proposes that an area of London Road, Abbeydale Road and Chesterfield Road is designated for Selective Licensing of the privately rented residential properties.
- 1.2. Selective Licensing is a discretionary power, introduced in the Housing Act 2004. It imposes a legal requirement for all residential landlords in a designated area to apply for a licence for each residential property they rent out in that area. More information about Selective Licensing can be found at **Appendix 4**
- 1.3. The Council are able to impose conditions to the licence that will improve property and management standards. In addition, there are a number of mandatory conditions, that under the 2004 Act we are required to include in the licence. The proposed licence conditions are set out in **Appendix 5**.
- 1.4. The proposal is being made because we are satisfied that a significant number of private rented properties have poor housing conditions and have poor management practices in the area, and that Selective Licensing would contribute to the improvement in housing conditions.
- 1.5. The Council has a statutory duty to regulate the private rented sector. There are around 40,000 private rented properties in Sheffield. This has doubled in the past 10 years and is expected to continue growing. The expansion means that the private rented sector is now about the same size as our own council housing stock. It is essential that where we are aware of poor housing conditions, we develop plans to address them.
- 1.6. On a day to day basis, we are able to visit individual properties where we are made aware of poor conditions or bad management practices. We can inspect and take any enforcement action necessary. However, where we see significant numbers of problems in an area, we would not have the resources to carry out a comprehensive and targeted programme to ensure that all properties improve.
- 1.7. The law provides for this situation by allowing Councils to designate an area for licensing. Councils may charge a licence fee which would finance the administration of the scheme. It enables us to seek information from every landlord/agent, set minimum standards, inspect and enforce.
- 1.8. We are satisfied that making a Selective Licensing designation in respect of the area, when combined with other measures taken and any licensing conditions that may be imposed, will contribute to an improvement in housing conditions in that neighbourhood. The Objectives and performance indicators we will monitor are included at **Appendix 3**
- 1.9. The designation originally proposed during the consultation period has been reduced as a result of the consultation as well as further work and inspections in the area. The maps of the original area and the new area can be seen at **Appendix 1** along with photographs of the new boundaries.
- 1.10. The proposal has also been amended as a result of consultation views and feedback. The amended proposal is therefore that;

- the designation area has been reduced from 1040 private rented properties to 668 private rented properties, a reduction of a third
- the licence fee has been divided into a 2-stage payment
- the licence conditions/standards have been restricted to legal minimum standards to ensure that landlords are not asked to invest over and above legal requirements
- a programme of monitoring has been included to ensure we can be very open and transparent about the improvement of conditions and management as a result of licensing

1.11. The proposed **revised** designation is listed as the following addresses;

2. Abbeydale Road	
Abbeydale Road	1 to 781 (odds) 2 to 666 (evens)
Side roads – odd numbers side:	
Fieldhead Road	62 & 64
Wolseley Road	115 & 117
Langdale Road	6
Woodseats Road	1, 3 & 5
Side roads – even numbers side:	
South View Road	224 & 226
Stead Road	156 & 165
Frederick Road	4
Machon Bank	150
Glen Road	79 & 94
Glen Road	Abbeydale Primary School
Gatefield Road	2 & 4
Carter Knowle Road	1 & 2

London Road	
London Road (including London Road 'South')	101 to 661 (odds) 42 to 524 (evens)
Side roads – odd numbers side:	
John Street	3
Randall Place	2
Alderson Road	3 to 9 (odd no.)
Woodhead Road	1
St Barnabas Road	20
Holland Place	11
Queens Road	586 & 647 to 655 (odd no.)
Oak Street	Heeley Arches
Artisan View	2 to 22 (even no.)
Thirwell Road	5 to 11 (odd no.)

Side roads – even numbers side:	
Cecil Square	2
Sharrow Lane	6, 8
Witney Street	1
Fieldhead Road	1 to 9 (odd no.)
Broadfield Road	1

Chesterfield Road	
Chesterfield Road	13 to 123 (odds) 30 (evens)
Side roads – odd numbers side:	
Albert Road	Crown Inn
Whiting Street	31
Valley Road	Arthington Flats
Valley Road	2
Meersbrook Park Road	2
Side roads – even numbers side:	
Little London Road	2, 4 & 6
Windsor Road	2

2. BACKGROUND INFORMATION

- 2.1. The matter was originally brought to our attention through complaints and referrals a number of years ago, about the housing and management standards.
- 2.2. Upon inspection of the individual properties, concerns grew as there appeared to be common and inherent problems with layout, hazards and lack of proper management by the landlords.
- 2.3. We identified significantly poor conditions. As a result, we commenced a programme of pro-active inspections to identify whether there were problems in many of the properties, or whether it was just a small number of individual properties that needed intervention.
- 2.4. Officers also found properties that had been illegally converted, did not meet basic repair standards and where the ownership and leases were complex – resulting in tenants not knowing who to contact for repairs and other problems.
- 2.5. The conditions were generally very poor, indicative of long term neglect and years of under-investment from owners. With high numbers of private rented properties, poor conditions and low co-operation from landlords, it was clearly an area where a specific scheme of regulation was necessary.
- 2.6. Having carried out the review and collating the inspection results, we found that there are serious issues of disrepair, dangerous living conditions and poor management in properties along London Road, Abbeydale Road and Chesterfield Road. Of particular concern are the conditions being identified in the flats above shops. We concluded that it is appropriate for a significant number of properties in this area to be inspected, with a view of determining whether there are Category 1

or 2 hazards present. The inspections will enable the Council to decide the appropriate enforcement action to improve housing conditions.

2.7. It was further concluded that making a selective licensing designation in respect of the area, when combined with other measures taken in the area and any licensing conditions that may be imposed, will contribute to an improvement in general housing conditions in the area.

Satisfying the Government Criteria

2.8. Where a scheme would cover more than 20% of the city's geographical area, or would affect more than 20% of privately rented homes, the Council would have to seek approval from the Secretary of State.² The proposed scheme is only 668 properties out of a total of around 40,000 private rented properties in the city. It is therefore a very small percentage of the geographical area and whole city, so we are not required to seek approval from the Secretary of State.

2.9. Before a local authority may designate an area for selective licensing it must satisfy at least one or more of the six statutory conditions under the Housing Act 2004. The relevant statutory criteria we are basing this proposal on is **Poor Property Conditions**.

2.10. The Government guidance³ states;

“Local housing authorities can address poor property conditions through their powers in Part 1 of the Act⁴....a local housing authority should not use its Part 3 powers (Selective Licensing) where it is appropriate to tackle small numbers of properties which are in disrepair directly and immediately under Part 1.

“There may, however, be circumstances in which a significant number of properties in the private rented sector are in poor condition and are adversely affecting the character of the area and/ or the health and safety of their occupants. In that case, as part of wider strategy to tackle housing conditions, the local housing authority may consider it appropriate to make a Selective Licensing scheme so that it can prioritise enforcement action...”

2.11. Under this condition the local authority is required to have carried out a review of housing conditions and consider that making a Selective licensing designation will improve conditions by removing hazards through the licensing and inspection programme.

2.12. The Council carried out a review of housing in the city in 2015. The Building Research Establishment House Condition Survey indicated that 28% of properties in the private rented sector have at least one serious hazard. Our programme of inspections indicated there was a significantly higher instance of serious hazards in this area than the survey stated.

2.13. It was difficult or impossible to gain access to some properties where officers had strong suspicions that hazards existed.

² This includes any other Selective Licensing schemes in the city

³ DCLG Guidance for Local Authorities March 2015

⁴ These are the powers to address hazards through the Housing Health and Safety Rating system

- 2.14. In public meetings landlords exclaimed that their properties were good and that we should go and look at them. Yet when we asked for contact details to follow them up, most either refused or gave us false information. A small minority of landlords did allow us access. The properties were generally attractive and well managed. However, we did identify some hazards that the landlords weren't aware of.
- 2.15. The survey, as well as the inspection programme carried out over the past few years is far over and above the requirements to meet the poor property conditions criteria.
- 2.16. Before a local authority may consider designating a selective licensing area it is required to take reasonable steps to consult with people likely to be affected by the designation and consider their representations.
- 2.17. We have carried out a comprehensive consultation process on the proposals with residents, landlords and other stakeholders. The approval to consult was the subject of report to the Cabinet Member for Neighbourhoods and Community Safety, dated 20th November 2017. The results of this consultation can be found in section 3 of this report and a summary at **Appendix 7**. The full consultation report will be published at the same time as the Cabinet Report.
- 2.18. The evidence is detailed in a report at **Appendix 2**. We have visited a total of 150 properties and a large number required a full risk assessment inspection. There is no legal requirement to have inspected a specified number of properties.
- 2.19. In summary we found the number of properties that contained high risk hazards was extremely high with over 70% of all properties inspected needing some level of remedial action to address high risk Category 1 and Category 2 type hazards in the home.
- 2.20. In over 60% of cases follow up inspections revealed landlords had failed to improve their properties voluntarily, requiring enforcement action and the threat of legal action to secure property improvements.
- 2.21. Conditions found in over 20% of properties inspected were so dangerous that legal action had to commence straight away.
- 2.22. We have seen a small minority of properties where the condition and management is very good. However, we are more than satisfied that the information gathered over the last few years provides a clear and concerning picture about a significant number of the properties in this area. A fuller account of the evidence can be seen at **Appendix 2**

3. HOW DOES THIS DECISION CONTRIBUTE?

- 3.1. Sheffield City Council's vision is for housing to be at the heart of high quality, safe and distinctive places to live, enabling Sheffield's communities to thrive and be successful.
- 3.2. London Road, Abbeydale Road and Chesterfield Road have been identified as key areas where investment is required to bring economic and social stability to the area. Shop frontage schemes as well as community safety initiatives have already taken place or are ongoing in this area.
- 3.3. The proposed Selective Licensing scheme is primarily aimed at improving standards within the private rented sector. The Council believes that the positive impacts of the selective licensing proposal would contribute to the wider objectives of the Corporate Plan, and outcomes in the following way;

3.4. Economic Success of the City

Sheffield Council and its partners are ambitious for economic growth and to build on the success of making Sheffield an attractive place to start a business.

It is hoped that the Selective Licensing designation, either by landlords co-operating with us, or by enforcement action, will bring about an investment in housing in the area which will support and compliment the city's ambition to be a growing city economically. Improving the condition and safety of homes is vital to the overall attractiveness of the area and is a key component to why people choose to live and work in the area.

3.5. Thriving Neighbourhoods and Communities

Investment and support to improve housing will help increase the confidence in the area and encourage empty properties to be brought back into use.

3.6. Better Health and Wellbeing

Addressing hazards in the home, poor property conditions and management practices in privately rented accommodation will help create safer home environments contributing to an overall improvement in physical, mental and emotional health and wellbeing.

3.7. Tackling inequalities

By tackling private rented accommodation where landlords let high risk dangerous properties, it will improve the living conditions of residents who live in substandard accommodation, improving the safety and wellbeing for some of the most vulnerable occupiers.

3.8. Links to empty homes

Like most major cities, we have a shortage of suitable housing and must look at all ways of increasing our housing supply. Empty homes are a waste. They can become neglected, an eye sore and hazardous. They can also attract crime and anti-social behaviour as people see they are empty. We have experts knowledgeable in the legislation we can use to target problematic empty homes to bring them back into use.

Part of the Selective Licensing programme would be to identify all the properties that are currently empty and work with the owners. We know this part of the city is a popular place to live because of its proximity to the city centre as well as the wealth of shops and restaurants in the area.

Our Council Tax records show that around 40 privately owned empty properties within the proposed Selective Licensing area are empty. This is of course only a snapshot of a certain point in time, but it is a useful figure to use as a base line. Selective Licensing will help identify the owners of these properties, enabling resources to be targeted effectively in encouraging these properties to be brought back into use. Where brought back into use for private renting, selective licensing will support ongoing partnerships with landlords to meet minimum property standards and adhere to good management standards.

Where empty properties are found to be having a negative impact on the community, due to issues such as fly tipping and vandalism, swift action will be taken with the owners to ensure these properties do not become a blight on the area.

3.9. Links to homelessness prevention

Sheffield's Homelessness Prevention Strategy 2017-2022 aims to minimise homelessness in Sheffield by focusing on early prevention to help people keep their home or move in a planned way to a new settled home.

Access to good quality private rented accommodation is key to preventing homelessness and ensuring suitable accommodation for the many households who cannot access social housing or afford to buy.

The Council is committed to working with landlords in the private rented sector to provide a greater supply of good quality, safe and well managed homes, in particular for people who are homeless or at risk of losing their home.

Selective licensing will help ensure access to an increased supply of private rented housing which meets expected standards of repair and good management. This should help to reduce the incidence of unplanned moves or homelessness in the area.

3.10. Links to wider neighbourhood issues

Selective Licensing is not a tool for addressing neighbourhood issues of anti-social behavior. However, where there is nuisance and anti-social behaviour arising and it is linked to privately rented accommodation, Selective Licensing will assist in its reduction by clarifying minimum standards of property management and tenant and landlord responsibilities.

