

MAYOR AND CABINET			
Title	Borough-wide licensing consultation		
Key decision	Yes	Item no	XX
Wards	All		
Contributors	Executive Director of Customer Services Head of Law		
Class	Part 1	24 th April 2019	

1. Purpose of report

1.1. This report provides details of the work undertaken to develop an application for a borough-wide selective licensing scheme to submit to the Secretary of State at the end of this calendar year and a new additional borough-wide licensing scheme which does not require Secretary of State approval. Together these schemes intend to cover all private rented properties in the borough. The purpose of this report is to ask for permission to consult on the two proposed new licensing schemes.

1.2. This report:

- a) summarises the data analysis completed which will form the evidence base for the application;
- b) outlines the proposals for public consultation;
- c) provides outline details of how both the selective and new additional schemes will be operationalised, including the proposed license fee and license conditions;
- d) provides the timetable for the delivery of this project.

2. Recommendations

2.1. Mayor and Cabinet are asked to:

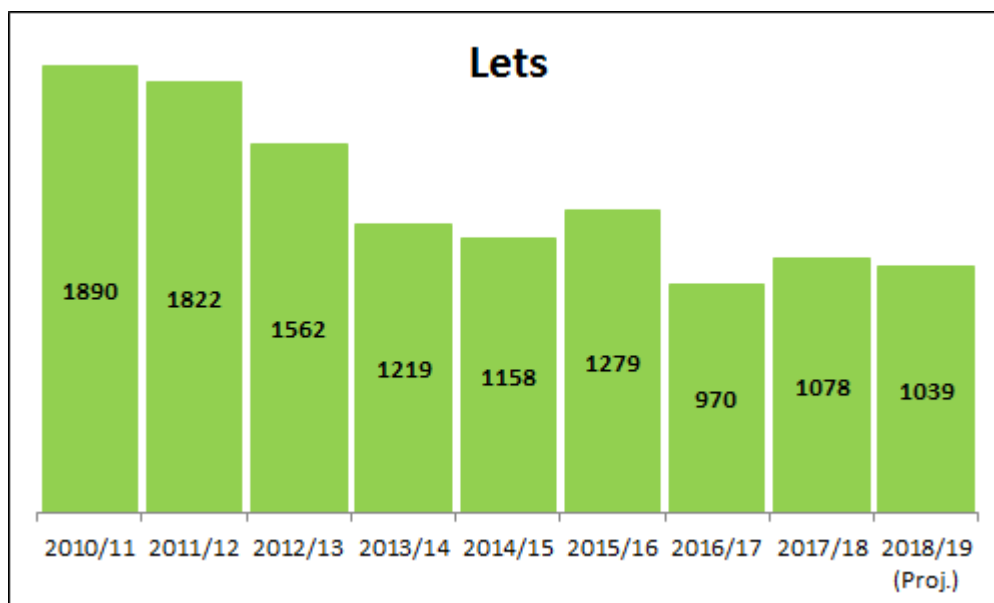
- a) note the data analysis detailed in section 8 which concludes:
 - that approximately 26% of the residential properties in the borough are private rented properties;
 - that the stock condition of the private rented sector is shown to be below that of other sectors with the highest proportion of non-decent homes and there is considerable data to suggest that poor property conditions occur within the private rented sector in Lewisham;
 - that there are demonstrable relationships between the location of the private rented sector in Lewisham and prevalence of deprivation, anti-social behaviour, crime and migration in the borough, and that these necessary conditions for applying for a selective licensing scheme differ in strength depending on the area of the borough.

- b) note that to maximise the chance of a successful application to Secretary of State, multiple options for selective licensing are due to be submitted: one for borough-wide selective licensing; and one grouping wards with similar characteristics together in designations based on ward data evidence;
- c) agree that officers undertake a public consultation on the proposal for a selective licensing scheme as per section 6 of this report (as split via the designations as per section 8 of this report) which will require approval from the Secretary of State;
- d) agree that officers undertake a public consultation on the proposal for a new additional licensing scheme, which does not require approval from the Secretary of State, as per section 7 of this report;
- e) delegate authority to the Executive Director for Customer Services to finalise the consultation documents;
- f) note that, if the new additional licensing scheme and the selective licensing schemes are agreed, the council will incur costs of up to £400,000 to introduce the schemes, which will be wholly recoverable from licencing fees;
- g) note that the consultation responses will be presented to Housing Select Committee and to Mayor and Cabinet in the autumn as part of any proposals to progress with the two licensing schemes.

3. **Background**

- 3.1. The housing landscape has changed substantially in recent years and continues to do so. Greater numbers of families and single people are now relying on the private rented sector to provide a home, and not just in the short term. This is consistent with the trend across London where the growth in private renting continues.
- 3.2. Between the 2001 census and 2016, the Greater London Authority (GLA) estimates that the number of households in social housing in Lewisham decreased by 14%, the number of owner occupiers increased by 9% and the number of private renters increased by 98%.
- 3.3. This rapid increase in the private rented sector is due in part to the unaffordability of home ownership in Lewisham as a result of rapidly increasing house prices. House prices in Lewisham increased by 45% between January 2014 and January 2019, with the average house price now almost £420,000.
- 3.4. In addition, there are a substantial number of households on the housing waiting list (9,512 households as of March 2019) and a decreasing number of lets available. This combined with the aforementioned increase in the cost of housing in Lewisham means that Lewisham residents are more reliant on the private rented sector than ever before.
- 3.5. The following chart illustrates the decrease in the number of social lets since 2010/11.

Social lets since 2010/11



- 3.6. The stock condition of the private rented sector is also shown to be below that of other sectors. The 2017/18 English Household Survey found that privately rented dwellings were more likely to be older with 35% built before 1919, with a high proportion of converted flats and the highest proportion of non-decent homes¹. Housing Health and Safety Rating System (HHSRS) hazards are more prevalent in the private rented sector and the sector has the lowest proportion of homes with central heating².
- 3.7. The Chartered Institute of Housing and the Chartered Institute of Environmental Health carried out joint research of 20 local authorities with selective licensing schemes. It found 'numerous examples of inspections leading to very high numbers of serious hazards and defects being identified and addressed in licensed areas'³. Licensing is not noted for being a 'quick win'⁴ but has also led to a reduction in anti-social behaviour, for example, one area of Doncaster saw a 'reduction of 35% in noise complaints, 44% in nuisance complaints and a 20% fall in reports of unkempt properties. Fly tipping has also reduced'⁵.
- 3.8. The introduction of a borough-wide landlord licensing scheme for privately rented homes has been adopted as a priority in the Corporate Strategy. This report details the existing licensing schemes in Lewisham and considers the objectives and implementation of a wide-scale selective licensing scheme.

