

# Report to Cabinet

**13 September 2023**

<b>Subject:</b>	Additional Licensing and Article 4 – Options Appraisal
<b>Cabinet Member:</b>	Cabinet Member for Housing and Built Environment, Councillor Laura Rollins Cabinet Member for Regeneration Councillor Peter Hughes
<b>Director:</b>	Director for Housing, Gillian Douglas Director of Regeneration and Growth Tony McGovern
<b>Key Decision:</b>	Yes
<b>Contact Officer:</b>	Karl Robinson – Head of Housing Solutions <a href="mailto:Karl_robinson@sandwell.gov.uk">Karl_robinson@sandwell.gov.uk</a>

## 1 Recommendations

- 1.1 That approval be given to the consultation on the expansion of additional licensing across Sandwell.
- 1.2 That the Director of Housing and the Director for Regeneration and Growth be authorised to carry out research into the distribution of small Houses in Multiple Occupation (HMO) (not currently subject to planning permission) to provide a robust dataset allowing the preparation of a non-immediate Article 4 direction which will be applied to relevant areas within the borough to remove permitted development rights for the change of use of dwelling houses (C3 use) to small houses in multiple occupation (C4 use).



1.3 That Cabinet considers and approve in full, approve in part, or do not approve the following recommendations of the from Safer Neighbourhoods and Active Communities Scrutiny Board:-

- (1) That the planned consultation endeavour to obtain at least 1,000 consultees per town in order to receive sufficient data to ensure an informed decision can be made;
- (2) That the Council works closely with external bodies, agencies and individuals, including West Midlands Police, West Midlands Fire Service, Councillors, Community Support Officers and other community facing organisations to identify un-registered Houses in Multiple Occupation.

1.4 That, in connection with 1.3 above, a further report be submitted to the Safer Neighbourhoods and Active Communities Scrutiny Board, within 2 months' time, on the decision of Cabinet.

## 2 Reasons for Recommendations

2.1 The private rented sector plays an important part in providing accommodation in the borough. The sector in Sandwell has grown from 5% in 2001 to 18.6% reported in the data from the 2021 census.

Whilst the 2021 census data suggests a private sector of 18.6% additional data from the Building Research Management limited - (BRE) report carried out on behalf of the council in 2018 estimated 34,386 properties in the sector, equating to 26%. This would suggest that the prevalence of PRS within Sandwell is greater than 18.6%. This is further addressed under section 4.



- 2.2 The borough has faced a major increase in private rented accommodation in some areas and it is recognised that there are landlords and agents who do not provide adequate accommodation or management of their properties. This poor management of properties has a significant impact on people's lives and on council and partner resources in tackling issues such as anti-social behaviour, fly tipping of domestic waste, concerns about property condition and harassment and illegal eviction. The council has implemented a range of powers and approaches to seek to address many of these issues including Additional Licensing within parts of West Bromwich but the on-going pressures are such that an expansion of this approach is considered necessary. Many privately rented properties are Houses in Multiple Occupation (HMO), typically shared dwellings, or properties converted into flats. It is estimated that approximately 4200 privately rented homes are occupied by more than one household, and these multi occupied homes are found across the whole borough.
- 2.3 The Housing Act 2004 requires local housing authorities to mandatory licence Houses in Multiple Occupation (HMOs) if they accommodate more than five people who form two or more households. The Act also gives authorities the power to introduce an additional licensing scheme for other smaller HMOs. This power can be considered if the authority believes they are not being managed sufficiently which gives rise or are likely to give rise to problems for the occupants or residents of the area.
- 2.4 The council seeks to ensure health and safety standards in the private rented sector, working with landlords to drive up compliance with appropriate legislation and professionalism within the sector, whilst using the full range of our legal powers against those who choose not to respond to formal approaches. The council seeks to target poor conditions in all HMOs through intelligence led interventions and enforcement. A key element of this approach will be to consider the expansion of an additional licensing scheme. The implementation of additional licensing schemes allow for these properties and their operation to be subject to proactive licensing requirements that would not otherwise be available. A fee is charged by the Council to the landlord for the duration of the licence which has clearly defined conditions which the landlord must satisfy. The introduction of additional licensing can contribute to:





- higher standards of HMO accommodation and ensuring effective management through more extensive control;
- protecting the health, safety and well-being of tenants and communities;
- neighbourhood improvement and the prevention and control of anti-social behaviour;
- easier identification of rogue landlords and enabling action to be taken to respond to this behaviour;
- completing a full suite of private sector licensing schemes, allowing for a consistent and robust approach to raising standards.