A condition of the proposed licence is that landlords will have to take all reasonable steps to manage incidences of anti-social behavior arising from their properties. In doing so, landlords will be required to work with the Council and partners to manage tenancies more effectively. We will also take a strict approach to litter and fly tipping linked to private rented properties as this can become a major blight in an area.

4. HAS THERE BEEN ANY CONSULTATION?

- 4.1. Where a local authority is considering designating a selective licensing area, it is required to consult. The government recommends the consultation period should be at least 10 weeks and must include all people that are likely to be affected by the scheme.
- 4.2. In order to respond to the concerns we identified in property condition, the Cabinet Member for Neighbourhoods and Community Safety approved a report on the 20th November 2017 which gave approval for a 13 week consultation programme to take place.
- 4.3. Consultation took place between Monday 27 November 2017 and Friday 23 February 2018.
- 4.4. A consultation report has been produced which sets out the feedback and responses gathered for this proposal. A summary of this report can be found at **Appendix 7** and the full report will be published on the Council website at the same time as the Cabinet Report.
- 4.5. The report sets out who we consulted with and the various methods we used to gather feedback.
- 4.6. The consultation found that overall, stakeholders within the proposed designation area and wider area agree with the purpose, benefit and area proposed for Selective Licensing. As expected, landlords are generally opposed to the scheme whilst tenants are in favour.
- 4.7. A main concern related to the licence fee, not only the amount but also the suggestion that the full fee would be required upon application. The licence fees will pay for the administration of the scheme, but we noted these concerns amongst others and Section 7 and **Appendix 6** of this report set out the amended proposal to make fees payable in 2 stages.
- 4.8. In direct response to the views and findings throughout the consultation period, the proposed designation has been reduced by around a third, from 1040 properties to 668, a reduction of around a third.
- 4.9. A map showing this new designation is attached as **Appendix 1** and a list of property addresses can be found in section 1.11 of this report.

5. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

5.1. Equality of Opportunity Implications

- 5.2. In carrying out any of its functions, the Council needs to be mindful of the Public Sector Equality Duty ('PSED') contained in Section 149 of the Equality Act 2010. Amongst other things this duty requires the Council to have due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 5.3. An Equalities Impact Assessment for this proposal has been completed.

6. Financial and Commercial Implications

- 6.1. There are financial implications for the Council and for the landlords in the proposed area.
- 6.2. The legislation provides for the cost of running the scheme being recovered through licensing fees, payable by the landlords.
- 6.3. Councils must not make any profit from schemes, and all fees received must be allocated to the running of the scheme.
- 6.4. All running costs and fee calculations are estimated because no-one can know at any one time exactly how many properties would be eligible to apply. People leave their homes and move into new ones every day. They buy and sell; they become empty and become let. The finances in this report are therefore based on various assumptions gathered from our previous experience of licensing schemes but will be variable and constantly monitored throughout the 5 year licensing period.
- 6.5. Landlords will be required to apply and pay licence fees for every property they let out in the designated area. The fee lasts for the whole of the 5 year period.
- 6.6. It is proposed that the fees will be payable in two stages/instalments, and are levied at various levels depending on a risk assessment at application stage. The fees vary from £750 up to £1,500. There are also additional penalties for non-compliant landlords.
- 6.7. **Appendix 6** is an assessment of the costs for administering the scheme and sets out the proposed licence fees.

7. Legal Implications

- 7.1. The Housing Act 2004 provides that for a local authority to designate an area for Selective Licensing it must be satisfied that at least one of six general conditions are met. The condition the Council relies upon in respect of these proposals is housing conditions.
- 7.2. To satisfy this condition the Council, having carried out a review of housing conditions under section 3(1) of the Housing Act 2004, needs to consider that it would be appropriate for a significant number of the properties in the private rented sector to be inspected, with a view to determining whether any category 1 or category 2 hazards exist on the premises. Further that the Council intends to carry out these inspections with a view to carrying out any necessary enforcement action. Also that making the designation will, when combined with other measures taken in the area by the Council, or by other persons together with the Council, including any licence conditions imposed, contribute to an improvement in general housing conditions in the area. The intention of this report is to demonstrate that in respect of the designated area, this condition is met.
- 7.3. In addition, the Act requires under this ground that the Council is satisfied the proposed designated area contains a high proportion of properties in the private rented sector, in relation to the total number of properties in the area and that these properties are occupied either under assured tenancies or licences to occupy. The

intention of this report is to demonstrate that in respect of the designated area, these conditions are met.

- 7.4. The Act further provides that the proposed Selective Licensing scheme needs to be consistent with the Council's housing strategy. The Council must also seek to adopt a coordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour, as regards combining licensing with other courses of action or measures taken by the Council and external organisations. The Council must also not implement a selective licensing scheme unless they consider other courses of action available to them that might provide effective methods of achieving the scheme's objectives and the Council considers that the scheme will significantly assist in achieving those objectives. The Council considers that in respect of the designated area, as demonstrated in this report. The intention of this report is to demonstrate that these additional statutory requirements are met.
- 7.5. Where the conditions set out above are satisfied, the Council is empowered to designate the designated area as being subject to selective licensing.
- 7.6. The Act provides that private sector let properties falling within the designated area for a Selective Licensing scheme are required to be licensed. The relevant local authority is required to consider applications, deciding whether to approve and issue a license or to refuse to issue a license. The authority must impose some statutory licence conditions. In addition, the authority may impose other conditions relating to the management of the property. Further the authority must consider whether the proposed license holder is a fit and proper person to hold a license and whether the proposed management arrangements are satisfactory. Also the authority may charge a licence fee reflecting the administration costs of the scheme. The Council is therefore empowered to exercise these functions in the implementation and administration of the Selective Licensing scheme detailed in this report.
- 7.7. The maximum period that an area may be designated as subject to selective licensing is five years. The Council intends that the selective licensing scheme detailed in this report shall run for five years. However the Council shall keep the Scheme under review and if it considers it appropriate to revoke the Scheme; it may do so at any time.
- 7.8. The Act provides that before making a selective licensing designation a local housing authority must take reasonable steps to consult persons who are likely to be affected by the designation and consider any representations made as part of the consultation. The intention of this report is to demonstrate that the consultation process, and the regard had by it to the consultation responses when deciding the proposals, has complied with this requirement.
- 7.9. The Act requires that a selective licensing scheme cannot come into force unless it is confirmed by Secretary of State or a general approval has been issued. In 2015, the Secretary of State for Communities and Local Government issued a general approval giving all local housing authorities in England approval to designate an area as being subject to selective licensing. The general approval is subject to a number of conditions being satisfied. It is a condition that the local authority undertakes a consultation process of no less than 10 weeks. Further, that the designation, either by itself, or in combination with other selective licensing

designations made by the Council, does not cover more than 20% of the geographical area of the authority. In addition, that the designation, either by itself, or in combination with other selective licensing designations made by the Council, does not affect more than 20% of the private rented homes in the authority, based on figures from the census data. The intention of this report is to demonstrate that the Council has complied with these conditions.

8. Other Implications

8.1. Additional staff would need to be recruited to administer the scheme. The licence fees will pay for staff to process the applications, distribute licences and inspect and monitor the scheme. It is essential that staff are recruited as soon as a decision is made to ensure the lengthy process of preparation begins immediately. It is proposed that staff are recruited initially from the existing team to ensure they already have skills and knowledge of the legislative process. Any vacancies arising would be filled using the usual Recruitment and Selection policies of the Council.

Operational delivery and monitoring

8.2. We will be monitoring the performance and outcomes of the scheme to ensure we achieve what we set out to do. For the scheme to be successful it must have physical presence and activity in the area, and should not be simply an administrative exercise.

8.3. Every property would be subject to a thorough inspection to ensure compliance to the licensing standards/conditions and expected levels of management. Further inspections would be carried out where necessary and to ensure ongoing compliance.

8.4. Our preference is to work co-operatively with landlords. We will always provide advice and assistance. But any landlord not willing to improve their property and/or their practices will be subject to robust enforcement action and may have their licence refused or revoked.

8.5. All claims of exemption will be thoroughly investigated and where applications have not been received they will be subject to strict chase ups and legal action.

8.6. Officers will take a zero tolerance approach where unlicensed properties or breaches of conditions are found and non-compliant landlords would be rigorously pursued and have their properties inspected.

8.7. Before issuing a licence, the Council has to be satisfied that the licence holder, manager and other relevant people are "Fit and Proper". In deciding this, the council needs to assess a number of factors including certain criminal convictions and any contravention of housing and tenant law. In other licensing schemes run by the Council, where this is a requirement, it has been effective in ensuring that landlords and agents who are not Fit and Proper, are refused a licence.

8.8. Ultimately, people who are considered not Fit and Proper are not able to operate in that area or any other where licences are required. Those who are in breach of their legal obligations must improve or face legal action. The Government has

recently introduced Banning Orders and the Rogue Landlord register which we are committed to fully utilising where appropriate.

8.9. It is a criminal offence for landlords to let properties without a licence or to breach a licence condition. This would result in them being liable to prosecution and/or financial penalty. In addition where there is a breach of a licensing condition, the licence may be revoked.

8.10. The Council will establish and maintain a register available for public inspection relating to all properties where selective licences are in force. This will include details where temporary exemption notices apply and all properties where management orders are in place.

8.11. We will continue to work closely with other public service partners and agencies to jointly tackle privately rented properties where illegal practice and/or criminal activities may be taking place.

8.12. We will also work in partnership with South Yorkshire Fire Service and Health service partners as well as the voluntary sector to provide a package of support for private tenants to improve their safety and wellbeing.

8.13. Our objectives are to ensure that:-

- Private rented tenants are safer in their homes
- Private rented properties become better managed
- All landlords and agents operating in the area are Fit and Proper
- Bad landlords have been penalised for failure to comply or breaches
- Tenants, especially vulnerable tenants are protected from dangerous housing conditions and from irresponsible landlords
- Landlords are supported to operate in a professional businesslike way
- We have contributed to housing growth and investment

These objectives will be monitored through performance indicators, attached as **Appendix 3**.

9. ALTERNATIVE OPTIONS CONSIDERED

9.1. Prior to making a designation to introduce selective licensing the Council are required to consider other courses of action alongside selective licensing to determine whether there are alternatives that would be as effective in achieving the same objectives.

9.2. As an alternative to introducing a selective licensing scheme the following approaches have been considered. Discussion about these options took place as part of our consultation during drop in and evening consultation events.

Continue with reactive enforcement

9.3. We could continue with the current regulatory approach and respond to complaints received on an individual basis. This approach would have extremely limited impact on addressing poor property conditions as it would be sporadic based on

complaints rather than a planned programme of inspecting each property. This option relies on tenants reporting issues and does not address poor standards in a strategic way.

- 9.4. On analysis of the complaints received from tenants, a fifth became unresponsive or were unwilling for officers to pursue their complaint. We are aware that in some cases this is due to tenants being in fear of harassment and retaliatory eviction. We also know that many tenants living in properties where serious conditions were found were unaware they could report issues to the Council.

- 9.5. Continuing as we are is likely to leave a significant proportion of privately rented tenants living in substandard conditions which are harmful to their safety, health and wellbeing.
- 9.6. Our current reactive approach does not focus on developing effective partnerships with landlords, the voluntary sector and other services. The investment in 'on the ground support' as a result of selective licensing will help us take a more proactive approach and increase engagement with people living and working in the area.

Targeted proactive enforcement

- 9.7. Over the last two years resources have been focussed on targeting problematic properties in the area. Due to the complexity and severity of issues found, dealing with poor property standards on a case by case basis has been slow and more resource intensive than expected. Many landlords have been reluctant to act on any advice from officers and have only carried out works at the point of legal intervention. Whilst enforcement powers under Part 1 of the Housing Act 2004 are effective in dealing with hazards within an individual property it does not address poor standards of management in all properties. Neither does it assess the Fit and Proper status of landlords and agents, and as such does not offer a wider strategic approach to improving standards in an area where there are significant problems.
- 9.8. In Sheffield targeted enforcement is not sustainable, and cannot have enough of an effect on the number of poor properties. Additional tools are required to bring about change.

Voluntary Compliance

- 9.9. This requires voluntary engagement from landlords to improve property standards and management practices across the sector. We offered this as an alternative in Page Hall in 2015 at the request of landlords. We were disappointed but not surprised that there were only a handful of landlords that signed up to this.
- 9.10. For a number of years, our officers have found that despite providing full schedules of work to make the properties safe, landlords did not carry this out until the point of legal intervention. This shows that we cannot rely on voluntary compliance.
- 9.11. It is nationally recognised that voluntary schemes have limitations when trying to tackle non-compliant landlords and tend to attract only those landlords who are already motivated and provide a good service.
- 9.12. With limited sanctions, voluntary registration would fail to tackle the worst accommodation standards and would not tackle landlords who deliberately avoid their responsibilities.
- 9.13. We do not support voluntary registration as it relies on landlord self-declarations. These are known to be proven as inaccurate and could therefore damage the reputation of the Council certifying them. Take up is variable and with no enforcement powers or compulsion for landlords to join, we feel it is necessary to impose legal requirements on landlords due to the significance of the problems.