¹ Ministry of Housing, Communities and Local Government, (2019), English Household Survey 2017/18, accessed via <https://www.gov.uk/government/statistics/english-housing-survey-2017-to-2018-headline-report> , pages 25-9

² Ibid, pages 30 and 35

³ Sandoul, T. and Pipe, D. (2019), A license to rent, Chartered Institute of Environmental Health and Chartered Institute of Housing, page 5

⁴ Ibid, page 10

⁵ Ibid, page 12

4. **Policy context**

- 4.1. The contents of this report are consistent with the Council's policy framework. It supports the following priorities of the Council's [Corporate Strategy](#) 2018-2022:
- Tackling the housing crisis – Everyone has a decent home that is secure and affordable.
 - Building safer communities – Every resident feels safe and secure living here as we work together towards a borough free from the fear of crime.
- 4.2. This report specifically addresses the following commitment in the Council's Corporate Strategy: We will seek to deliver a full borough-wide landlord license to crack down on rogue landlords.
- 4.3. The work of the Private Sector Housing Agency (PSHA) will also help meet the Council's [Housing Strategy 2015-2020](#) in which the Council commits to the following key objectives:
- Helping residents at times of severe and urgent housing need.
 - Greater security and quality for private renters.
 - Promoting health and wellbeing by improving our residents' homes.
- 4.4. Further details of how the selective licensing scheme meets the licensing conditions of being consistent with the Council's Housing Strategy and seeks to adopt a co-ordinated approach in dealing with homelessness, anti-social behaviour and empty homes are set out in Section 9.

5. **Existing licensing schemes in Lewisham**

- 5.1. The Council currently operates the following licensing schemes:
- a) Mandatory scheme relating to all Houses of Multiple Occupation (HMO) where five people across two or more households (families) live in the same property and share facilities such as a kitchen or bathroom. This is a national scheme.
 - b) Additional licensing relating to HMOs above commercial premises where there are at least three people living in two or more households, or poorly converted privately rented self-contained flats.
- 5.2 The additional licensing scheme has been operating since February 2017 and is Lewisham specific. The reasons for adding an additional licensing scheme in Lewisham was because available data highlighted that poor standards, conditions and hazards had been found in shared accommodation and particularly within flats over commercial properties.
- 5.3 Below are tables to show the performance to date:

Table 1 shows the progress made in recent years in respect to HMO licensing in the borough. Between 2013 and 2017, annual increases in licensed properties ranged from 0 – 18%. Between 2017 and 2018 there was a much larger increase of 58%.

Date	Total number of licenced properties	Mandatory or additional
31 st March 2013	169	Mandatory

31 st March 2014	168	Mandatory
31 st March 2015	185	Mandatory
31 st March 2016	196	Mandatory
31 st March 2017	231	Mandatory & Additional
31 st March 2018	366	Mandatory & Additional

Table 2 shows the current number of licensed properties in the 18/19 financial year. This table highlights that the current number of licensed properties in the borough has increased by 69 properties since the start of the 18/19 financial year, an increase of nearly 19%. There are a further 204 applications which are being processed and will be formalised in this financial year. This will bring the total of new licences for the 18/19 financial year to 273 - an increase from the previous financial year of 75%.

	Numbers
Mandatory licensed properties	368
Additional licensed properties	101
Total Licensed properties (both mandatory and additional)	469
Properties paid and awaiting documentation	194

This activity means the service will achieve the budgeted income target of £395,000 for financial year 2018/19.

- 5.4 Existing licensing schemes have allowed the Council to address problems with property standards in Lewisham. Since mandatory licensing was introduced in 2006, licensing and enforcement work has developed considerably and more issues are being addressed through the licensing process. This is evidenced further by the fact that since the introduction of additional licensing in 2017 and the extension of mandatory licensing in 2018, the number of disrepair complaints has fallen by 26%, while the number of HMO complaints rose by 190%⁶. This shift towards addressing issues through licensing work gives the Council significantly more power to address issues in these properties than if properties were not licensed.
- 5.5 However, the existing licensing schemes have limitations as not all landlords voluntarily license their properties. Significant Council resources are required to find properties and ensure relevant licenses are applied for. There has been evidence of some landlords reducing occupancy level below licensing thresholds by illegally evicting tenants or claiming that tenants are part of the same household when in fact they are not. When this happens it prevents the Council from being able to use licensing to regulate tenancy management and housing conditions.
- 5.6 A borough-wide licensing scheme would address these issues as licensable properties would be easier to identify and there would be significantly less scope for landlords to persuade and/or force tenants to leave tenancies to

⁶ Using figures between 2016 (the year prior to additional licensing) and 2018 (latest annual figures).

bring homes under licensing thresholds. It would also mean that the Council had more influence over standards and practices for all HMOs as opposed to just those covered by existing schemes.

6. Selective licensing application (which requires Secretary of State approval)

6.1. In order to effectively respond to the above issues and widen the Council's scope to tackle poor housing conditions and protect vulnerable renters there is a corporate commitment to seek to deliver a wide-scale selective licensing scheme.

6.2. The overarching aims of this commitment would bring benefits to both tenants and landlords as well as Lewisham citizens more generally. The focus of the work would be to:

- inspect 100% of all licenced properties over the term of the scheme
- improve property standards, security and decency generally;
- help tenants feel safe and secure in their homes through advice, support and effective enforcement;
- deliver a "level playing field" by demanding the same standards of accommodation and management across all landlords, so the gap between poor and good landlords is radically reduced and professional standards are raised;
- support landlords both during but also after the five year scheme, utilising the data and intelligence about the landlord sector so services can be tailored to their needs;
- assertively crack down on rogue landlords.

6.3. Approval from the Secretary of State is required for selective licensing schemes covering more than 20% of the area or more than 20% of the private rented properties in the area. Approval is therefore needed for borough-wide licensing. Approval is granted for a period of 5 years. Any extension would need a further application.

6.4. The Selective Licensing of Houses (Additional Conditions) Order 2015 states licensing can be used if the area is experiencing one or more of the following conditions:

- High Anti-Social Behaviour
- High migration
- Poor housing conditions
- High levels of deprivation
- High level of crime
- Low demand – not relevant in Lewisham

6.5. Evidence must demonstrate that the proposals cover an area which is experiencing significant and persistent problems pertaining to the above issues, and that some or all landlords are failing to take action to combat the problem that would be appropriate for them to take. It must also demonstrate that making a designation will lead to a reduction in, or elimination of, the identified problems.

6.6. Any selective licensing scheme must be consistent with the Council's Housing Strategy and seek to adopt a co-ordinated approach to dealing with homelessness, anti-social behaviour and empty homes. The submission must set

out the role that Police and Social Services will play to ensure the designation reaches its goal and must first consider other courses of action that might provide an effective remedy. Section 9 details how these conditions are being met.