2.5 The Government re-categorised the change of use of C3 family housing to C4 small HMOs as permitted development in April 2010. This means that any such proposals do not require a planning application to be submitted to the council. Larger HMOs accommodating more than 6 people continue to require planning approval. The introduction of an Article 4 Direction will therefore only apply to the creation of smaller HMO's but it will allow a consistent approach to be applied for all HMO developments throughout the borough.



2.6 High concentrations of HMOs can present challenges to the future sustainability of neighbourhoods and impact on their character and residential amenity.

2.7 Local councillors and residents in a number of areas across the borough have expressed concern about the high concentration of HMOs in their area. Some of these comments have suggested that it may be appropriate to apply Article 4 directions, to enable the creation of new HMOs to be managed in these areas.

### 3 How does this deliver objectives of the Corporate Plan?

	<p>The Best Start in Life for Children and Young People Improved quality of accommodation actively contributes to improved health outcomes. Additional licensing will reduce the impact that poor quality housing has on vulnerable individuals</p>
	<p>People Live Well and Age Well Improved quality of accommodation actively contributes to improved health outcomes. Additional licensing will reduce the impact that poor quality housing has on vulnerable individuals</p>



	<p><b>Strong Resilient Communities</b> Additional licensing will contribute to reduced levels of anti-social behaviour.</p>
	<p><b>Quality Homes in Thriving Neighbourhoods</b> The introduction of additional licensing will improve the condition of the private rented properties in the specific areas meaning the area is a more attractive place to live.</p>

#### 4 Context and Key Issues

- 4.1 The Housing Act 2004, Parts 2 and 3, provides discretionary powers, subject to carrying out consultation, for Local Housing Authorities to licence all private landlords in a designated area with the intention of ensuring that HMOs meet a minimum standard of management and that all other private rented property within a designated area is managed by the landlord to a satisfactory standard.
- 4.2 The government has set out additional guidance to structure council decisions to introduce additional and selective licensing through the provision of updated legislation in April 2015 (via an Amended General Approval).
- 4.3 This guidance states that before any council can consider making a licensing designation it must ensure that the area in question has a high number of private rented properties occupied under assured tenancies or licences and that it meets one (or more) of the following criteria;
1. **Low Housing Demand** - It is, or is likely to become, an area of low housing demand; or
  2. **Anti-Social Behaviour** - It has a significant and persistent problem with anti-social behaviour where the inaction of private landlords is a contributory factor; or
  3. **Housing Conditions** - Following a review of housing conditions, it is believed that the area is suffering from significant housing condition problems and the council intends to inspect the dwellings concerned; or
  4. **Migration** - It has experienced a recent influx in migration, and where the migrants are primarily occupying privately rented accommodation; or



5. **Deprivation** - It suffers from a high level of deprivation which particularly affects the occupiers of privately rented accommodation; or

6. **Crime** - It suffers from a high level of crime that affects residents and businesses in the area.

4.4 Article 4 of the Town and Country Planning (General Permitted Development) Order 2015 (as amended) allows local planning authorities to make Directions withdrawing permitted development rights where the authority considers it expedient that development should not be carried out unless express planning permission has been obtained for the same. If Article 4 is approved a planning application will be required for any change of use from C3 (dwelling house) to C4 (small HMO). Permitted development rights will remain to change from C4 use to C3

4.5 Government Guidance contained in the National Planning Policy Framework and the Planning Practice Guidance advises that Article 4 Directions to remove national permitted development rights should be limited to situations where this is necessary to protect local amenity or the wellbeing of the area. The potential harm that the direction is intended to address should be clearly identified. There should be a particularly strong justification for the withdrawal of permitted development rights relating to a wide area (e.g. those covering the entire area of a local planning authority). Additionally, the NPPF emphasises that in all cases, a Direction must “be based on robust evidence, and apply to the smallest geographical area possible”.

4.6 There are two types of Article 4 direction: immediate and non-immediate. The recommended non-immediate direction would have the benefit of allowing all consultation views to be taken into account before the direction was confirmed. It would also reduce or eliminate the likelihood of compensation being payable to affected property owners. Such compensation claims can be made against the Council on the basis of abortive expenditure or losses directly related to the withdrawal of these permitted development rights. Once a non-immediate Direction comes into force, a planning application will be required for any change of use from C3 (dwelling house) to C4 (small HMO).