10. REASONS FOR RECOMMENDATIONS

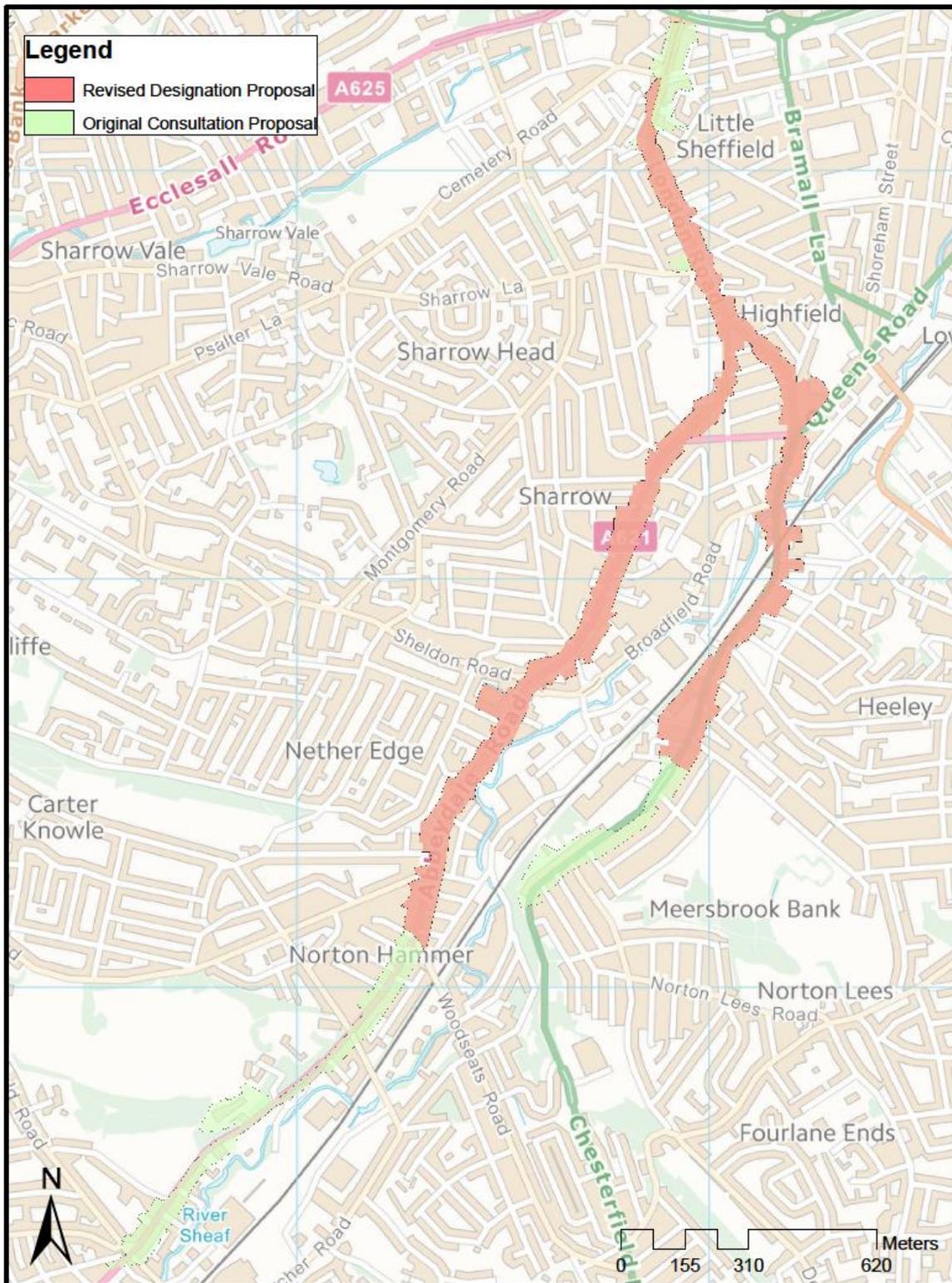
- 10.1. The Council has a statutory duty to address hazards in private rented properties. This is carried out on a day to day basis, usually with individual properties and landlords. Where Councils identify more widespread issues in an area, the law allows them to introduce discretionary licensing schemes.
- 10.2. Selective licensing is being proposed because the problems uncovered in this area are too widespread and significant to be dealt with on an individual property/landlord basis.
- 10.3. We acknowledge that the majority of landlords in Sheffield are good. They provide a wide range of rented accommodation that is well managed and safe. There are however a small number of irresponsible landlords who continue to let properties in a poor state of repair, neglect their management responsibilities demonstrating little regard to their tenants' safety and well-being. Neglected and poorly managed housing not only impacts on the health and well-being of tenants but also has a detrimental impact on the local area.
- 10.4. Now we are aware of the extent of the problems in this area it is appropriate that we recommend a way of improving the properties and health and safety of the occupants. It is impossible to do that with our existing resources, and Selective Licensing is provided as a legal tool to address wide-scale problems of this nature.
- 10.5. Because of the work done with landlords over the past few years, we are concerned about the lack of responsibility and accountability shown. It has been difficult to pin down the correct ownership and management details. Landlords have been allowing people to live in conditions that are obviously poor and/or dangerous without any efforts to improve those situations. We have consciously provided multiple opportunities to address this on a voluntary basis but landlords have demonstrated a clear reluctance to co-operate without legal enforcement.
- 10.6. By licensing this area, it automatically increases landlords' accountability, makes sure the landlords' business activities are satisfactory, and that we will have a record of details of the landlord, agent and any other interested party in the property. It will ensure there is transparency about the condition of their properties as well as their management arrangements.
- 10.7. We are recommending licensing because it allows us to set clear standards and conditions that landlords must adhere to, and for us to take legal action if they don't.
- 10.8. Added to this, we have found a clear lack of management ability and competency. The unacceptable living conditions are at best a nuisance, are harmful and at worst they are potentially fatal. When we see the volume of issues in one area like this – it would be neglectful to walk away without proposing a comprehensive scheme of regulation and enforcement.
- 10.9. A major advantage of licensing is that landlords and agents will be checked in terms of their Fit and Proper status, which is significant because landlords with criminal convictions or a history with us could fail this test and be prevented from managing in the area. This will raise the standard of landlords operating in the area and ensure the less scrupulous ones are driven out. Furthermore – the

Government has now introduced Banning Orders which means those landlords could ultimately be banned from operating anywhere in the country.

- 10.10. One of the most worrying aspects of our experience with tenants is that many appeared to be afraid to speak to us about their landlords. Some didn't know who their landlord was or how to contact them. They didn't have legal tenancy agreements or rent receipts. The level of referrals for our tenancy relations officers was relatively high, suggesting that landlords were not adhering to their legal responsibilities in terms of managing tenancies properly, or enabling tenants to live without fear of harassment.
- 10.11. Supporting evidence for this is the behaviour landlords have shown in public events. Seeing violence and aggression in a public setting like this was shocking. Naturally, it made us wonder how they react to their tenants in the privacy of their property, if they are acting like this in public. Added to this is the vulnerability of occupants, whether it is a language or culture barrier, poverty or mental or physical disability. Seeing landlords act in this way made us fearful for the safety of tenants. This situation must not be tolerated and as a Council we have a duty of care to protect these people.
- 10.12. Having considered the criteria set down by the Government, the wealth of information gathered throughout the inspection programme and consultation period, we consider that selective licensing is the most effective way of addressing the poor housing and tenancy management of properties along the proposed area of London Road, Abbeydale Road and Chesterfield Road.

Appendix 1 – Map of Original designation and revised boundary

Proposed London Road, Abbeydale Road & Chesterfield Road Selective Licensing Designation



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1. The Revised boundary

1.1. Since the consultation period, we have reduced the original proposed boundary of the scheme. It has been reduced by around a third because it became clear that the most significant issues with poor conditions and bad management are in the central areas – where we had our original concerns. It is therefore appropriate to focus the scheme where there is a concentration of the most serious conditions and concerns.

2. Chesterfield Road reduction

2.1. The Chesterfield Road boundary now ends at the flat above shop shown below in pic. 1. The major concerns on this road are where there is a significant concentration of flats above shops with serious hazards. The boundary stops at pic. 2 (123 Chesterfield Road).

Pic. 1



Pic 2



2.2. This is where there is much less private rented housing, the properties become semi/terraced (pic 3) which does not cause as much of a concern and the opposite side of the road is retail (pic. 4).

Pic. 3



Pic 4.



3. London Road reduction

3.1. The purpose built accommodation (Pics 5 & 6) at the start of London Road has been removed as it is new build and required to comply with current Building/Planning regulations. The accommodation above the Chinese restaurant at the start of London Road has already been dealt with separately as it is a House in Multiple Occupation (HMO).

Pic. 5



Pic. 6



Abbeydale Road reduction

3.2. The boundary now ends at the crossroads/traffic lights at the Junctions of Abbeydale Road/Barmouth Road/Woodseats Road. (Pic 7 & 8)

3.3. The properties going further south west after this crossroads are predominantly 2/3 storey houses, many of which are already regulated by us via Mandatory licensing of Houses in Multiple Occupation⁵. In October 2018, the national legislation is expanding which means many more of the properties that are private rented will fall within those HMO regulations and would therefore be outside of any Selective Licensing designation. The boundary still captures the flats above shops where we have found the most serious hazards.

Pic. 7



Pic. 8



⁵ Housing Act 2004

Pic. 9



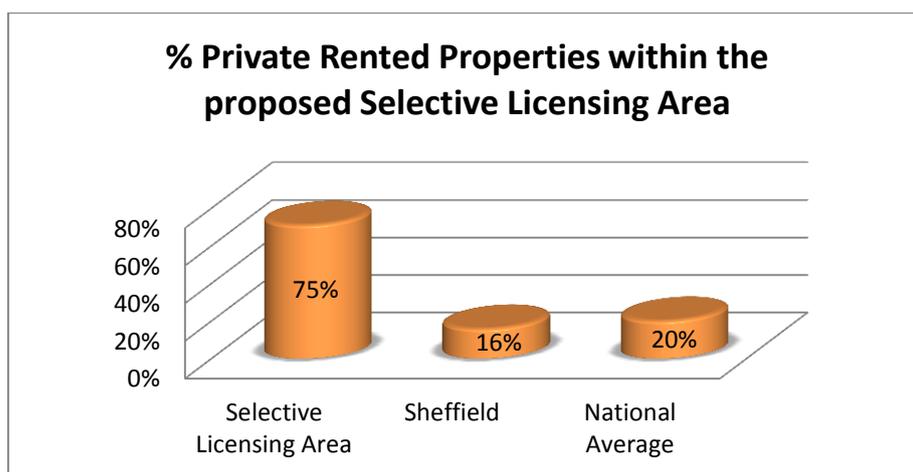
Appendix 2 – Evidence to Support Poor Property Condition

1. Introduction

- 1.1. This report shows the evidence collected over a number of years which has led to the Cabinet recommendations. To meet the Selective Licensing requirements, we must show that we meet one or more of the criteria set out in the Department for Communities and Local Government (DCLG) Selective Licensing Criteria.
- 1.2. The report will show how we meet the Government criteria, and reveals the serious level of poor property conditions in the area. Under this criteria, the council is required to carry out a review of housing conditions and consider whether we think it is appropriate for a significant number of properties to be inspected with a view of determining whether there are Category 1 or 2 hazards present. Further that the inspections are carried out with a view to carrying out the necessary enforcement action.

2. Proportion of Private Rented Properties

- 2.1. It is a requirement under poor housing condition, that the proposed designated area contains a high proportion of properties in the private rented sector.
- 2.2. Data that we have collected shows the proposed area to have 75%⁶ private rented households. This is well above the average for Sheffield which is just 16%⁷. The DCLG guidance on Selective Licensing advises that anything above the national average may be considered significant. The current national average is 20%⁸ and therefore this requirement is met.
- 2.3. The 2015 Sheffield Housing Condition Survey identified that private rented housing has a much higher presence of disrepair and hazards than owner occupied and social rented housing.



3. Property Appearance & Types

- 3.1. Our experience of properties within the area is that the majority are flats or terraced properties built before 1919 and are generally 3 storey

⁶ Data taken from our records and Council Tax

⁷ Data taken from Census 2011

⁸ Data taken from English Housing Survey 2016-17

- 3.2. The English Housing Survey, Fire and Fire Safety 2013-14 observed that private rented homes and homes built before 1919 were more likely to have a higher risk of fire, and are less likely than other tenures to have a working smoke alarm
- 3.3. Evidence obtained from the 2009 Sheffield Housing Condition Survey identified that in Sheffield, converted flats and small terraced houses, built pre 1919 and in the private rented sector were more likely to be in poor condition and have a higher prevalence of high risk Category 1 hazards.