- 6.7. A dedicated project team has been created to deliver the requirements of the application to the Secretary of State. The work includes extensive data analysis, plans to implement and operationalise the new licensing scheme and delivery of a public consultation programme. A timeline has been included in Appendix 1 to clarify the key stages of the project.
- 6.8. Research prior to commencement of the work included the review of a number of applications from other London Boroughs who have been through this process. It should be noted that no London borough has a full Secretary of State approved borough-wide licensing scheme as yet. Newham, Barking and Dagenham, Waltham Forest and Croydon all commenced their initial borough-wide licensing schemes before the requirement to obtain Secretary of State approval. Newham have since renewed their licensing scheme with Secretary of State consent for an almost borough-wide scheme but excluding the Olympic Village area. Brent and Redbridge have also obtained Secretary of State approval for selective licensing within a number of areas within their boroughs. Finally, Barking and Dagenham are currently seeking approval for the renewal of their borough-wide scheme.
- 6.9. Lewisham's available data has been assessed. Where available, data sets have been analysed that are similar to those used by Boroughs with successful applications. In some cases, additional data has been obtained and utilised. This data has been used to develop an informed map of Lewisham's private rental sector. Before this exercise the Council could not confirm the number of PRS properties with any real accuracy. This new data set of PRS properties has been matched with data pertaining to issues named in 6.2 to establish links between these problem issues and private rental properties. The outcomes of the data analysis work has been detailed in section 8 of this report.
- 6.10. The Ministry of Housing, Communities and Local Government (MHCLG) have advised on the best way to pursue a borough-wide selective licensing scheme. The proposal is that the Council applies for a borough-wide selective licensing scheme. The chance of a successful selective licensing application should increase by at the same time applying for multiple designations by grouping wards with similar characteristics together. A selective license under a specific designation for large areas of the borough can then still be approved, should the borough-wide scheme be rejected. The London Borough of Newham applied for a selective licensing scheme for their entire borough which was rejected. However, they also applied for a separate designation for almost the entire borough excluding the Olympic Village, and this designation was approved. The proposal is therefore that the Council applies for a borough-wide selective licensing scheme to the Secretary of State and for different designations for different areas of the borough under the same application, as explained in section 8 of this report.

7. New additional licensing scheme (which does not require Secretary of State approval)

- 7.1. Whilst pursuing a selective licensing application it was also deemed important to implement an extension to the existing HMO licensing function to cover all HMO properties across the borough by using a new additional licensing scheme. The new additional licensing scheme would run almost concurrently to a hopefully approved selective licensing scheme. The reasons for applying for a new additional licensing scheme are that:
- a) Should the Secretary of State reject proposals for a borough-wide selective licensing scheme, there will still be a system in place to enable the Council to licence all HMOs which are largely the property type in the private rented sector that has the worst conditions;
 - b) To address problems linked to landlords who can easily take their HMOs outside of current scheme definitions – e.g. some landlords illegally evicting tenants to bring houses under the official HMO occupancy level.
 - c) To reduce the resources required when landlords dispute their property status as an HMO to focus these resources on enforcement to improve property and management standards.
 - d) HMOs are the highest risk premises and require more robust inspection and enforcement. The administrative cost is greater and the fee must reflect this.
 - e) HMOs require a different set of conditions that reflect the riskier nature of the premises.
 - f) To ensure all HMOs regardless of size and number of households would be covered if selective licensing is refused.
- 7.2. Section 56 of the Housing Act 2004 states that ‘a local housing authority may designate either the area of their district [meaning the entire local authority area] or an area in their district as subject to additional licensing in relation to a description of HMOs in the designation’.
- 7.3. There is a ‘General Approval’ from the Secretary of State in place for introducing an additional licensing scheme as per the 2015 General Approval⁷. This means it is not necessary to apply to the Secretary of State for approval of an additional licensing scheme.
- 7.4. Certain conditions do have to be met before an additional licensing scheme can be introduced. Public consultation of the people likely to be affected by the additional license is one of them. The intention therefore is to consult for both selective licensing and borough-wide additional licensing at the same time.

⁷ Ministry of Housing, Communities and Local Government, The Housing Act 2004: Licensing of houses in multiple occupation and selective licensing of other residential accommodation (England) General Approval 2015, via https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/418588/General_consent_final__2_.pdf

- 7.5. The local authority must also ‘consider that a significant proportion of the HMOs of that description are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public’. These points are addressed in 7.1 above.
- 7.6. In line with selective licensing any additional scheme must form part of the authorities housing strategy and seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties, and anti-social behaviour affecting private rented property. This has to be combined with other courses of action available to the local authority and those available to other persons.
- 7.7. Consideration must be given to other courses of action available that might provide an effective method of dealing with the problem or problems in question and the authority must consider that making the designation will significantly assist them with to deal with the problem or problems.
- 7.8. This additional HMO licensing scheme has been incorporated into the data analysis work by the creation of a model that can also predict whether a property is an HMO in addition to predicting whether it is privately rented. Recent real life tests have verified the relative validity of this data.

8. **Data analysis**

8.1. A summary of the data analysis completed is included below.

8.2. Establishing the size and location of the private rented sector in Lewisham

- a) To date, the location and an exact number of private rented sector properties has not been known in any detail in Lewisham. The 2011 Census indicated that there were 28,216⁸ privately rented properties, more than double the number at the 2001 Census (13,143⁹). There has been a strong sense that the private rented sector in Lewisham has continued to grow since the 2011 Census was collected.
- b) An essential first part of the data analysis work has been establishing where the private rented properties are located in order to identify the extent to which the conditions outlined at 6.2 can be linked to properties in the private rented sector.
- c) An in-depth analysis has been carried out in order to ascertain whether there has indeed been a substantial increase in the sector, and to ensure the selective licensing conditions outlined by Government were applied to

⁸ Office for National Statistics ; National Records of Scotland ; Northern Ireland Statistics and Research Agency (2016): 2011 Census aggregate data. UK Data Service (Edition: June 2016). DOI: <http://dx.doi.org/10.5257/census/aggregate-2011-1>

⁹ Office for National Statistics (2011): 2001 Census aggregate data (Edition: May 2011). UK Data Service. DOI: <http://dx.doi.org/10.5257/census/aggregate-2001-2>

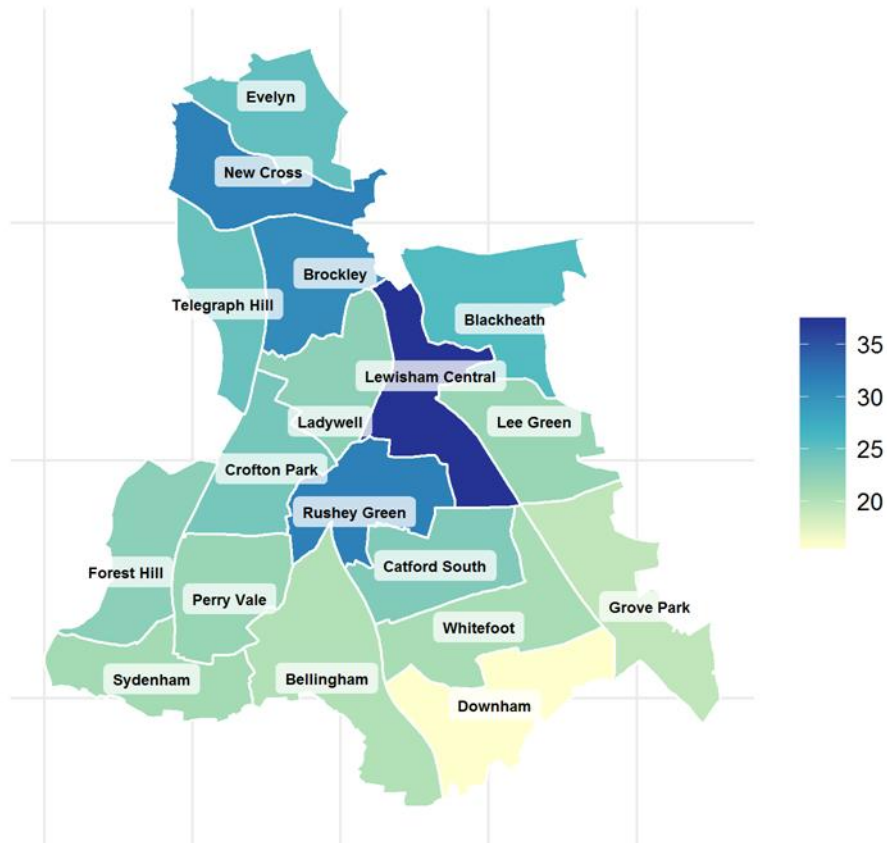
an up-to-date assessment of the private rented sector in the borough.