- 4.7 To ensure robustness, this report will consider the enhanced requirements and evidence base needed and will set out the options available to the council based on the findings and assessment against the relevant criteria.

## Private Rented Sector prevalence in Sandwell

- 4.8 There are 130,246 households with residents in Sandwell – an increase of 7.2% from 2011 to 2021. Six wards have seen an increase of more than 10% in the number of households since 2011. The rise is particularly high in Soho & Victoria, Wednesbury South, and Greets Green & Lyng (at 21.6%, 18.8% and 18.0% respectively). Soho & Victoria also saw a large increase between 2001 & 2011.
- 4.9 Whilst the 2021 census data suggests 18.6% of the 130,246 households are in the private sector: (<https://www.ons.gov.uk/visualisations/censusareachanges/E08000028/>) additional data from the Building Research Management limited (BRE) report carried out on behalf of the council in 2018 estimated 34,386 properties in the sector, equating to 26% (copy of the report can be found at Appendix 2). The two datasets suggest that the proportion of PRS in the borough is likely between these two figures.
- 4.10 This is further supported with drill down in to the 2021 census data around the private rented sector within Sandwell. The 2021 data suggests that there are only 262 HMO properties within Sandwell and the council (as at June 2023) has 221 HMO's licensed. This only includes large HMO's subject to Mandatory Licensing and less than 10 properties classified as small HMO's subject to Additional Licensing in West Bromwich. The BRE report estimated that there were over 3000 HMO's not subject to Mandatory Licensing. Based on the BRE estimate of total private rented sector this would account for just over 10% of the stock.
- 4.11 The BRE report was carried out as a wholly desk top exercise and as such, is also likely to carry a degree of inaccuracy in its estimations of the market. For the purpose of this options report, given the evaluation of the census data, BRE data and register of existing licensed HMO properties, the council is confident that the proportion of PRS properties is greater than the census estimate of 18.6% but less than the BRE estimate of 26%. There is currently no additional data available to determine a more accurate figure.



4.12 The lack of robust intelligence surrounding the location and volume of HMO properties within Sandwell makes it difficult to evidence that there are significant concentrations in particular areas of the borough, or within the borough as a whole. This could provide challenges to implementation of Article 4 given the prerequisite requirements of evidencing high concentrations of HMO's.

## **Evidence of need for Additional Licensing and Article 4**

4.13 To inform the Council's consideration of the potential expansion of additional licensing, BRE were commissioned in early 2018 to undertake a series of modelling exercises on Sandwell's housing stock. These modelling exercises utilised sophisticated tools that incorporated local and national data to evaluate the make-up of local households. Due to the BRE data now being five years old, the council has also considered a range of contemporary datasets and updated some of the previous datasets.

4.14 All updated data sets are based on Lower Super Output Level (LSOA) which are output areas designed specifically for statistical purposes. They are 186 Lower Super Output Areas in Sandwell and they comprise of between 400 and 1,200 households and have a resident population between 1,000 and 3,000 persons.

4.15 When the range of available datasets are considered in relation to Sandwell the borough has sufficient data to support the potential expansion of additional licensing and, subject to identifying concentrations of HMO's, the introduction of Article 4 in some of or all of the borough. This section will demonstrate that a number of datasets meet the prevalence criteria set out, however, as alluded to in section 4.9 to 4.10, current available data around the exact location of PRS properties and HMO's is not at a sufficiently granular level to allow us to directly correlate and attribute each dataset to private rented accommodation. It is the view of this analysis that all area(s)/ towns meet at least one criteria for criteria's two through six (as set out in section 4.3).

4.16 The table below demonstrates a summary of the findings for each dataset by town. The full detail of each dataset and associated maps and findings can be found at appendix 1.