4. The revised Selective Licensing area

- 4.1. The Selective Licensing area has been reduced as a result of the consultation period and further property inspections.
- 4.2. As expected, the worst conditions were at the 'city' side of the roads which were the areas where the original referrals and worrying observations were made.
- 4.3. We also identified some fairly new purpose built blocks/student housing. As these are required to comply with other legislation such as Building and Planning Regulations they were removed from the original proposed area.
- 4.4. The proposed new boundary contained the most serious property and management problems. It is also the area where we had most reluctance from landlords and where conditions were only improved upon legal enforcement.
- 4.5. Over 70% of properties assessed in the revised boundary needed a full risk assessment because of the condition of the property and level of concerns.
- 4.6. Out of those – over 70% had high risk Category1 and Category 2 hazards and the majority needed legal intervention before the landlord was willing to improve the conditions for their tenants.

4.7. Revised Boundary Information

No. Properties in inspection programme	No. requiring full risk assessment	Serious Hazards/ Management Breaches Identified	Legal Action Taken
130	92	65	42

- 4.8. 10 of the properties visited are still under investigation due to the concerns identified. We are having issues gaining access and determining the correct ownership in some of them, which again confirms the level of enforcement action required in these properties because the owners are not ensuring there is accurate record keeping/Land registry information. The remaining 28 properties were not inspected or assessed as there was no imminent risk of harm.
- 4.9. The number of Improvement Notices, Emergency Remedial Action Notices and Prohibition Orders served during the inspection programme **all** related to properties within the revised boundary. This satisfies us that the revised boundary area is where there are most concerns, hazards and lack of co-operation from landlords and therefore requires a programme of inspection and enforcement provided by Selective Licensing.

5. Background - Initial Concerns and Evidence

- 5.1. Sheffield's private rented sector has doubled over the past 10 years. The majority provides valuable accommodation for people who don't want to or are unable to own their own home.
- 5.2. Between January 2013 and September 2015 we received 2,700 housing related enquiries across the city. Just 50 of these enquiries related to properties along London Road, Abbeydale Road and Chesterfield Road which on the face of it appears low. However, when officers went out to see the properties – the range of issues found was much greater and more serious than we would usually find; ranging from seriously poor property conditions and management standards along with a high vulnerability of occupier. Officers identified common issues such as serious fire risks and the lack of suitable amenities such as toilet facilities.
- 5.3. The number of complex problems and hazards identified was not reflected by the small number of enquiries we received and suggested that either tenants were unaware of our service or reluctant to contact us. There appeared to be a legitimate fear from private rented tenants that they will be evicted if they complain about their conditions.
- 5.4. Because of the common issues and significant number of hazards found, we sought approval from the Cabinet Member for Neighbourhoods and Community Safety to carry out some pro-active inspections of more properties in that area to determine whether there was indeed a large scale problem or whether it could be addressed on an individual property basis.
- 5.5. This table is a summary of the property inspection programme carried out at each stage. These are explained further in this document.

Initial Inspection Programme – October 2015 to September 2017

No. Identified	No. with full risk assessment	Hazards/Management Breaches Identified	Formal Action Taken
77 (43 Proactive 34 ongoing complaints)	58	43	24

- 5.6. The pro-active inspection programme ran from October 2015 until September 2017. Officers identified 43 properties within the area to proactively visit based on their outward appearance and visual poor maintenance of gutters, windows, roof, poor brickwork and overgrown gardens.
- 5.7. In addition to these, we received a further 34 complaints from tenants and third party organisations such as Trading Standards, South Yorkshire Fire & Rescue Service or Immigration Service in relation to properties within the proposed designation area. This gave us a total of 77 properties in the programme.
- 5.8. During this 2 year period, 58 properties were inspected and a full risk assessment was necessary. Of those, 43 properties (owned by 29 landlords) were found to

have serious hazards. That means a staggering 74% of properties inspected found to contain a serious safety risk to tenants. 24 of those 43 properties inspected required formal action to be taken. Citywide, the majority of landlords co-operate with our requests without formal action having to take place at all.

5.9. Following these inspections it was becoming clear to officers that there were serious concerns regarding the fundamental layout, condition and management of these properties.

5.10. The following issues of concern were identified

- Poor property condition and visual signs of neglect
- Presence of multiple high risk hazards in the home
- Inadequate means of escape in event of fire/emergency
 - Illegal and dangerous conversions
 - Insecure tenancies
 - Subletting
 - Overcrowding
 - Accumulations of rubbish
 - Problematic landlords and agents operating in the area

5.11. Officers were immediately struck by the following general issues: -

- The haphazard nature of the flats above shops. There is no uniformity, a wide variety of layouts, sizes, types of escape. Simply by viewing a block from the outside revealed concerns about what may be inside.
- The problems caused by lease arrangements for ground floor commercial space, with a mix of residential, commercial and storage space above
- High numbers of properties that do not have a complete/separate escape without going through the commercial space below
- Flats above food establishments are of particular concern where fire risk was considered high. Of those inspected the provisions for protecting tenants and offering safe means of escape were found to be inadequate, presenting serious risk to all occupiers should a fire occur.

Additional properties volunteered by landlords

5.12. As part of the consultation process, we presented the data we had found so far and asked them if they felt the evidence was correct, and if they would like to volunteer their properties for inspection to help give us a more comprehensive representation of properties within the area.

5.13. Many landlords stated they would allow us to look at their properties within the public meetings. However, when we followed this up there was only 4 landlords and 1 property agent that agreed to us inspecting a selection of their properties. In total there were 16 properties volunteered, but for 3 of these we were unable to gain access. This resulted in 13 full inspections.

5.14. Whilst these properties were well presented and well managed, over a third still contained high risk hazards presenting risks to the safety of tenants. It

confirmed to us that diagnosing hazards is not straightforward without the specialist knowledge or experience.

5.15. The volunteered properties which were found to comprise serious safety concerns were all found to contain Fire hazards - this corroborated our concerns that there are inherent problems with the layout of properties in the area.

Randomly Selected Properties

5.16. During the consultation process it became clear that a large proportion of the proactive and reactive visits had been concentrated in particular sections of the proposed area, particularly on London Road and the lower end of Abbeydale Road. Therefore a further 39 properties were randomly selected for assessment towards the upper end of Abbeydale Road and Chesterfield Road as a final phase of inspections for the area.

5.17. These properties were identified as being privately rented, where the Council had no previous history of involvement and were done as a desktop rather than visual exercise to make sure they were random. We were concerned that out of 39 – we could only gain access to 6 properties. Of these, 2 were found to have changed use and no longer be privately rented, 3 of the remaining 4 were inspected and found to contain multiple high risk hazards and other conditions of concern.

5.18. Altogether, the inspection programme ran from October 2015 until March 2018. During this time officers visited 150 properties within the initial proposed area.

5.19. This was made up of:

- 54 Proactive
- 41 Ongoing complaints
- 16 Volunteered by landlords
- 39 Randomly Selected

Inspections

5.20. Of the 150 properties, 98 properties required a full hazard risk assessment. Some properties did not require a full risk assessment inspection; either due to properties becoming empty, becoming owner occupied or where officers did not observe any issues of concern during or following their initial visit. 38 of these relate to properties either selected at random or where landlords volunteered access.

Findings of Overall Inspection programme - October 2015 to March 2018

No. Properties	No requiring full risk assessment	Hazards/Management Breaches Identified	Legal Action Taken
Total 150	98	69	43

Potential Retaliatory Evictions?

5.21. Our fears grew about bad management practice, as in a quarter of properties inspected, the tenants appeared to be evicted during/immediately following our intervention. It is of national concern that the threat or fear of illegal, retaliatory eviction by landlords may be the reason that tenants are unwilling to report issues of disrepair/harassment. The Government introduced legislation in response to this concern. However, we know from our experience that bad landlords will only comply with these types of regulations if they are being strictly monitored.

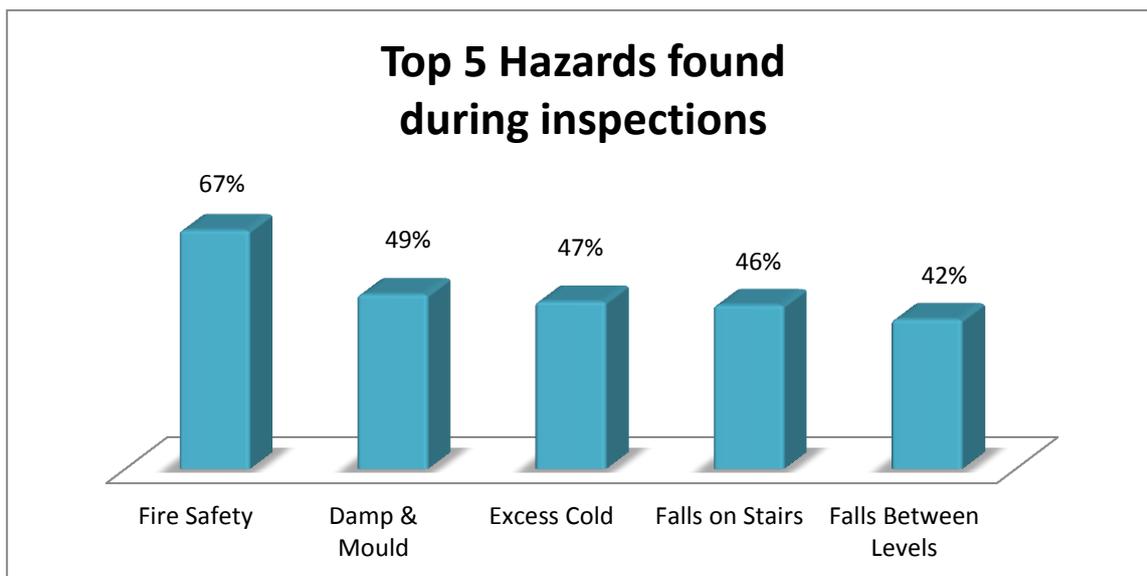
5.22. Overall findings

- 12 properties had illegal or dangerous conversions
- 14 unlicensed Houses in Multiple Occupation were found
- 4 properties were seriously overcrowded
- 28 properties inspected revealed poor management issues
- 84 referrals were made to other Council services and partner organisations to address other issues of concern to the wellbeing and safety of people living in the area.

5.23. In total 394 hazards were identified, 345 were Category 1 (the most serious) and 49 were high risk Category 2 hazards.

Hazard Type	No. of properties hazard identified in
Fire Safety	62
Damp & Mould	46
Excess Cold	44
Falls on Stairs	43
Falls Between Levels	39
Electrical	29
Falls on Levels	22
Food Safety	17
Structural Collapse & Falling Elements	14
Domestic, Hygiene, Pests & Refuse	13
Flames, Hot Surfaces etc	12
Personal Hygiene, Sanitation & Drainage	12
Entry by Intruders	10
Collision & Entrapment	8
Lighting	8
Excess Heat	7
Crowding & Space	4
Falls associated with Baths	2
Position & Operability of Amenities	2

5.24. The top 5 hazards were identified as following; Fire Safety, Damp & Mould, Excess Cold, Falls on Stairs and Falls between Levels.



How we enforce

5.25. In responding to these hazards the Council uses informal (advice and encouragement) and formal (enforcement) approaches to improve property condition. Unless the seriousness of the case merits immediate enforcement, the Council will work positively with landlords who want to improve standards and take all necessary enforcement against those who do not.

5.26. Across the city the majority of cases are resolved without the need for formal action. Whilst it is recognised some landlords operating in the area are professional and responsive to advice from officers, there were a significant number who tried to evade their landlord responsibilities.

5.27. Our enforcement in this area was much higher than we experience across the city. For the majority of these cases landlords were given the opportunity to improve their properties voluntarily. However in over 62% of cases, follow up inspections revealed landlords had failed to cooperate voluntarily, requiring the taking of or threat of legal action in order to secure property improvements.

5.28. This demonstrated to us that we could not rely on landlords improving their properties without rigorous inspection and formal intervention being taken.

5.29. The following legal Notices under the Housing Act 2004 were served in relation to serious hazards found in the property

	No. in Proposed	No.	% of total
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Notice Type	area	Citywide	
Improvement Notice	25	86	29%
Emergency Remedial Action	3	8	38%
Prohibition Order	5	8	63%

Timeframe October 2015 to March 2018

5.30. In the table above you can see the comparison of action in the area with the citywide figure. The proposed licensing area is around 2% of the private rented properties in Sheffield.

5.31. An Improvement Notice may be served when a Category 1 or Category 2 hazard is identified and either;

- the owner fails to take voluntary action to remedy the hazard
- the owner has a previous history of non-compliance
- the risk relating to the hazards is so severe and management arrangements are so poor that formal action is taken
- the works required are so complex that they need to be specifically scheduled, which is included as part of the notice.

Comparison with citywide action

5.32. In total 86 Improvement Notices were served citywide with 25 of these in the proposed designation area.

5.33. 3 Emergency Remedial Action Notices were served in the proposed area out of 8 that were served citywide. Emergency action is taken when there is deemed to be imminent risk of serious harm to the public. Officers were so concerned about the property condition in these 3 properties that it was essential to pursue immediate enforcement action to ensure tenants were protected from being harmed by these hazards.