- d) Over 35 internal and external datasets have been matched to make an up-to-date assessment of the size and scale of the private rented sector in Lewisham. The data was collated in line with an agreed Data Protection Information Agreement (DPIA).
- e) An extensive quality assessment and data cleansing process was undertaken. Records were matched together to establish the likelihood of a property being a particular tenure. The properties were matched to the Local Land and Property Gazetteer address database. The number of properties identified as private rented increased as each dataset was cycled through.
- f) The outcome was a matrix of more than 50 variables which has been used to establish a profile of each residential property and establish tenure. This has provided an informed estimate of the current location of the private rented sector in Lewisham. The model has been further validated through targeted street surveys to test and verify the outcomes generated. There are approximately 32,000 private rented properties across Lewisham. This is 26% of the residential properties in the borough, higher than the English average of 19%¹⁰ and on par with the London average of 27%¹¹.
- g) In line with the aim of introducing borough-wide additional licensing, further modelling was completed to establish the likelihood of a private rented property being an HMO or a single family dwelling. Analysis has indicated that there are approximately 6,000 HMO properties and 26,000 single family private rented sector dwellings in Lewisham.
- h) The map on the next page shows the spread of the private rented sector in Lewisham by ward; the darker areas show a higher concentration of privately rented properties. Compared to the social rented and owner-occupied sectors, privately rented stock is distributed relatively evenly over the borough; however the map shows some obvious areas of concentration. All wards have more than 19% private rented housing, with the exception of Downham, and therefore 17 out of 18 wards in Lewisham can be considered to have high levels of private rented housing.

¹⁰ Ministry of Housing, Communities and Local Government, (2019), English Household Survey 2017/18, accessed via <https://www.gov.uk/government/statistics/english-housing-survey-2017-to-2018-headline-report> , page 6

¹¹ GLA, London Housing Strategy, (2018), assessed via <https://www.london.gov.uk/what-we-do/housing-and-land/tackling-londons-housing-crisis> , page 32

Private Rented Properties per Ward (%)



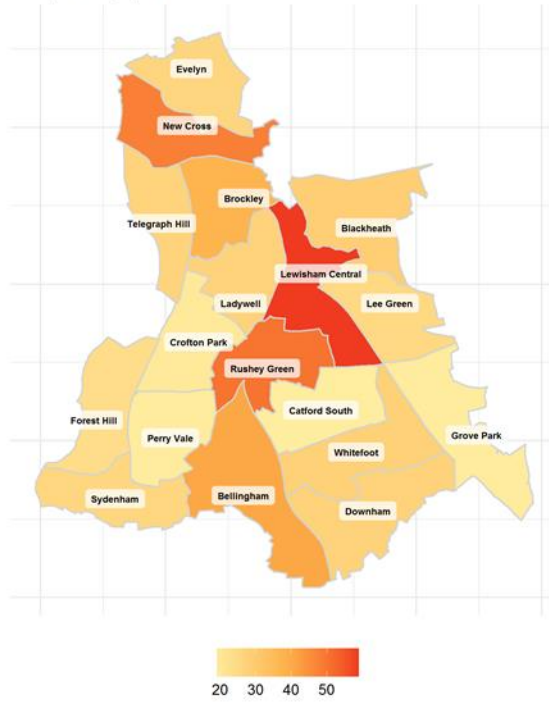
Source: Housing Insight

8.3. Anti-social behaviour

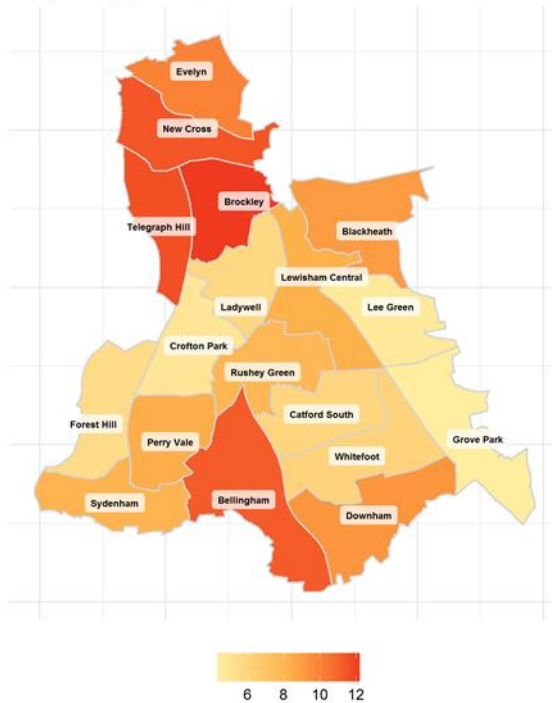
- a) The MHCLG guidance advises that significant and persistent anti-social behaviour (ASB) occurring within the curtilage of the property or within its immediate vicinity can be considered a reason for making a designation. This includes intimidation or harassment, noise, rowdy and nuisance behaviour, animal and vehicle related nuisance, anti-social drinking, drug taking or dealing, graffiti and fly posting, and litter and waste within the curtilage of the property.
- b) Reported ASB incidents were collated from three sources: Council complaints, Environment Services records and police data. There were 34,881 relevant incidents recorded in 2018 comprising: 9,340 police reported ASB incidents; 3,383 relevant council complaints (72% of which related to noise and nuisance); and 22,158 relevant Environment Services records. Together, these cover the range of incident types referred to above.
- c) The maps on the next page show ASB rates across each ward for each data source, that is the number of incidents per 1,000 people. It shows high rates in five wards, namely New Cross, Brockley, Lewisham Central, Rushey Green and Bellingham across all three datasets but also instances

where rates in a ward are particularly high in one or two datasets. In total, high rates of ASB occur in 15 wards within Lewisham.