Dataset	Town					
	West Brom	Oldbury	Rowley	Tipton	Smethwick	Wednesbury
1 – ASB	Red	Amber	Red	Red	Amber	Amber
2 – Housing Conditions	Amber	Amber	Amber	Amber	Amber	Amber
3 – Migration	Amber	Amber	Amber	Amber	Red	Amber
4 – Deprivation	Red	Red	Red	Red	Red	Red
5 - Crime	Red	Amber	Amber	Red	Amber	Amber

Key: **Red** – Strong Evidence; **Amber** – Some Evidence; **Green** – Weak Evidence

4.17 **ASB** - There were 5183 ASB incidents reported to the police in 2021/22 and 2022/23. The heatmap shows that incidents of ASB were reported across the borough with only a small number of areas with no reports – these tended to be larger open spaces. Areas of higher ASB reports can be attributed to areas of higher population density. In addition to police reported ASB data, the council holds data on ASB instances reported to the Anti Social Behaviour Team. Similar to the police data, ASB affects all wards and towns within Sandwell. The related heat map correlates with the police data in most areas.

4.18 **Housing Conditions** - The 2018 BRE report estimated (through their Housing Stock Condition model database) that the private rented stock in Sandwell has higher levels of disrepair and fuel poverty (based on the ability of households to meet fuel costs) when compared to social housing and owner-occupied properties. This analysis is further evidenced through the inspection and enforcement activity of the Council’s Private Rented Sector and Housing Standards Team. When analysis further breaks down complaints and enquiries received by the service, the council supported 2252 cases with active intervention between 2013 and 2022. The distribution of cases covered 180 of the 186 LSOAs within Sandwell. The data can be further disaggregated to issues raised with HMO’s. There were 716 cases raised for HMO’s with the main reasons for casework being logged was due to poor standards and when aggregated accounted for 55% of the caseload.

4.19 **Migration** - In Sandwell, the 2021 Census found that almost one in four (23.6%) usual residents were born outside the UK compared to 15.9% in the 2011 census. The 2021 estimate compares with one in six nationally and this proportion puts the borough in the top 50 Local Authorities across England & Wales for this measure.



The West Midlands is currently the 4th largest of all 12 UK regions for welcoming asylum seekers and refugees. Individuals and families seeking asylum in Sandwell are living across a number of wards within the Borough, most commonly in the areas of St. Pauls, Smethwick and Soho and Victoria.

4.20 **Deprivation** – The Indices of Multiple Deprivation (IMD) 2019 shows Sandwell's average deprivation score as ranked 12th most deprived local authority in England, out of a total of 317. Previous IMD results for this measure show that Sandwell's position has declined slightly relative to other districts in England. Sandwell was 13th most deprived local authority in 2015. One in five of Sandwell's LSOAs fall into the most deprived 10% nationally in 2019. A further two-fifths fall into the most deprived 10-20%, so overall 60% of Sandwell's LSOAs fall within the worst 20% nationally, and 97% within the worst 60% nationally, clearly displaying the high levels of deprivation prevalent in large parts of Sandwell.

4.21 **Crime** – Similarly to the police ASB data, the council reviewed all police reported crime incidents from 1 April 2021 to 31 March 2023. The number of incidents that resulted in an intervention by the police is shown in appendix 1. There were 85,744 incidents reported to the police in 2021/22 and 2022/23. The heatmap shows that incidents were reported across the borough with only a small number of areas with no/few reports – these tended to be larger open spaces. Areas of higher crime reports can be attributed to areas of higher population density.

### **The current position – Additional Licensing**

4.22 The report demonstrates that existing powers and activity, singularly or collectively, is insufficient to adequately improve standards within the HMO sector. Housing and five related enhanced datasets have been reviewed against key criteria for additional licensing.

4.23 As a result, this report proposes an additional licensing scheme is appropriate on the basis that a significant proportion of HMOs are being poorly managed and are giving rise, or are likely to give rise, to problems affecting the tenants or members of the public e.g. anti-social behaviour, poor standards, and that consultation should now take place regarding the pursuance of a borough wide additional licensing scheme.