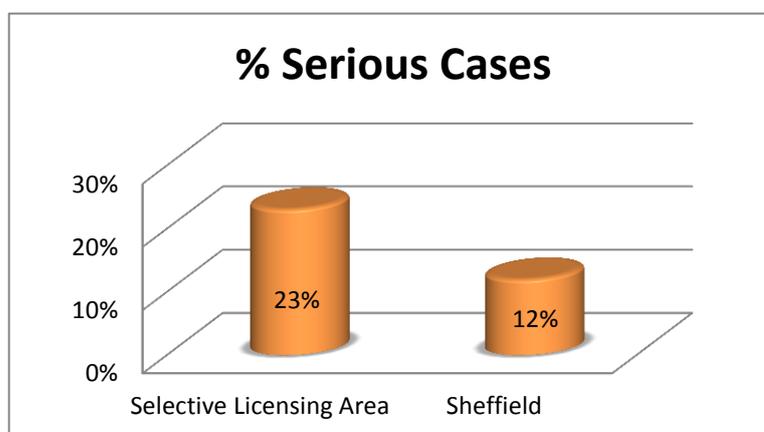
5.34. 5 out of the 8 Prohibition Order served across the city were in the proposed area. Prohibition Notices are only served where the works required to remedy the hazard are excessive, expensive and disproportionate and therefore other available enforcement action would be insufficient to protect the occupiers from harm. It is rare that the hazards are so serious that we need to serve them.

5.35. Since we began the inspection programme in October 2015, a number of landlords who own properties in the area have been prosecuted for offences under the Housing Act 2004. These offences related to the failure to comply with an Improvement Notice, failure to obtain a licence in regard to a mandatory HMO and breach of HMO Management Regulations. These prosecutions resulted in criminal offences. It also impacts on the Council's consideration of those persons being considered fit and proper and their suitability to obtain a property licence.

5.36. During the Inspection Programme 10 landlord/agents were at immediate risk of prosecution, 1 landlord/agent was Interviewed Under Caution in accordance with the Police and Criminal Evidence Act 1984, 3 landlords were issued with a Caution and 2 were prosecuted for criminal offences.

Tenancy Relations

5.37. Between October 2015 and March 2018 our records show that 23% of enquiries received by our Tenancy Relations Officers in the proposed area related to issues of a serious nature, such as illegal eviction and/or harassment. This is compared to just 12% citywide. This suggests that whilst tenants may be afraid of reporting repairs, they needed our help relating to tenancy management and eviction.



5.38. In law, tenants generally cannot be evicted without a Possession Order from the Court, and then a bailiffs' warrant. The first step a landlord needs to take is to serve a correct notice requiring possession.

5.39. During October 2015 to March 2018 we received 914 enquiries across the City querying the validity of the Notice served by a landlord. Only 19 of these enquiries were in the proposed Selective Licensing Area. On the surface this appears low. Yet we experienced over the past couple of years that a quarter of tenants were no longer living at the property following our intervention. This suggests that notices requiring possession may not be being served within the area and that tenants are being illegally evicted or forced to leave.

Notice Requiring Possession

5.40. 68% of enquires received by our Tenancy Relations Officers in the Proposed Selective Licensing area related to Incorrect Notices served by a landlord.

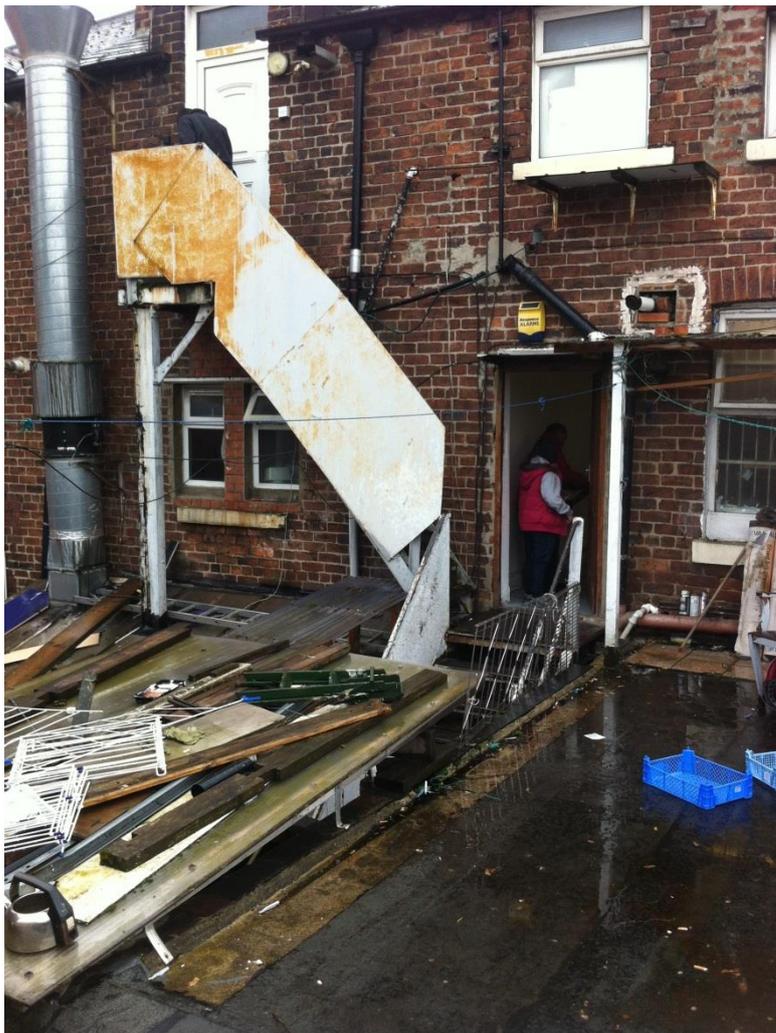
5.41. This suggests to us that there are also poor management practices and a serious lack of understanding of the law by landlords and agents operating in the proposed area.

6. Our inspection programme conclusions

- a) The low level of referrals/complaints made to us, does not reflect the seriousness of what we found when we investigated the matters.
- b) In the majority of these cases the hazard identified related to fire safety due to the inherent design and layout of the properties.
- c) There were high levels of properties that did not have separate means of entry / escape and often access to the residential accommodation is through the commercial space downstairs. This is a major concern as many of the commercial spaces are restaurants or takeaways and should a fire breakout downstairs the tenants do not have an alternative exit route.
- d) Throughout the consultation period we visited a total of 13 properties volunteered to us by landlords/agents, although this showed these properties to be well managed, and in good repair, hazards were still identified.
- e) Officers carrying out the inspections have noted that there appeared to be significant lack of awareness of the minimum standards that are expected in private rented accommodation amongst large number of landlords. There also appeared to be a lack of engagement from landlords.
- f) Ownership and management issues were frequent. There were often many different lease arrangements that make ascertaining ownership and therefore responsibility very difficult and time consuming.
- g) Many tenants appeared to be unaware who their landlord was, or were reluctant/resistant to interact with them.
- h) The highest level of hazards and resistant landlords was in the area which is now the revised designated area. This confirms our original concerns when starting our pro-active programme of inspections.
- i) The properties that have been removed from the designation area had lower instances of hazards, the landlords were co-operative with officers on a voluntary basis, the general appearance of the properties was much better, and on inspection the outward appearance of the properties did not give rise to concern in the way that those in the revised area did.
- j) The inspections have clearly revealed that there are serious and extensive problems with the properties in the proposed revised designation area, and that a Selective Licensing programme would provide us with access to every property to determine and enforce property hazards and management.

7. Photographic Evidence/Examples

- 7.1. The types of hazards identified in the proposed designation area are serious and extensive. When a property has defective electrics, no fire alarms and no safe way of escaping the property we need to act as should a fire breakout it could result in the loss of life.
- 7.2. House fires caused 213 deaths in England in 2016/17 and we take fire safety extremely seriously. The recent tragic loss of life in the Grenfell Tower Block has highlighted the need to make sure the residents of Sheffield are protected from the effects of fire.
- 7.3. These photos are from a range of properties in the area. They were occupied at the time of inspection, and date throughout the period of initial concern (complaints made) through to the current time. They are just a small sample of the records we hold. It does not require a technical expert to see that these are not situations where simple minor repairs are needed. This happens when landlords neglect their properties for years. There is bad workmanship, a lack of general maintenance and a complete disregard for the health and the safety of their tenants.





















7.4. The photos indicate the reasons why we were so concerned. After seeing such a high concentration of issues in the same area, for such a long period of time with landlords that were reluctant to co-operate with us, it became clear that a formal programme of licensing and enforcement was necessary.

7.5. Here are examples of where we have intervened resulting in improvements. Where intervention has taken place and completed, properties are brought up to a safe standard.

7.6. Fire Safety

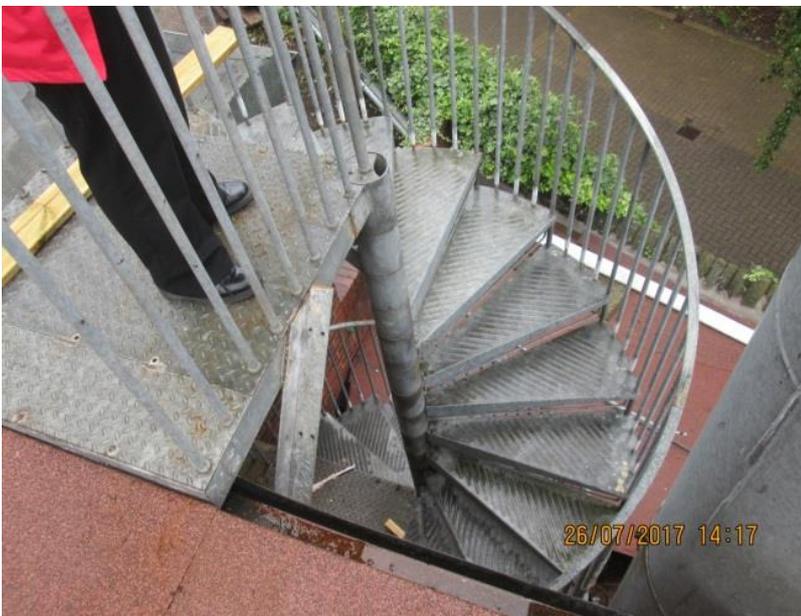
Inspections identified deficiencies regarding inadequate means of escape, dangerous electrics, lack of suitable fire and smoke detection, lack of suitable fire separation, inadequate number of socket outlets resulting in overloading, present serious risk to all occupiers should a fire occur.



Before

An example of a fire safety hazard is poor means of escape. This photo shows the escape route from a flat above a café exiting in the commercial dining area.

The occupants in the flat would be trapped in the event of a fire in the café.

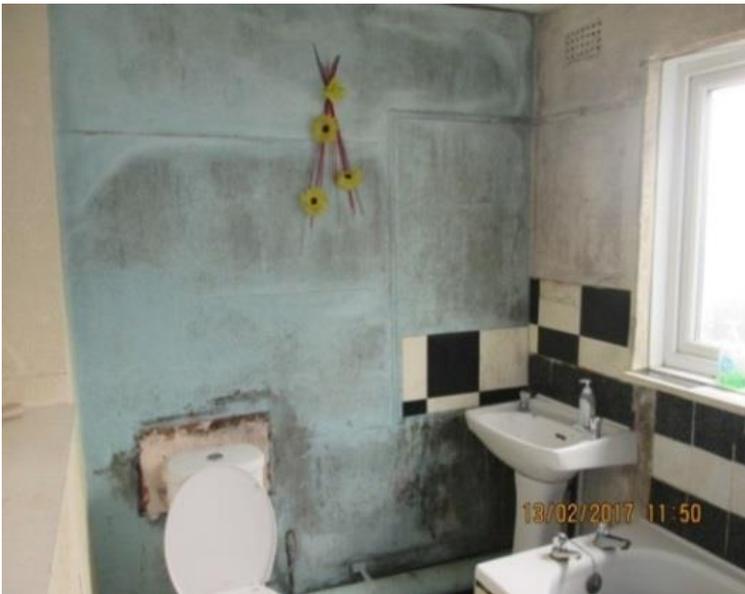


After

Following our intervention, a new external staircase was installed to provide a direct means of escape from the flat.

7.6 Damp and Mould

Such issues as defective guttering/ fall pipes, damaged and leaking internal pipes, leaking roofs, rotten windows, insufficient or no heating, poor ventilation and lack of insulation were identified.



Before

Where properties do not have proper heating systems, adequate ventilation or leaks, they can suffer damp and mould as can be seen in this photograph. Health problems are associated with damp and mould especially for vulnerable, young or elderly people or those with bronchial/ breathing problems.



After

Following our intervention, the mould has been treated and the bathroom has been re-tiled with a new floor.

Leaking Roof



Before

A leaking roof in a poor state of repair was causing water damage, damp and mould.



After

The property has now been re-roofed to current standards which stops the leaks, allows the water damage to dry and out and prevents further damp and mould growth.

Leaking Gutters



Before

Leaking gutters, old and rotten windows and doors.



After

The gutters, windows and doors have been replaced.