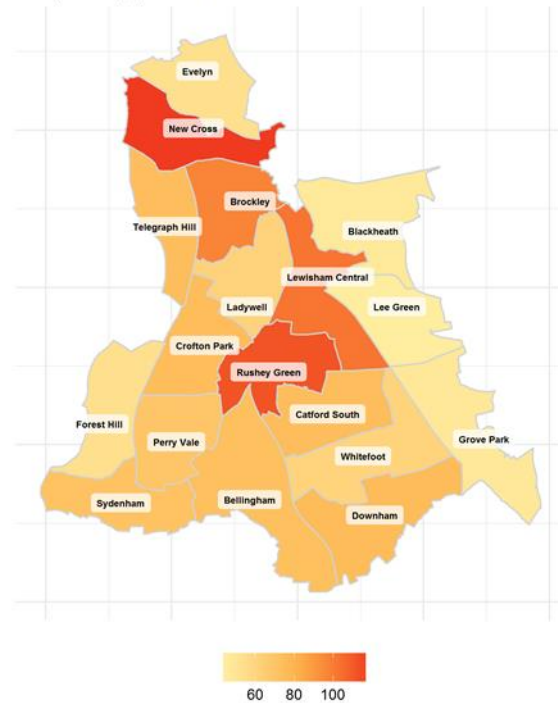
Police reported ASB (includes Public Order and Drugs)
Rates per 1000 population in 2018



Council Complaints (includes Noise & Nuisance)
Rates per 1000 population in 2018



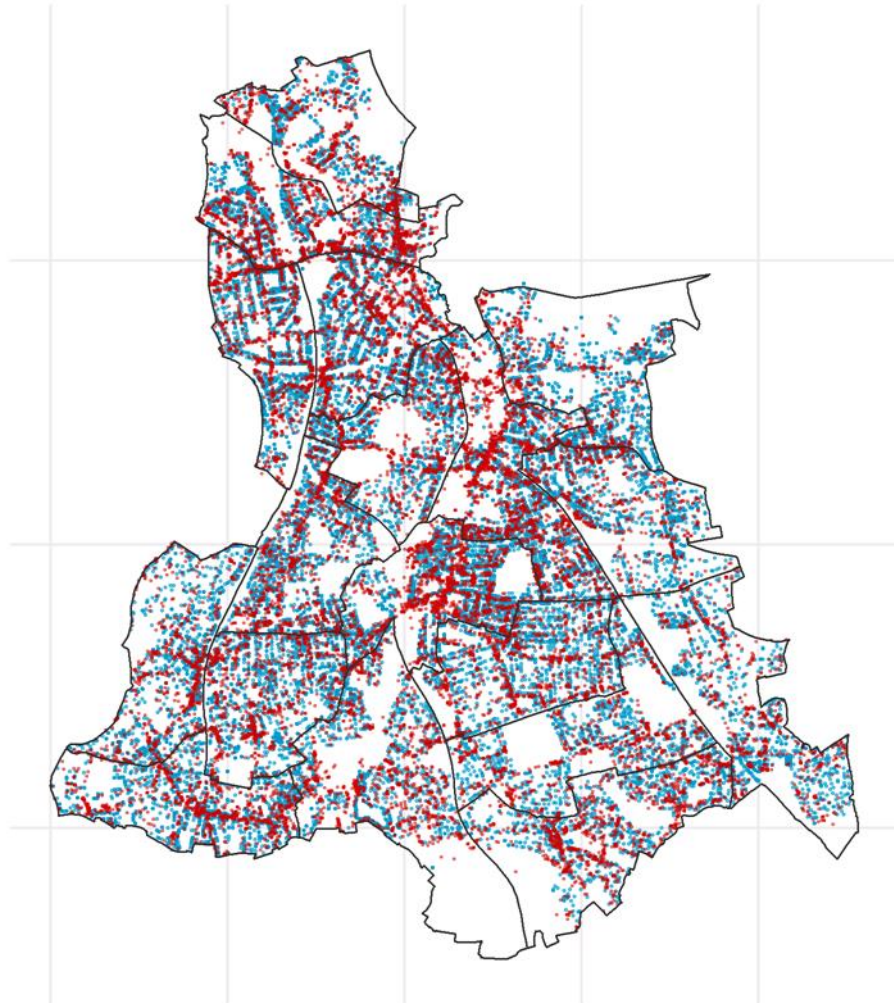
Environment Services (includes Graffiti & Fly-tipping)
Rates per 1000 population in 2018



- d) The Environmental Services dataset includes precise coordinates for each incident. Using this in conjunction with location data for properties in the borough, records were compared and the properties with an incident reported within a 25m radius identified. This distance was chosen to represent an area of close proximity to a property. The map below shows the location of every identified private rented property and recorded ASB environmental incidents in 2018. The white spaces represent areas with no identified private rented housing, including parks and railway corridors.

Location of ASB incidents and Private Rented Properties

ASB incidents shown in red; properties in blue; shades represent density



Source: Environment Services

- e) Table 3 on the next page shows the percentage of properties with an environmental ASB incident recorded within 25 metres, by tenure. The figures are broken down further into properties with reports of multiple incidents. There are more private rented properties with incidents reported within 25 m than other tenures. Multiple instances are also more prevalent near private rented housing, perhaps indicative of transient tenants, and indicating persistent issues.

Tenure	% of properties with ASB incident recorded within 25 m, by tenure	% of properties with more than 1 ASB incident recorded within 25 m, by tenure
Owner Occupier	51.6	28.1
Private	59.1	36.6
Social	52.4	28.8

- f) A breakdown by ward shows this pattern exists in thirteen wards, shown below (“ASB in close proximity to PRS”).
- g) The table below summarises the ASB data by ward, identifying which wards experience either high rates of ASB, persistent ASB and/or high rates of ASB incidents in close proximity to private rented housing.

Ward	High ASB rates – 1 or more datasets	High and persistent ASB	ASB in close proximity to PRS	ASB designation
Bellingham	✓	✓	✓	✓
Blackheath	✓			
Brockley	✓	✓		✓
Catford South	✓			
Crofton Park	✓		✓	✓
Downham	✓		✓	✓
Evelyn	✓			
Forest Hill			✓	
Grove Park			✓	
Ladywell	✓		✓	✓
Lee Green			✓	
Lewisham Central	✓	✓		✓
New Cross	✓	✓	✓	✓
Perry Vale	✓		✓	✓
Rushey Green	✓	✓	✓	✓
Sydenham	✓		✓	✓
Telegraph Hill	✓		✓	✓
Whitefoot	✓		✓	✓

8.4. High levels of migration

- a) The migration designation can be met if an area is experiencing, or has experienced, high levels of migration and a significant number of PRS properties within the designation areas are occupied by migrants. Within the MHCLG guidance, migrants can comprise those people moving from within the UK (internal migrants), and people moving from outside the UK (international migrants).
- b) Table 5 below, using open source data from the Office for National Statistics (ONS), shows internal and international movement into and out of Lewisham from mid 2007 - mid 2017.