- 4.24 In compliance with the General Approval, it is intended that consultation will be undertaken for a period of no less than ten weeks.
- 4.25 Section 56(3) of the Housing Act 2004 states that, when considering designating an area as subject to additional licensing, the Council must take reasonable steps to consult persons who are likely to be affected by the designation e.g. local residents, landlords, businesses within the proposed designation etc. and all representation must be considered.
- 4.26 If the recommendation to consult on a possible additional scheme is agreed, any consultation undertaken will be compliant with the requirements as set out in the Housing Act 2004 and General Approval. It is proposed that consultation is carried out through the same means as consultation for the current West Bromwich scheme.
- 4.27 To be compliant the approach will include consultation of local residents, including tenants, landlords and where appropriate their managing agents and other members of the community who live or operate businesses or provide services within the proposed designation. It will also include local residents and those who operate businesses or provide services in the surrounding area outside of the proposed designation that will be affected. The consultation will be widely publicised using various channels of communication.
- 4.28 As the proposed designation does not require the confirmation of the Secretary of State because of its extent the consultation on the proposed scheme will be for 10 weeks.
- 4.29 The consultation will be informative, clear and to the point, so the proposal is readily understood. It will inform local residents, landlords, letting agents and businesses about the proposed designation, giving the reasons for proposing it, why alternative remedies are insufficient, demonstrating how it will tackle specific problems together with other specified measures, and describing the proposed outcome of the designation.



It will also set out the proposed fee structure and level of fees the authority is minded to charge. Consultees will be invited to give their views, and these will all be considered and responded to.

4.30 Whilst providing an opportunity for consultees to provide their views, consultees will also be asked to validate the Council's understanding of the local housing stock, particularly around HMO status.

4.31 Once the consultation has been completed the results will then be published and made available to the local community. This will be in the form of a summary of the responses received and will demonstrate how these have either been acted on or not, giving reasons.

4.32 Should Cabinet approve the public consultation on additional licensing then such consultation will be constructed to meet the prescribed requirements set out above. The consultation will be based upon the following key approaches;

- Consultation notice on the council's website/ consultation pages – including webform for consultation feedback
- Engagement sessions with ward Councillors
- Engagement sessions with Landlord Steering Group and Forum
- Road shows across the borough
- Sandwell Herald advert
- Billboard advertising across the borough
- Local housing forums

4.33 The consultation will include details of the evidence base that supports the proposal, the proposed fee structure and the proposed licence conditions.



## The current position – Article 4

- 4.34 With regards to the introduction of article 4, the five data sets evidence that there is a need to improve standards and effective tenancy management within the private rented sector. The challenge for the implementation of Article 4 is that the intelligence available cannot currently identify the prevalence and more importantly the concentration of smaller HMO's within specific areas of or across all of Sandwell. High concentration of HMO's in an area is a pre-requisite condition for approval of Article 4 whereas it is not so essential for supporting additional licensing.
- 4.35 It is proposed that the Housing Solutions Service implements Additional Licensing borough wide and the council utilises the register of licensed smaller HMO's to identify their location and areas of concentration to provide a solid evidence base for Article 4 designation.
- 4.36 This lead time is estimated at around 24 months from implementation of whole borough Additional licensing.
- 4.37 It is the view of this report that the council does not have sufficient data at present to meet the key requisite of “strong justification for the withdrawal of permitted development rights relating to a wide area (e.g. those covering the entire area of a local planning authority)” as at present cannot robustly demonstrate sufficient concentration of HMO's. Should the council proceed with designation of Article 4 there is a significant risk of successful challenge to the designation.

## 5 Alternative Options

- 5.1 This section details the alternative options that are in place to improve standards in the non-mandatory licensable HMO sector and it shows that singularly or collectively they are insufficient to adequately improve standards within this sector. Other courses of action to address the issues described in this report have been considered.



However, the Council does not believe that either individually, or collectively, they would prove sufficiently effective, or be as an effective means of tackling the issues highlighted, including anti-social behaviour and disrepair as an additional licensing scheme would.

5.2 Below are the alternative approaches and activities that have been considered or already carried out, and why this report recommends that they are not sufficient to meet the objectives.

5.3 The Housing Act 2004 states that additional licensing must be consistent with the local authority's housing strategy and should be coordinated with the authority's approach on homelessness, empty properties and anti-social behaviour with other activities to resolve issues. Below are the existing activities that the Council currently undertakes to respond to issues in this sector.

### **HMO Licensing**

5.4 Prior to 2018, mandatory HMO licensing only applied to properties with three storeys or more. The removal of this condition saw an increase of licensable HMOs within Sandwell at the time of the change in legislation.

5.5 The Council currently enforces a statutory licensing scheme for certain types of House in Multiple Occupation where a property is;

- rented to 5 or more people who form two or more households and
- tenants share toilet, bathroom and/or kitchen facilities

5.6 There are approximately 221 licensed properties on the HMO licensing register. This does not include exempt accommodation which is excluded from licensing under the legislation.