Falls

Deficiencies such as missing balustrades, spindles, uneven staircases, lack of handrails, poor lighting on stairwells, uneven floors and paths, broken and damaged floor boards, were identified. Falls can result in extremely serious and long term health issues or fatalities.

Balustrades



Before

This photograph is a common occurrence – where fire escape staircases have guarding missing or defective, making it easy to fall through. Falls are another major cause of death and serious injury.



After

A new fire escape staircase fitted with guarding.

Stair Collapse



Before

An external staircase showing rotten stair treads with partial collapse.



After

Wooden staircase replaced with a metal staircase and full guarding to prevent fall through.

Electrical

Hazards were identified such as broken plug sockets, inadequate protective sheathing, old and exposed wiring.



Before

This was an old style consumer unit which did not give protection from electrocution.



After

Property re-wired with new consumer unit which meets current regulations.

Appendix 3 - Monitoring and Performance

Monitoring the operational delivery of the scheme will be an ongoing process. The Private Housing Standards (PHS) Management Team will oversee licensing activity.

Statistics will be collated on a quarterly basis. Performance measures will be reported to and reviewed by the Private Housing Standards Performance Management Team on a quarterly basis, then to other Leadership and Executive teams as appropriate.

The objectives stated in section 8 of the report will be monitored through the following performance indicators. Indicators may be amended throughout the period to better capture the circumstances of the area.

	Objective		Performance Indicator
1.	All properties in designated area have complied with the requirement to apply	1.1	% of eligible properties with valid applications
		1.2	% of properties with applications as a result of investigations (First submission incomplete, or where we have found unlicensed properties)
2.	Private rented tenants are safer in their homes	2.1	% of properties with gas safety certificates
		2.2	Number of properties where a serious hazard is removed/reduced
		2.3	Number of properties where fire risk is removed/reduced
		2.4	% of licence compliant properties
3.	Private rented properties become better managed	3.1	% of properties with a valid tenancy agreement
		3.2	% of properties with landlord address/contact number provided
		3.3	Number of households with contact number for repairs/emergency repairs
4.	All landlords and agents operating in the area are Fit and Proper	4.1	Number of landlords/agents checks carried out
		4.2	Number of follow up checks/investigations carried out
		4.3	Number of Fit and Proper refusals
		4.4	Number of properties where management handed over to responsible/reputable agent
5.	Bad landlords have been penalised for failure to apply or breaches of their legal responsibilities.	5.1	Number of inspections carried out (%)
		5.2	Number of legal Notices served

		5.3	Number of Civil Penalties issued
		5.4	Number of prosecution cases
		5.5	Number of breaches addressed
6.	Properties are no longer used for illegal/immoral activities	6.1	No. of properties where illegal activities reported/addressed via multiagency operations
7	Tenants are protected from poor housing or other harassment activity	7.1	Number of harassment cases investigated
		7.2	Number of cases referred to safeguarding
8.	Landlords are supported to operate in a professional business - like way	8.1	% of landlords provided with landlord information packs
		8.2	% of landlords attended training course
		8.3	Number of cases referred to HMRC
9.	We have contributed to housing growth and investment	9.1	Number (%) of residential properties empty
		9.2	Number of properties brought back into use?
		9.3	Approximate investment amounts into properties

Appendix 4 - What is Selective Licensing?

1. Selective licensing is a regulatory tool introduced by the Housing Act 2004 under Part 3, Section 80. It enables Councils to introduce licensing for landlords to help improve private rented properties which are poorly managed and in areas suffering from one or more of the following issues: poor housing condition, low housing demand, high levels of migration, high levels of deprivation, high levels of crime, and/or significant and persistent antisocial behaviour. As detailed in the report, the ground the Council relies on for this particular proposal is “poor housing conditions”.
2. The aim of selective licensing is to improve standards of property management in the private rented sector ensuring licensed properties are safe, meet basic safety standards and are managed in a satisfactory way to improve conditions for those who occupy them and residents in the local community.
3. If introduced, it imposes a legal requirement on all private landlords to apply to the Council for a licence for each property they rent out in the designated area.
4. Houses or flats that are already subject to mandatory licensing because they are a House in Multiple Occupation (HMO) do not need to apply again. Only one licence is required. There are also other Selective Licensing exemptions, which to qualify will be subject to stringent checks.
5. As part of the licence application, owners must provide details of ownership, details about the property, how it is occupied, provide certificates for gas safety etc. as well as stating who else has legal interests in the property.
6. Councils must not issue a licence unless it is satisfied that the holder is Fit and Proper. The licence also raises the standards of management by requiring the licence holder to comply with specific licence conditions. Failure to do so, can lead to enforcement action. It also drives out bad landlords by preventing them from operating in the area.

Fit and Proper Person

7. In order to be granted a licence, landlords will need to pass a ‘fit and proper’ test and provide information about their management arrangements. This is to ensure that they are the most appropriate person to hold the licence and can demonstrate they have satisfactory management arrangements in place to manage property disrepair and tenancies.
8. In determining whether the proposed licence holder is a ‘fit and proper’ person, the landlord will be required to provide identification and a declaration confirming their status with regard to criminal offences.
9. The Council will have regard to this information and any other evidence relating to previous convictions held by the person applying for the licence which impacts on their suitability to manage properties. These include any contraventions for failure to comply with housing and landlord and tenant responsibilities as well as convictions relating to fraud, drugs, sexual misconduct, discrimination and violence.

10. In Sheffield, we carry out thorough 'fit and proper' assessments of all landlords seeking property licences and Disclosure and Barring Service (DBS) checks will be requested where further evidence is required to verify information.
11. Assessments have proved highly successful in our delivery of HMO licensing and our current Selective Licensing scheme in Page Hall and have resulted in a number of landlords and agents being refused fit and proper status.

Satisfactory Management Arrangements

12. This is a further check which is attached to the Fit and Proper assessment. We consider issues including, but not limited to; how far away the licence holder/manager lives away from the property as this affects how they manage it. Also financial arrangements as being a landlord has financial responsibilities attached to it to make sure that repairs and maintenance are carried out properly.

Licence Conditions

13. When the Council issues a licence, it is able to apply a series of standards and conditions to the licence to tackle specific problems relating to the management of the property.
14. Conditions are a mixture of mandatory and local conditions which include a range of requirements aimed at ensuring properties are safe and managed in a satisfactory way.
15. Our local conditions have been proposed to tackle specific issues identified in the area and are considered appropriate to regulate the management, use and occupation of the privately rented properties in this area. The Council believes the conditions of licences are not onerous and good landlords are unlikely to need to change their practices. The proposed licence conditions are attached in **Appendix 5**.

Enforcement of Licensing

16. A designation may be in force for up to 5 years, which means the licence is valid for up to 5 years. We expect the scheme to last for the full term due to the problems identified and we are committed to carrying out a full and comprehensive inspection programme to ensure compliance.
17. As part of the programme, the team would target unlicensed properties and properties where landlords fail to address high risk hazards and maintain their conditions of licence. In these circumstances a zero tolerance approach will be taken in accordance with our Intervention and Enforcement Policy and landlords are likely to risk prosecution, financial penalties and loss of their licence.
18. Letting a property without a licence and failure to comply with any licence condition are criminal offences which on conviction in court can lead to unlimited fines.
19. In addition to the above fines Councils and tenants are able to claim back up to 12 months of benefits or rent paid during the period a property has not been licensed.

The Council will support the tenant application of rent repayment orders where it is satisfied that an offence has been committed. The council will also seek to recover housing benefits paid in respect of any unlicensed property.

20. Landlords who fail to obtain a licence or comply with the licensing conditions risk having control of their property taken away. In such circumstances, the Council will consider whether it is appropriate to revoke the licence which may result in the Council serving a Management Order taking over the management of the property.
21. Nationally, Councils are now allowed to issue civil penalties directly to landlords as an alternative to prosecution for certain Housing Act offences. Civil penalties up to a maximum of £30,000 will be served where the Council considers a significant penalty is the most appropriate method to deter the actions of landlords who deliberately flout the law.

Appendix 5 – The Proposed Licence Conditions

General responsibilities

We remind all landlords that they must meet the legal minimum standards for repairs and maintenance. We will be regulating that as part of our legal duty under Part 1 of the Housing Act 2004.

Selective licence Conditions

The Licence Holder and the manager, as well as any other person who has agreed to be bound by the licence is required to comply with these licence conditions.

When we issue the licence, it will be based on the arrangements at that time. It is the responsibility of the Licence Holder to notify us within one calendar month of any changes. These include, but are not limited to; changes to the ownership or management of the property, changes of address and changes of management arrangements.

The property licence and conditions do not grant approval or permissions for Building Control, Planning Consent or the Regulatory Reform (Fire Safety) Order 2005.

Property Conditions

Gas

If gas is supplied to the property, the Licence Holder must send the Council a valid gas certificate for that property, for every 12 month period. It is the responsibility of the Licence Holder to submit this to the Council.

Electrical Appliances & Furniture

If the Licence Holder supplies any electrical appliances and/or furniture – you must keep them in a safe condition and must supply us, on demand, a declaration as to the safety of such appliances and furniture.

Smoke Alarms

Licence Holders must ensure that a smoke alarm is installed on each storey of the house where there is a room used wholly or partly as living accommodation. You must keep every alarm in proper working order. You must supply us with a declaration as to the condition and positioning of such alarms within a specified period of time.

Carbon Monoxide Alarms

Licence Holders must make sure that a carbon monoxide (CO) alarm is installed in any room in the property which is used wholly or partly as living accommodation if it contains a solid fuel burning combustion appliance. You must keep any such alarm in proper working order. You must supply us with a declaration as to the condition and positioning of such alarms within a specified period of time.

Fire Safety and escape

Licence Holders must make sure that all means of escape from fire, including escape windows, are kept free from obstruction and maintained in good order and repair.

Rubbish / Dustbins

Licence Holders must make sure there is suitable and adequate provision for the storage and collection of refuse. You must also take all reasonable steps to ensure that the Council's arrangements for refuse collection, including recycling, are adhered to. This includes the provision of closable bins and recycling boxes of suitable capacity and type as specified by the Council's refuse collection scheme.

External Areas

All outbuildings, yards, forecourts and gardens surrounding the house must be maintained, in good repair and kept in a clean, tidy and safe condition.

Licence holder/Manager Details (Houses in Multiple Occupation only)

To ensure the licence holders and any manager's names, addresses and telephone numbers are displayed in the common parts of the house.

Management Conditions

Terms of occupation

The Licence Holder must supply the occupiers of the house with a written statement of the terms on which they occupy the house which can include a copy of the current occupancy agreement (this is usually in the form of a tenancy agreement).

This statement must include:

- the date on which the tenancy began
- the rent payable under the tenancy and the dates on which that rent is payable,
- in the case of a fixed term tenancy, the length of the fixed term,
- the name and address of the landlord and name and address of any agent authorised by the landlord to carry out management duties, including anyone authorised to collect rent
- the address of the premises subject to the tenancy including, where only part of a property is being rented to a tenant, e.g. a room in a shared house, a description of the part of the property being let e.g. '1st floor back bedroom' or 'Room 1,'
- the arrangements for using any shared areas i.e. what parts of the premises the tenant is going to have shared use of and how many other tenants they will be sharing with

Where a copy of the tenancy agreement has been provided to the occupier but one or more of the above terms are not included, an additional statement must be provided stating the omitted terms.

Where we refer to 'tenancy' in the licence condition(s) relating to the requirement to produce a statement of terms, this includes any occupancy arrangement whether it is a tenancy or a licence to occupy.

You must keep copies of all documents (tenancy agreement copies or statements) given to tenants to satisfy the terms of occupation condition, for a period of 3 years, and produce them to the Council on demand.

A statement provided for the purposes of this licence condition shall not be regarded as conclusive evidence of what was agreed by the parties to the tenancy.

Tenant references

- The Licence Holder must require a written reference from prospective tenants. The reference should address the tenant's past record of keeping to tenancy conditions, or provide other evidence as to the likelihood of the occupier keeping to tenancy conditions. The reference should also provide the referee's name and address and telephone number or email address where available.
- You must keep copies of all tenant references that you obtain for a period of 3 years, and produce them to the Council when required.
- Written reference includes by email and text or other social media in so far as a copy can be provided to the Council as required above.
- Where we refer to 'tenant' in the licence condition(s) relating to references, this includes an occupant occupying under a licence agreement.

Reporting repairs

- You must provide the occupiers with a contact address at which repairs can be reported in writing and an email address or telephone number in the case of emergencies.
- You must have in place suitable emergency and other management arrangements in the event of your absence.
- These contact details must be provided to tenants at the start of each new tenancy and, for existing tenants, within one month of the commencement of selective licensing.
- You must provide the Council with a copy of the above information that you provided the tenant or licensee within a specified time period.

Access for repairs

- To get access to the property to carry out repairs, then, except in an emergency, you must make all reasonable efforts to agree a mutually acceptable time with the tenants and confirm this arrangement in writing with them (text or email is acceptable providing this can be proven to the Council).
- You must make sure that any planned programmes of repair, servicing and those improvements that a landlord is entitled to do, are carried out with regard to the convenience of the occupants.
- Where you want to carry out improvements or renovations which you are not obliged to do by law, or which are not required by the City Council, you must get the tenant's permission.