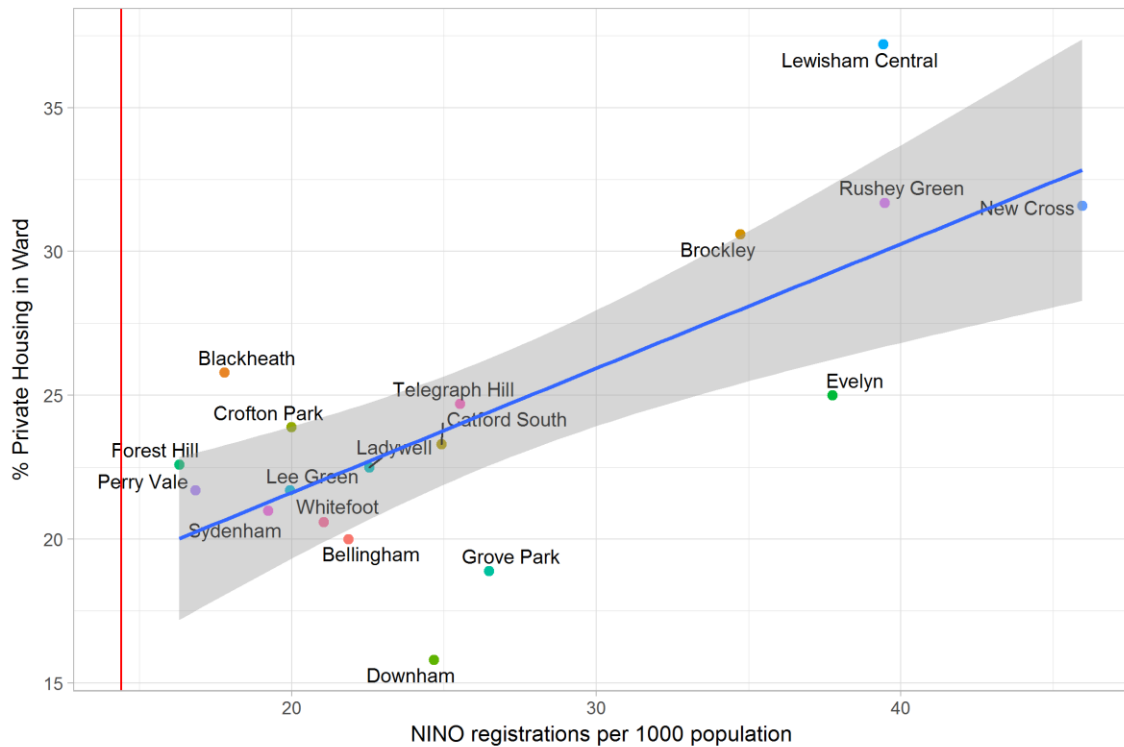
Year	Total Population	Internal inflow	Internal outflow	International inflow	International outflow	Net migration
Mid 2007 to 08	266,508	19,601	21,044	5,649	1,960	2,246

Mid 2008 to 09	270,418	19,992	21,164	4,870	2,833	865
Mid 2009 to 10	272,525	18,787	21,492	4,326	2,710	-1,089
Mid 2010 to 11	276,938	19,406	20,762	5,411	2,736	1,319
Mid 2011 to 12	280,705	20,756	22,201	4,697	2,940	312
Mid 2012 to 13	284,956	21,187	22,382	4,255	2,226	834
Mid 2013 to 14	290,284	22,542	23,329	5,188	2,371	2,030
Mid 2014 to 15	294,999	22,879	24,415	5,366	2,357	1,473
Mid 2015 to 16	298,903	22,916	24,809	5,123	2,666	564
Mid 2016 to 17	301,307	24,564	26,959	4,741	3,196	-850

- c) The table highlights significant movement of population in to and out of Lewisham, with around 25,000 to 30,000 people arriving and leaving per year.
- d) A comparison of population churn with other boroughs and local authorities - that is the movement of internal and international migrants into and out of the borough – shows that Lewisham ranks 27th out of the 326 local authorities in England.
- e) The rates of National Insurance Number (NINO) registrations in an area, as reported by the DWP, give an indication of international migration to an area, as a registration number is required by those seeking employment (the figures exclude registrations for young people being issued their National Insurance number for the first time). Lewisham had a rate of around 26 NINO registrations per thousand population for 2017/18. This compares to the national average of 14 NINO registrations per thousand population for England and Wales.
- f) The chart on the next page shows the relationship between tenure and National Insurance registration rates at ward level. All wards have higher registration rates than the average for England and Wales, as shown by the red line. There is a strong relationship for properties within the private rented sector; that is, wards with higher rates of private rented properties, have higher numbers of NINO registrations. This relationship is not evident for the owner occupied and social sectors.

Relationship between Private Rented housing and overseas national NINO registration rate

Data from FY2017/18. R-squared = 0.54 . Red line = England and Wales average rate.



Source: DWP Stat-Explore

- g) Research carried out by the Migration Observatory at the University of Oxford found that those born outside the UK were almost three times as likely to live in the private rented sector compared to the UK born population¹². The Chartered Institute of Housing found that migrants rely on the private rented sector due to its flexibility and ease of access compared to other tenures¹³.
- h) The GLA report four in five new arrivals (79%) to London are accommodated in the private rented sector, including 86% of those coming from overseas¹⁴. It is assumed this is due to long waiting lists for social housing in London and large cash deposits required to buy a property.
- i) Lewisham’s work to tackle rogue landlords under the MHCLG’s Controlling Migration funding programme aims to tackle rogue landlords across the capital – this includes all exploited citizens but also looks specifically at

¹² Dr Carlos Vargas Silva, Migration Observatory and the University of Oxford, November 2017, <https://migrationobservatory.ox.ac.uk/resources/briefings/migrants-and-housing-in-the-uk-experiences-and-impacts/>

¹³ UK migrants and the Private Rented Sector, Chartered Institute of Housing, February 2012, <http://www.cih.org/resources/PDF/Policy%20free%20download%20pdfs/migrants-private-rental-sector-full.pdf>

¹⁴ GLA London Housing Strategy (2018), assessed via <https://www.london.gov.uk/what-we-do/housing-and-land/tackling-londons-housing-crisis> , page 36

recently migrated members of the community as they are often the most vulnerable and open to exploitation. A recent case study detailing the exploitation that can occur is provided in appendix 3.