5.7 It is predicted that there are circa 556 mandatory licensable HMOs in the borough (based on the BRE report 2018), however, data indicates that total HMO numbers are likely to be approximately 4200. Therefore, current enforcement powers that can be taken against licensable HMOs will not apply to the vast majority of HMOs in Sandwell. However, an additional licensing scheme would mean all HMOs would require a licence, including those to which the mandatory licensing scheme does not apply.



## Civil Penalties

- 5.8 The Housing and Planning Act 2016 section 126 and Schedule 9 amended the Housing Act 2004 and introduced the ability for Local Housing Authorities to impose financial penalties (civil penalties) of up to £30,000 per offence.
- 5.9 Civil Penalties are an alternative to prosecution for the following offences under the Housing Act 2004:
- failure to comply with an Improvement Notice (Section 30);
  - offences in relation to licensing of Houses in Multiple Occupation (Section 72);
  - offences in relation to licensing of houses under Housing Act 2004 Part 3,
  - contravention of an Overcrowding Notice, (Section 139(7));
  - failure to comply with management regulations in respect of HMOs. (Section 234);
- 5.10 The Council utilises Civil Penalties in accordance with its Enforcement Policy for the Regulation of Housing Standards and the Licensing of Houses in Multiple Occupation and has seen significant increases in the issuing of civil penalties over the previous two years.

## Private Rented Sector Support and Housing Standards Enforcement

- 5.11 There is a Private Rented Sector Team that provides specialist advice on renting in the private sector under Call Before You Serve. They will intervene to prevent unlawful eviction and harassment and pursue, in appropriate cases, criminal prosecutions for offences under the Protection from Eviction Act 1977 and other relevant legislation. The Team, through education and encouragement, promotes good practice.
- 5.12 The council has recently enhanced the capacity within the team to ensure there is sufficient enforcement capacity where issues within the sector are identified. This report has highlighted a number of cases where the team have intervened within the HMO sector and worked to address standards issues.



## Homelessness Prevention

5.13 The council has recently enhanced the capacity within the Housing Solutions team to increase the focus on homelessness prevention. Staffing was increased by 40% to help intervene and support people to remain in their current accommodation. This has led to more proactive communication with landlords and improved connectivity with the PRS and Housing Standards Team and in particular the Call Before You Serve team. This has led to increased identification of and intervention for issues with standards in the private rented sector.

## 6 Consultation

6.1 As part of the report, the service consulted with the Safer Neighbourhoods and Active Communities Scrutiny Board (SNAC) on 31 August 2023. The Board requested that the following recommendations be considered by Cabinet:

**Recommendation 1** - That the planned consultation aim to obtain at least 1,000 consultees per town in order to receive sufficient data to ensure an informed decision can be made. This is to ensure that the consultation process is thorough and secures a suitable number of responses to support the decision.

The deliverability of this recommendation will be a challenge as we are reliant on residents and those affected engaging in the consultation in all areas of Sandwell. Previous similar consultation for the West Bromwich area Additional Licensing resulted in a low outturn despite letters being sent to every property. Based on the recommendations of SNAC, we will ensure that all available avenues are explored to maximise participation in the consultation from those residents who will be most impacted by the proposals.

**Recommendation 2** - That the Council works closely with external bodies, agencies and individuals, including West Midlands Police, West Midlands Fire Service, Councillors, Community Support Officers and other community facing organisations to identify un-registered HMOs. This is to make the best use of all resources across Sandwell to identify HMOs.





## 7 Implications

<b>Resources:</b>	<p>A consultation on the introduction of additional licensing as described within this report will have an estimated initial cost to the Council of £50,000.</p> <p>The following strategic resource implications would be associated with the implementation of additional licensing as described in this report.</p> <ul style="list-style-type: none"> <li>• An estimated 3000 private rented properties within the designated area would require licencing. The fee structure provides the five-year licensing cost. The likely income generated by the introduction of the scheme will be validated through the proposed consultation. Before discounts are applied the following outline, fee levels are proposed.</li> </ul> <table border="1" style="margin: 10px auto; border-collapse: collapse;"> <thead> <tr> <th style="padding: 5px;">Property Type</th> <th style="padding: 5px;">5 year License Fee</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">Initial licence</td> <td style="padding: 5px;">£938.02</td> </tr> <tr> <td style="padding: 5px;">Renewal license</td> <td style="padding: 5px;">£667.65</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• Income generated from the introduction of the scheme will cover the costs of operating the scheme.</li> <li>• Additional staff will be required for the purposes of;             <ul style="list-style-type: none"> <li>○ Administering the licence application</li> <li>○ Enforcement against licence conditions</li> </ul> </li> <li>• Enforcement against the licensing conditions proposed in this report will result in the application of civil penalties for non-compliance. Such penalties will generate income for the Council.</li> </ul> <p>Should the recommendations of this report be approved, then following completion of the consultation described above a further report will be brought to cabinet. This report will provide further</p>	Property Type	5 year License Fee	Initial licence	£938.02	Renewal license	£667.65
Property Type	5 year License Fee						
Initial licence	£938.02						
Renewal license	£667.65						