- You must advise your tenants as far as possible as to how long repairs are expected to take and any disruption or inconvenience that may be caused.
- You must take reasonable steps to carry out repairs in a way which minimises discomfort and disruption to tenants and is considerate to the tenant's circumstances. You must make sure that all contractors and tradespersons carry relevant identification which should be shown to tenants on demand and can be checked. Alternatively, the tenants should be notified who will be coming, when they will be coming and why.

Management of anti-social behaviour

You must make sure that you manage the tenancy effectively, by taking reasonable steps to reduce anti-social behaviour arising from the property by the people occupying or visiting the property. You must also make and keep records of the action you take relating to anti-social behaviour, including copies of all correspondence, whether in letter form or electronic (e.g. text messages, e-mails, messages sent through social media). All records should be retained for a period of 3 years and you should supply copies to the Council upon request.

Training Requirement Conditions

All licence holders and managers named on this licence must attend suitable training on the law and legal requirements relating to managing property within **one year** of the issue date of the licence.

In particular this training must cover repairing duties, organising access for repairs/improvements and assessing hazards within properties.

This requirement can be satisfied in one of the following ways:

- by attending the Council approved, one-day training course arranged and delivered by our training partner.
- by completion of other suitable training on the law and legal requirements relating to managing property subject to approval by the Council in advance, and submission of a pass certificate or similar document to the Council for confirmation.

Occupancy Level Conditions

The Selective Licensing Standards published on the council's website at www.sheffield.gov.uk/selectivelicensing⁹ sets out the Overcrowding and Space Standards for the selective licensing area. It includes criteria for single family dwellings and non-licensable houses of multiple occupation.

Licence Holders/Managers must not permit anyone to occupy the property if it is going to make it overcrowded. If landlords suspect that a house has become overcrowded, they must take all reasonable steps to deal with the issue and advise the Council of the actions taken.

⁹ Once the standards are finalised this webpage will become live

Appendix 6 – Financial Implications

1. Introduction

- 1.1. Councils introducing a Selective Licensing scheme are permitted by the legislation to recoup the costs of running the scheme through the charging of licence fees. This means it is not a burden on the public purse.
- 1.2. Councils must not make a profit from the fees.
- 1.3. All of the fee income must be used to fund the administration and enforcement of the licensing scheme.
- 1.4. Since 2006, we have been running the mandatory licensing of 1,800 HMOs in the city, and since 2014, we have run a scheme of Selective Licensing in Page Hall. This provides us with the knowledge and experience of the costs of running such schemes.
- 1.5. It is important to point out that these cost calculations are based on various assumptions as the private sector housing market changes on a daily basis. Scheme numbers and costs will vary across the 5 year period as properties are bought, sold, become empty or become let. We can therefore never be wholly accurate about the numbers of properties that will need to be licensed. We also do not know how many people will apply on time, how many will fail to apply and require chasing for their applications.
- 1.6. These financial implications are therefore based on various modelling assumptions which will be clearly stated.

2. Scheme size

- 2.1. The proposed designation contains approximately 650 privately rented properties and the running costs are based on managing the scheme for the maximum five year period.
- 2.2. We have made a modelling assumption that 20% of these will be exempt from needing a licence; for instance they could be empty or used for storage. Landlords/owners must provide legal evidence before being granted an exemption.
- 2.3. A property would also be exempt if it already has, or needs a licence because it is a House in Multiple Occupation (HMO) of 5 bedrooms or more. This is because the landlord has to apply for a HMO licence.

2.4. It is also important to remember that properties will turnover within the 5 year licensing period too. Licences cannot be transferred from one owner to another. So we will receive more than one licence application for some properties over the full period, or some that were initially exempt may become liable. We can therefore model for some 'double-counting'.

3. Running costs

3.1. Whilst this is based on our current experience, it is of course a forecast.

However, it is intended to balance out across the 5 year period. Should we receive a higher number of applications/fees, it will require more work/staffing and vice versa, hence it would be managed to balance.

3.2. Scheme costs will be managed on a monthly basis along with our other budgets.

3.3. The running costs include, but are not limited to;

- Land Registry checks/charges
- Cross checking names/other records, certificates
- Carrying out the Fit and Proper assessment of applicants, plus follow up investigations
- Inputting data onto the system
- Preparing files for assessment/Inspection
- Preparing draft and actual licences
- Preparing schedules of works/conditions
- Inspections
- Post inspection write ups/licence compliance reports
- Follow up visits/contact/letters/Notices
- Enforcement of fees/payments and issue of financial penalties
- Monitoring and Reporting
- Press and media relations
- Management and office/IT overheads
- Materials, equipment, training

Table 1. Forecast Running costs¹⁰

Modelling of fee income					
Implementation Year 1					
Budget Descriptions	ITEM	Cost pa			
	Licensing Officers	49,324	x 2		
	Environmental Housing Inspectors	117,159	x 3		
	Financial Enforcement Officer	18,945	x 0.5		
	Overheads/Management/Office	46,357	at 25%		
02 EMPLOYEES		231,785			
	Misc Translation	5,000			
	Materials/postage	7,500			
05 SUPPLIES & SERVICES		12,500			
06 THIRD PARTY PAYMENTS	Misc	10,000			
TOTAL		254,285			
Implementation Year 2					
Budget Descriptions	ITEM	Cost pa			
	Licensing Officer	50,310	x 2		
	Environmental Housing Inspectors	119,502	x 3		
	Financial Enforcement Officer	19,324	x 0.5		
	Overheads/Management/Office	47,284	at 25%		
02 EMPLOYEES		236,420			
	Translation	3,000			
	Materials/postage	3,000			
05 SUPPLIES & SERVICES		6,000			
06 THIRD PARTY PAYMENTS	Misc	10,000			
TOTAL		252,420			
Implementation Years 3, 4 + 5					
Budget Descriptions	ITEM	Year 3	Year 4	Year 5	
	Licensing Officer	25,658	13,086	13,348	
	Environmental Housing Inspectors	50,789	51,804	42,272	
	Financial Enforcement Officer	15,768	16,084	8,203	
	Overheads/Management/Office	23,054	20,243	15,956	
02 EMPLOYEES		115,268	101,217	79,778	
	Misc translation	1,000	1,000	750	
	Materials/postage	1,000	1,000	750	
05 SUPPLIES & SERVICES		2,000	2,000	1,500	
06 THIRD PARTY PAYMENTS	Misc	1,500	500	500	
TOTAL		118,768	103,717	81,778	
	Total Cost Year 1			254,285	
	Total Cost year 2			252,420	
	Total Cost Year 3			118,768	
	Total Cost Year 4			103,717	
	total Cost Year 5			81,778	
	Total 5 Year cost			810,968	

¹⁰ Some figures are rounded up/down to the nearest £1

3.4. The forecast running costs for the scheme over a 5 year period are predicted to be **£810,968**

3.5. We must therefore divide this up between the expected number of applications to achieve the various fee amounts.

4. What the licence fee covers

4.1. During the consultation process, landlords made significant comments about the levels of licence fees. Understandably, landlords were unaware of the levels of administration, checks and monitoring levels that are required to run the scheme effectively.

4.2. It is important to reiterate that we must be able to recoup the cost of running the scheme through fees so that it is not a burden on the public purse. The income from fees is ring-fenced, so cannot be used to fund other council services.

4.3. We agree with landlords that those who do not comply should be required to pay significantly more than those who do a good job.

4.4. We also agree that those landlords who already have good quality safe properties should pay a lower fee because their properties do not need as much time spending on them as the poor quality ones.

4.5. The licence fees cover the full 5 year period of the scheme.

4.6. Licensing schemes are only effective if all aspects are regulated properly. For example, our experience shows that some documentation is withheld in applications, or it is out of date or assigned to the wrong property.

4.7. In addition, we have found some owners and landlords that do not cross reference with other documents. When entering properties, we have found different information than that submitted in applications. These are the types of issues that concern us about irresponsible landlord practices. We will properly resource these schemes to reveal these issues as they are symptoms of bad management or more serious situations such as fraud or criminal behaviour. This area of work is resource intensive, but necessary so that it is not an administrative only exercise.

4.8. We are proud of our robust Fit and Proper process, and have refused a number of landlords and agents in other licensing areas because they have criminal convictions or have poor management arrangements. This is an essential element for us to achieve our aims of improving property conditions and management practices.

- 4.9. The amount of time spent chasing those landlords who have failed to apply, or are deliberately avoiding providing us with information far outweighs the time spent on co-operative landlords.
- 4.10. Likewise, landlords that are clearly providing good properties with good management will not require as much time processing and monitoring their licence.
- 4.11. An essential aspect of running a Selective Licensing scheme is to get inside every property at least twice. If we are serious about improving property conditions and management – especially in an area where we have witnessed severe hazards, the inspection programme is as important as the administrative aspect.
- 4.12. If the running costs were to be equally split across the assumed licensable properties, the cost of each licence would be around **£1,600** for the five year period. We do not think it is fair to provide a flat fee this high when some landlords are complying as much as they can.
- 4.13. It would also be impossible to provide such a wide range of fees to deal with every situation. But we do believe it is fair to charge proportionately so that those landlords who are late or deliberately avoidant pay more.

5. Fees to be charged

- 5.1. We are proposing to change the way we will charge and collect licence fee payments from a single full payment, to a 2 stage payment. This means landlords do not have to pay the full fee at once. As a reminder, once the fee is paid – this lasts for the whole of the 5 year programme.
- 5.2. The first payment will be called the **Processing fee**. The majority of the cost of licensing is incurred at the front end. Processing the applications, checking the documentation and carrying out the Fit and Proper checks and risk assessments for everyone will form the major part of the licence fee. This will be **£500** for each property.
- 5.3. We cannot apply discounts for multiple properties as the amount of work processing each application will be the same.
- 5.4. The second payment will be called the **Inspection and Monitoring Fee**. The amount of the second payment will depend on the information received in the application. The properties who are clearly compliant and co-operative, will have to pay a lower Inspection and Monitoring Fee because they will require less staff time to process, inspect and monitor and therefore the fee should be lower. These will be assessed as Low risk.

5.5. Those landlords who apply, but do not provide everything required, or need to be chased, or we have historic or ongoing cases with will be required to pay a higher Inspection and Monitoring fee. These will be assessed as High Risk.

5.6. Those that fail to apply at all or deliberately provide incorrect or misleading information will pay the highest fee. These are likely to be complex cases and the highest fee will be payable classed as Failure to Licence.

5.7. We believe this reflects the varying co-operation and activity of the landlords in the area. It makes sure the non-compliant and uncooperative landlords bear the greatest costs.

5.8. First Payment – The Processing Fee

This payment must be made online with the application and all the documentation required.

Application Fee	How we process it
£500.00	Checking all the information, land registry checks, cross checking with IT systems, processing payments, Fit and Proper, certificates, risk assessment for inspection programme, entrance onto training programme, provision of landlord pack

5.9. Second Payment – The Inspection and Monitoring Fee

Applications will be assessed in terms of risk.

Factors considered include	Level assessed as	Next payment
Accuracy of information supplied, cross checks with IT systems/council tax, property layout, previous inspections/compliance, Fit and Proper checks	Low Risk – Valid Application	Landlord advised that assessed as low risk; Next payment will be £250 . The correspondence will advise when the next payment is due.
	High Risk – Invalid Application	Landlord advised that assessed as High Risk with reasons why (eg. Missing Information, details incorrect) Next payment due will

		be £500 . The correspondence will advise when the next payment is due.
	Failure to Licence	Landlords advised that highest charge is payable due to failure to apply for licence or providing deliberately false or misleading information) Next/Full payment of £1000/£1500¹¹ due within 28 days of date of letter

5.10. Landlords that fail to apply or do not comply with all information requirements will be liable for a full fee of £1,500. They will also be subject to prosecution action or the issue of a financial penalty.

5.11. Using this model and the assumptions on number of applications, fee income would generate a forecast amount of **£652,300k** over the five year period as shown in Table 2 below

¹¹ Full payment required where there has been no application/fee

6. Other income

6.1. As well as the licence fee income above (**£652,300k**), we have included £150k of income from non-compliance penalties over the 5 year period.

6.2. Civil Penalties were introduced in the Housing and Planning Act 2016, and incorporated into the Housing Act 2004. Previously, Councils prosecuting landlords for these offences had to pursue action through the Courts. Any fines issued, were paid to the Courts whilst Councils could only claim for their costs.

6.3. This new legislation provides for Councils to impose financial penalties on landlords for non-compliance rather than going through the Courts to prosecute. This is a much less resource intensive process and also has the benefit of the Council keeping the financial penalty income – rather than the Courts.

6.4. The non-compliance income below is based on our previous experience of landlords failing to apply, breaching licence conditions and other legal obligations. This will be monitored on a quarterly basis alongside our other budgets.