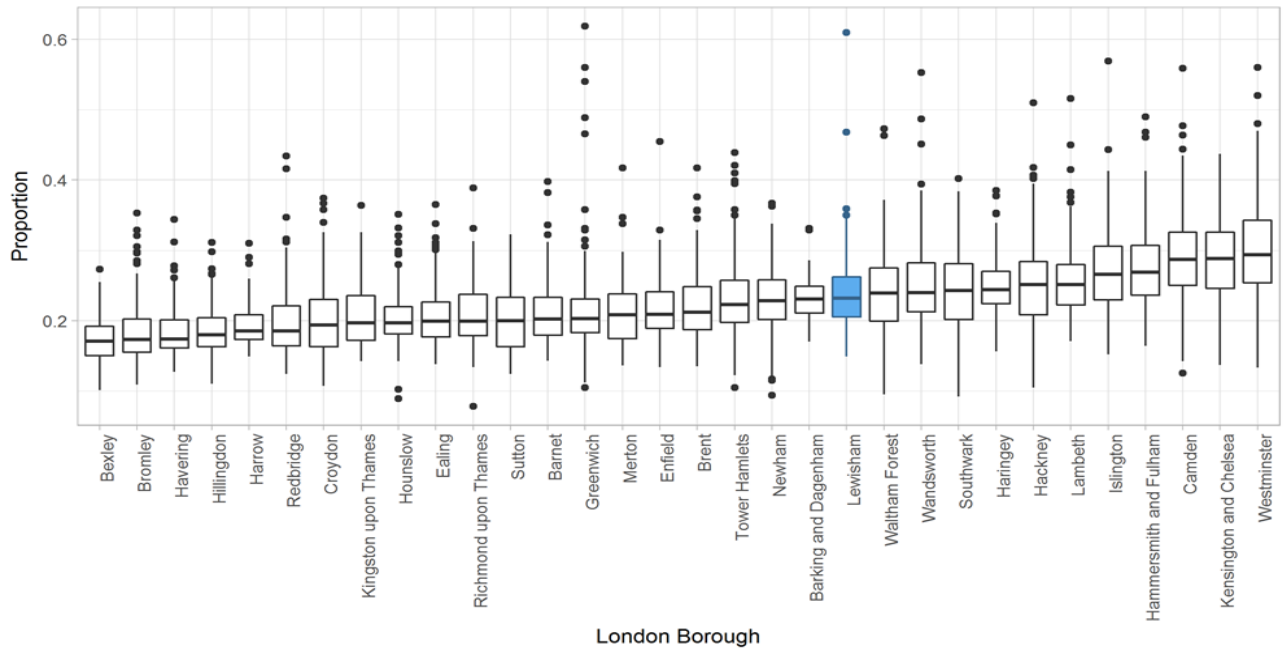
- j) The available evidence suggests that Lewisham experiences a highly transient population and that those moving to the borough typically find accommodation within the private rented sector. Evidence is available of migrants being accommodated in incredibly poor and dangerous conditions and an extreme example has been provided in appendix 3. A migration designation would support the borough-wide licensing application and enable the Council to take a rounded approach to improve poor living conditions and overcrowding, for both internal and international migrants.

8.5. Poor property conditions

- a) Poor housing conditions can be used as a designation to tackle significant numbers of properties in the private rented sector which are in poor condition, adversely affecting the character of the area and/or the health and safety of occupants. Consideration can be given to the age and visual appearance of properties where a high proportion are in the private rented sector and whether a significant proportion need to be inspected to determine if any contain category 1 and 2 HHSRS hazards.
- b) The Living Environment Deprivation domain within the 2015 Deprivation data comprises two indicators relating to the indoors living environment: Housing in Poor Condition and Houses without Central Heating. These both demonstrate the presence of high levels of poor property conditions in Lewisham relative to other London boroughs.
- c) The Houses in Poor Condition indicator on the next page is a modelled estimate of the proportion of social and private homes that fail to meet the Decent Homes standard. The four components are the Housing Health and Safety Rating System, disrepair, modernisation and thermal comfort. Data are available at LSOA level and the distribution of these levels is shown below for every London borough. The median level in Lewisham is 23%, 12th highest of 32 London Boroughs.

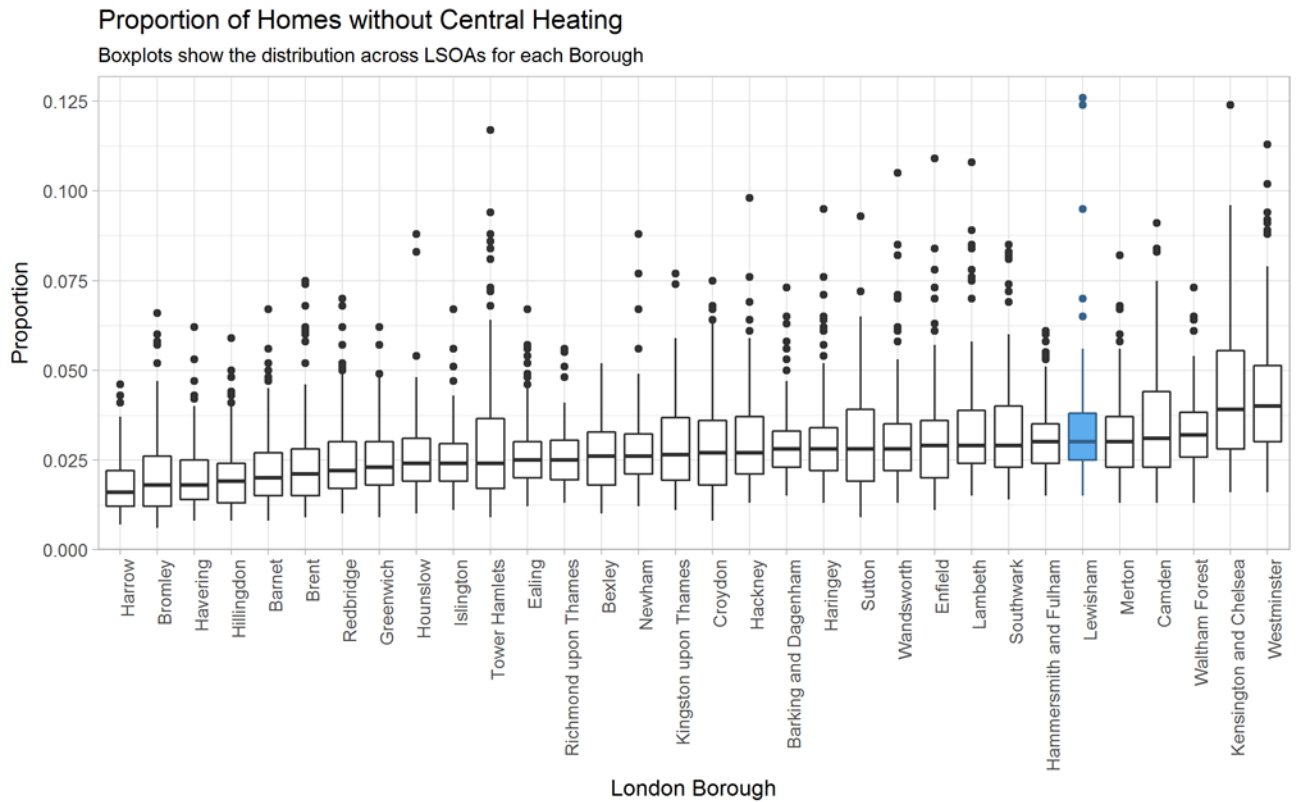
Proportion of social and private homes that fail to meet the Decent Homes standard

Boxplots show the distribution across LSOAs for each Borough



Source: English Indices of Deprivation 2015

- d) The Houses without Central Heating indicator identifies the proportion of houses in each LSOA that do not have central heating in any room. The distribution of these levels is shown for every London borough in Figure 14 on the next page. The median level for an LSOA within Lewisham is 3%, joint 5th highest of all London boroughs.