	<p>detail on estimated income generated by the scheme and clarity on the workforce requirements associated with its implementation and management.</p>
<p><b>Legal and Governance:</b></p>	<p>The Housing Act 2004 requires local housing authorities to mandatory licence HMOs if they accommodate more than five people who form two or more households. The Act also gives authorities the power to introduce an additional licensing scheme for other smaller HMOs.</p> <p>The Secretary of State for Communities and Local Government in exercise of powers under sections 58(6) and 82(6) of the Housing Act 2004 gives to all local housing authorities in England the following general approval in relation to areas designated for additional licensing.</p> <p>Section 58 Housing Act 2004 states that a designation of an area as subject to additional licensing cannot come into force unless it has been confirmed by the appropriate national authority. However, on 1 April 2015, the Housing Act 2004: Licensing of Houses in Multiple Occupation and Selective Licencing of Other Residential Accommodation (England) General Approval 2015 came into effect. The General Approval provides as follows:</p> <p><b>General Approval</b></p> <p>Section 3. Subject to the condition contained in paragraph 5, every local housing authority in England that designates an area of their district or an area in their district as subject to additional licensing in relation to a description of HMOs specified in a designation made under section 56(1) of the Act has the Secretary of State’s general approval of that designation for the purposes of section 58(1)(b) of the Act.</p>



	<p><b>Conditions to be satisfied</b></p> <p>Section 5. The general approval described in paragraphs 3 and 4 is not given in relation to a designation in respect of which the local housing authority has not consulted persons who are likely to be affected by it under section 56(3)(a) or section 80(9)(a) of the Act for not less than 10 weeks.</p>
<b>Risk:</b>	<p>There is a risk that should insufficient resources be allocated to the launch and provision of the expansion that the anticipated benefits will not be delivered. This will be mitigated through securing additional staff to carry out the licensing function in line with the expansion plan.</p> <p>If a scheme is implemented the main risk is that there is a low take up by landlords, as seen in the initial West Bromwich area, which would increase the cost of compliance and recovery of enforcement costs.</p> <p>There is a risk that landlords who disagree with the implementation of the scheme may take legal action to prevent its introduction.</p>
<b>Equality:</b>	<p>An Equality Impact Assessment will need to be completed as part of the final proposals and consultation, however, implementation will improve living conditions for vulnerable groups living in unlicensed HMOs</p>
<b>Health and Wellbeing:</b>	<p>Additional licensing is designed to benefit the local community and ensure that all private rented property within a designated area is managed by the landlord to a satisfactory standard prior to a licence being granted. Robust enforcement action is taken if license holders fail to comply with the licensing conditions. The introduction of additional licensing can contribute to;</p> <ul style="list-style-type: none"> <li>• Better housing conditions</li> <li>• Reduction in crime and anti-social behaviour</li> <li>• Reduction in domestic waste accumulations</li> <li>• A reduction in overcrowding</li> </ul>



	<ul style="list-style-type: none"> <li>• Increased landlord engagement with the Council and partner organisations working in the area</li> <li>• A reduced ability for rogue/criminal landlords to enter the market</li> <li>• Increased ability to deal with rogue/criminal landlords</li> <li>• Improved relationships between landlords and tenants</li> <li>• Improved image and perception of the area making it a more desirable place for people to live.</li> </ul>
<b>Social Value:</b>	No implications
<b>Climate Change:</b>	The requirements for licensing will support improving standards within the sector which will also incorporate ensuring properties meet the minimum legal requirement for EPC ratings
<b>Corporate Parenting:</b>	No implications

## 8. Appendices

Appendix 1 – evidence base  
Appendix 2 - BRE report 2018