Table 3 – Income and Expenditure for the 5 year scheme

	Yr 1	Yr2	Yr 3	Yr 4	Yr 5	5 yr total
Expenditure					0	
Staffing	231,785	236,420	115,268	101,217	79,778	764,468
Supplies and Services	12,500	6,000	2,000	2,000	1,500	24,000
Third Party	10,000	10,000	1,500	500	500	22,500
Expenditure Total	254,285	252,420	118,768	103,717	81,778	810,968
Income						-652,300
Licence Fee income	-130,460	-130,460	-130,460	-130,460	-130,460	-652,300
Non-compliance penalty income	-30,000	-30,000	-30,000	-30,000	-30,000	-150,000
Income Total	-160,460	-160,460	-160,460	-160,460	-160,460	-802,300
						8,668
Total 5 year licensing costs				810,968		
Total 5 year income				-802,300		

6.5. We think it is appropriate to allocate assumed fees generated from non-compliance to the costs of running the scheme to provide a generally balanced account over the 5 year period.

6.6. This also makes sure that landlords who are non-compliant and breach their legal obligations are contributing much more to the running of the scheme than the landlords that have complied.

6.7. This model provides income to cover the expenditure without making a profit or putting any pressure on other Council budgets.

7. Cost to landlords

7.1. There are financial implications for landlords, and we are committed to supporting landlords in preparing for the proposed introduction of the licensing scheme.

7.2. During the consultation process from November 2017 onwards, we prepared landlords for the possibility of having to pay a fee should the Selective Licensing proposal be approved. The commencement of licensing would be around November 2018, and we view that a year is sufficient time for landlords to arrange the relevant finances.

7.3. A fundamental aspect of being a responsible landlord, is that they have robust financial management. Keeping a property in good repair requires funding to be available at all times. Landlords that claim they do not have any available finances are exposing themselves as potentially negligent of their day to day landlord responsibilities.

7.4. Many landlords raised in the consultation that not only would they have to pay for a licence fee – but that they would have to pay for repairs too. This suggests that landlords know their properties are not up to the legal standard and is further evidence that the scheme is necessary.

7.5. Landlords must pay the licence fee for every residential property they rent out in the designated area. Commercial properties are not required to hold a licence in this scheme.

7.6. We will manage financial risks on a monthly basis as part of our other financial responsibilities.

7.7. As with all long term programmes, the income and expenditure is not equally distributed but will balance over the 5 year period.

Appendix 7 – Consultation Report¹²

LAC Selective Licensing Consultation Report – Executive Summary

1. Introduction

1.1. A full consultation report has been produced by the Private Housing Standards team which includes all of the feedback gathered during the consultation programme. The full report can be read on the Council's webpage using this link;

www.sheffield.gov.uk/selectivelicensing

1.2. The full report, including appendices is comprehensive. This executive summary has been produced to pick out the key information for the Cabinet Report. The full consultation report will be published on the Council's website and will also be issued to those who took part that requested a copy.

2. When did we consult?

2.1. Consultation began on Monday 27 November 2017 and ran until Friday 23 February 2018.

3. Who did we consult with?

3.1. These are the main groups that were consulted with:

- landlords within the proposed designation area
- tenants and residents within the proposed designation area
- businesses within the proposed designation area
- residents and businesses in the wider area surrounding the proposed designation area
- letting agents
- local community groups

4. How did we consult?

4.1. We used a number of different communication methods which included;

- paper questionnaires – hand delivered to all addresses and businesses within the proposed designation area
- online questionnaires on our Citizen Space website
- public drop-in sessions
- public presentations / question and answer sessions
- a dedicated email address for individual questions / enquiries
- meetings with community groups
- articles in the press which encouraged people to contact us about their opinions

¹² This is an excerpt from the full consultation report which includes all data on survey responses. This will be included and published with the Cabinet Report

- social media posts
- views sought from interested bodies such as the Sheffield and District Landlord Association (SADLA), the Residential Landlords Association (RLA), the National Landlord Association (NLA) and Shelter

5. Numbers of Questionnaires Delivered and Response rates

5.1. A total of 7,347 information packs were issued to the relevant stakeholders. The overall response rate was 12%.

6. Overall Response Summary

6.1. All stakeholder groups were asked if they agreed with the purpose, benefits and proposed area for the scheme. The overall response to this question was strongly in favour;

- 64% agreed with the purpose
- 61% agreed with the benefit
- 52% agreed with the proposed area

6.2. The lower level of support for the area is noted and this has been reviewed with regard given to the evidence gathered by the team through the targeted inspection programme. This has resulted in a reduced designation area being proposed, showing that the Council has given consideration to the comments received.

7. Summary of Tenants and Residents Responses

7.1. The responses from just Tenant and Residents living in the proposed area were in favour of the scheme;

- 70% support the Purpose
- 67% support the Benefit
- 60% support the Area

7.2. We asked tenants if they thought landlords in the proposed area act responsibly in letting, managing and maintaining their properties;

- 39% of respondents think all or most landlords act responsibly in letting, managing and maintaining their properties
- 34% think only “some” or “very few or none” do.

7.3. We asked tenants about the proposed fee and if this resulted in an increase in rent would this affect whether they would support Selective Licensing.

- There was an overall majority in support of the scheme even if landlords pass on the fee in increased rents, with 48% in support and 38% against.

- Support for the proposals is higher amongst private tenants than amongst people in other tenures despite the possibility of rents increasing as a result; this suggests that a potential rise in rents does not have a significant impact on tenant support.

7.4. We asked if tenants and residents thought the proposed area suffered from any of the following problems;

- crime/anti-social behaviour
- use of drugs or drug related crime
- drunkenness or alcohol related problems
- noise nuisance
- neighbour nuisance
- parking problems
- Fly tipping and littering
- irresponsible storage and disposal of waste by businesses
- rubbish dumped by households
- business in poor condition
- residential properties in poor condition
- empty properties
- high turnover

7.5. **The top 3 reported problems were;**

1. Residential properties in poor condition
2. Rubbish dumped by households
3. Parking problems

7.6. We only asked **private rented tenants** the following question in order to find out what their concerns and issues were.

7.7. We asked if tenants suffered any of the following problems in their home;

- Accident due to condition of their home
- High levels of business waste in shared areas
- Not enough external bin storage
- Poor general state of repair
- Poor energy efficiency / excessive cold
- Inadequate heating system

7.8. **The top 3 reported issues were:**

1. Poor general state of repair
2. Inadequate heating systems
3. Poor energy efficiency

7.9. We asked private tenants if they had reported any of the above problems to their landlord and if they dealt with them effectively?

- 57.6% said they were satisfied with their landlord's response
- 30.3% were dissatisfied

7.10. We also asked tenants if they had been provided with:

- A copy of the tenancy agreement
 - A copy of a Gas Safety Certificate
 - A copy of an Energy Performance Certificate (EPC)
- All tenants that responded said they were provided with a copy of their tenancy agreement, although we cannot confirm the validity of these tenancy agreements.
 - Gas Safety Certificates – 100% of Chesterfield Road private tenants received a gas safety certificate, but only 61.5% for London Road and 78.9% for Abbeydale Road.
 - Energy Performance Certificates – scored the worst, with only 46.2% of London Road tenants answering that they had been provided with one, 63.2% for Abbeydale Road, and 85.7% for Chesterfield Road.

7.11. We had a relatively low response rate from private rented tenants, so it may be that the tenants of the better landlords are the ones of have responded to the questionnaire, and they have received the correct information. The situation with properties where we have taken enforcement action has been markedly different to this, and we would monitor this closely.

8. Landlord Questionnaire Results

8.1. We asked landlords if they agreed with the purpose, benefits and proposed area. Overall landlords disagreed with all 3;

- 71% of landlords and agents said they disagreed with the purpose of the proposed scheme
- 64% of landlords and agents said they disagreed with the benefits of the proposed scheme
- 66% of landlords and agents said they disagreed with the area of the proposed scheme

8.2. We asked landlords to what extent did they agree or disagree with the following statements:

- *Poorly managed tenancies contribute to the decline of an area* - 67% of landlords and agents agreed or strongly agreed
- *Landlords have a responsibility to have satisfactory management arrangement* - 87% of landlords and agents agreed or strongly agreed

8.3. This indicates that landlords understand the importance of good tenancy management, and the consequences of poorly managed tenancies for an area as a whole, and understand the landlord's responsibility to manage their tenancies well,

even if they do not agree with the Selective Licensing proposal, or indeed perform well in tenancy management.

- 8.4. We asked landlords what factors should the Council take into consideration when determining the fees;
- *Discount for early submission of full application* - 65% of landlords / agents favoured a discount for early application
 - *Higher fee for submissions after the scheme commencement date* - 65% of landlords / agents were against a higher fee for submissions after the scheme commencement date
 - *Higher fee for submissions that are incomplete or where landlords do not submit an application and we have to pursue them, potentially with enforcement action* - 64% of landlords / agents were against a higher fee for incomplete submissions
 - *Higher fee for submissions that are not made until we pursue the landlord / agent or enforcement action is taken* - 45% of landlords / agents were against higher fees for applications that followed enforcement action or had to be pursued by the Local Authority, with 39% in favour
 - However it is noted that this appears to conflict with the feedback we received from landlords at consultation events, where a number commented that 'bad' landlords should pay more than 'good' landlords.
- 8.5. We asked landlords if they took references from their tenants:
- 90% of landlords and agents answering this question said they did
- 8.6. We also asked landlords if they provided their tenants with:
- A copy of the tenancy agreement
 - A copy of a Gas Safety Certificate
 - A copy of an Energy Performance Certificate (EPC)
- 8.7. 100% of landlords and agents answering this question stated that they provided tenancy agreements. These results mirror those from the Tenant & Resident questionnaires, where all those who responded said they had been provided with a copy of their tenancy agreement.
- 8.8. 97% of Landlords said they provided their tenants with the Gas Safety Certificates. In contrast, results from the Tenants & Residents questionnaire indicated that only 61.5% of private renting tenants from London Road had been provided with a Gas Safety Certificate
- 8.9. 91% of all landlords said they provided EPCs to their tenants, whereas only 65% of tenants said they had received one.

8.10. Our experience of enforcement action in the area suggests that tenants aren't actually receiving the required documentation. The survey responses are interesting in that it appears to tell a different story.

8.11. We asked if landlords thought that the proposed Selective Licensing area suffered from the following problems;

- crime / anti-social behaviour
- use of drugs or drug related crime
- drunkenness or alcohol related problems
- noise nuisance
- neighbour nuisance
- parking problems
- fly tipping and littering
- irresponsible storage and disposal of waste by businesses
- rubbish dumped by households
- poor perception of private landlords
- business in poor condition
- residential properties in poor condition
- low rent levels
- empty properties
- high turnover
- low demand for housing

8.12. The top 3 reported problems were;

1. residential properties in poor condition
2. business properties in poor condition
3. parking problems

8.13. Two of these three problems were also in the 3 most reported by tenants and residents: *residential properties in poor condition* and *parking problems*.

9. Businesses

9.1. We asked local businesses if they agreed with the purpose, benefits and proposed area. Generally they disagreed with all 3 but it was not as conclusive as the landlord results;

- 48% of business owners disagreed with the purpose
- 43% disagreed with the benefits
- 48% of business owners disagreed with the area

9.2 This may suggest that the business owners may also be landlords, or that they are more aligned to the landlords' perspective.

10. Wider Area

10.1. Stakeholders in the wider area were asked if they agreed with the purpose, benefits and proposed area. The respondents were strongly in favour of all 3;

- 69% agreed with the purpose
- 66% agreed with the benefit
- 55% agreed with the proposed area.

11. Feedback submitted at Consultation Events

11.1. All feedback from the consultation events can be viewed as part **Appendix 1** of the full **Consultation Report**. Emails are also included in the same **Appendix**.

12. Formal submissions

12.1. We received 3 formal submissions to the consultation from:

- National Landlord Association (NLA)
- Sheffield and District Landlord Association (SADLA)
- Acorn (which describes itself as a tenants advocacy group)

12.2. The submissions from all 3 groups along with the response from the city council are attached as **Appendix 2** to the full **Consultation Report**.

13. Summary

13.1. The legislation requires the Council to give proper regard to the consultation responses. The feedback received throughout the consultation period was taken into account along with evidence gathered by the team. This has resulted in the following changes to the proposal;

- The fee will now be a 2 stage payment.
- The final designation area has been reduced, this reduction of the proposed designation area means that the number of private rented properties is reduced from 1040 to 668. This ensures the designation is focussed on the poorest conditions and the highest proportion of private rented properties (75%).
- We have reduced the number of conditions in the licence standards so that landlords do not have to commit financial investment over and above the required minimum legal standards. This will ensure that properties are compliant, safe and well managed without incurring disproportionate investment.
- We have included a strict programme of monitoring of performance indicators so that we can clearly show the improvement in property conditions and management resulting from the scheme

13.2. To conclude, the consultation process was significant in terms of length of the process and the variety of methods used. The full report provides a wealth of detail, whilst this executive summary shows the headline issues as well as how we have amended the Selective Licensing proposal in regard to the responses.

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