Source: English Indices of Deprivation 2015

- e) Ward level data for Housing in Poor Condition and Houses without Central Heating has been compared to wards nationally. Two thirds of Lewisham wards are within the worst half of the country for property conditions; all wards are within the worst half of the country for Heating, including four wards in the worst 20% of the country (Brockley, Lewisham Central, New Cross and Rushey Green).
- f) A stock condition survey performed in 2010 showed that 37.8% of Lewisham's private rented homes were categorised as 'non-decent'. 18.4% of PRS properties demonstrated a category 1 hazard and 38% demonstrated a category 2 hazard¹⁵. These hazards include issues such as excess cold, risks of falls, fire risks, hygiene risks, mould / damp, electrical hazards and risk of structural collapse.

¹⁵ Lewisham Council and CPC, Private Sector House Condition Survey 2010 stock condition survey, http://councilmeetings.lewisham.gov.uk/Data/Housing%20Select%20Committee/20101206/Agenda/Item6_PrivateSectorStockAppendixA_011210%20-%20PDF.pdf , page 9

- g) In addition, the survey showed that 36.7% of HMOs across the borough were found to be non-decent, as a result of category 1 hazards, disrepair or thermal comfort failure¹⁶.
- h) Rates of disrepair in Lewisham were found to be above the national average (7.3%), and the rates for the private rented sector were higher still, at 11.4%¹⁷.
- i) The Private Sector Housing Agency's inspection work and conversations with other agencies in Lewisham have highlighted a number of case studies demonstrating the severity of the poor conditions in some privately rented homes. These case studies are included in appendix 3.
- j) The evidence available in the stock condition survey, though conducted 9 years ago¹⁸, yields valuable information about the private rented sector in Lewisham. It is complemented by more recent data from case studies and within the deprivation data that together present a case for including poor property conditions as a designation reason for borough-wide licensing.

8.6. High levels of deprivation

- a) High levels of deprivation can be used as a designation reason if the area is experiencing high levels compared to neighbouring areas and regions. The factors of deprivation which can be considered are: the employment status of adults, the average income of households, the health of households, the availability and ease of access to education, training and other services for households, housing conditions, the physical environment and levels of crime. A designation can be made if a high proportion of housing in areas with high deprivation is in the private rented sector.
- b) The English Indices of Multiple Deprivation (IMD) has been used to assess how Lewisham performs in comparison to England, London and Inner London. The IMD takes into account factors to do with Crime, Education, Income, Health, Housing and Environment, giving individual scores for these measures and an overall score.
- c) Overall, Lewisham performs poorly when compared to England and London. All Lewisham wards are within the lowest 40% of the country and measure at the London average or lower. Rushey Green, Evelyn, New Cross, Bellingham and Downham are in the lowest 10% nationally.
- d) The graph on the next page illustrates the level of comparative deprivation in Lewisham. It is worth noting that the lesser deprived areas in the country

¹⁶ Ibid, page 39

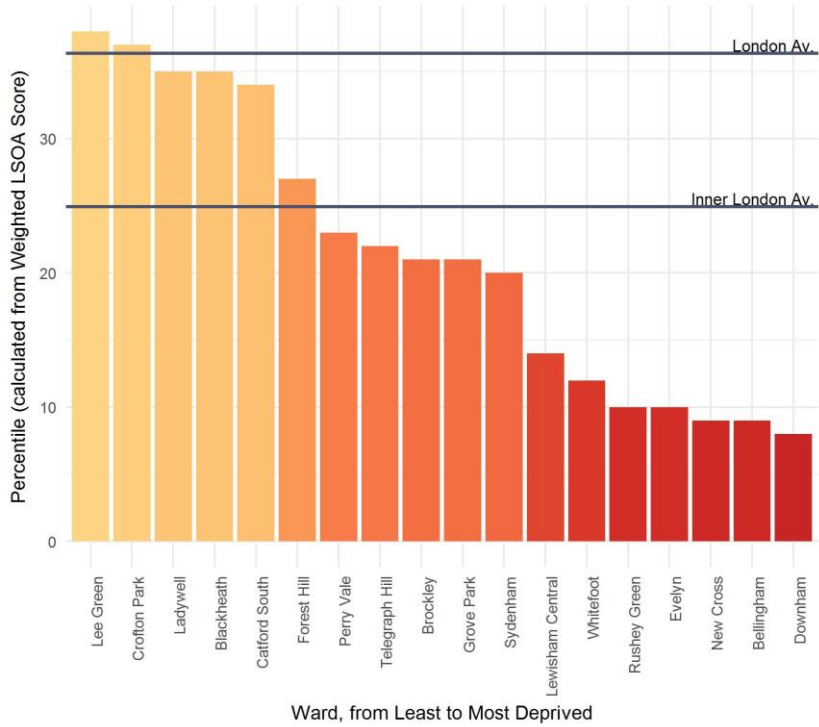
¹⁷ Ibid, page 53

¹⁸ Barking and Dagenham used a stock condition survey from 2009 in their recent application to renew their borough-wide licensing scheme.

would be highlighted in blue; there are no 'blue' wards in Lewisham, further highlighting the points made above.

Indices of Deprivation for Lewisham

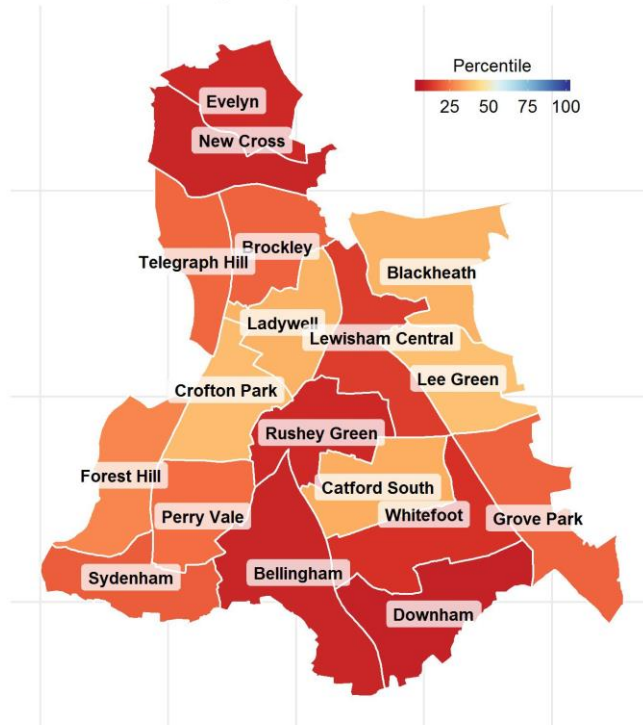
Overall Index of Multiple Deprivation



Source: UK Government English Indices of Deprivation 2015

Indices of Deprivation for Lewisham

Overall Index of Multiple Deprivation

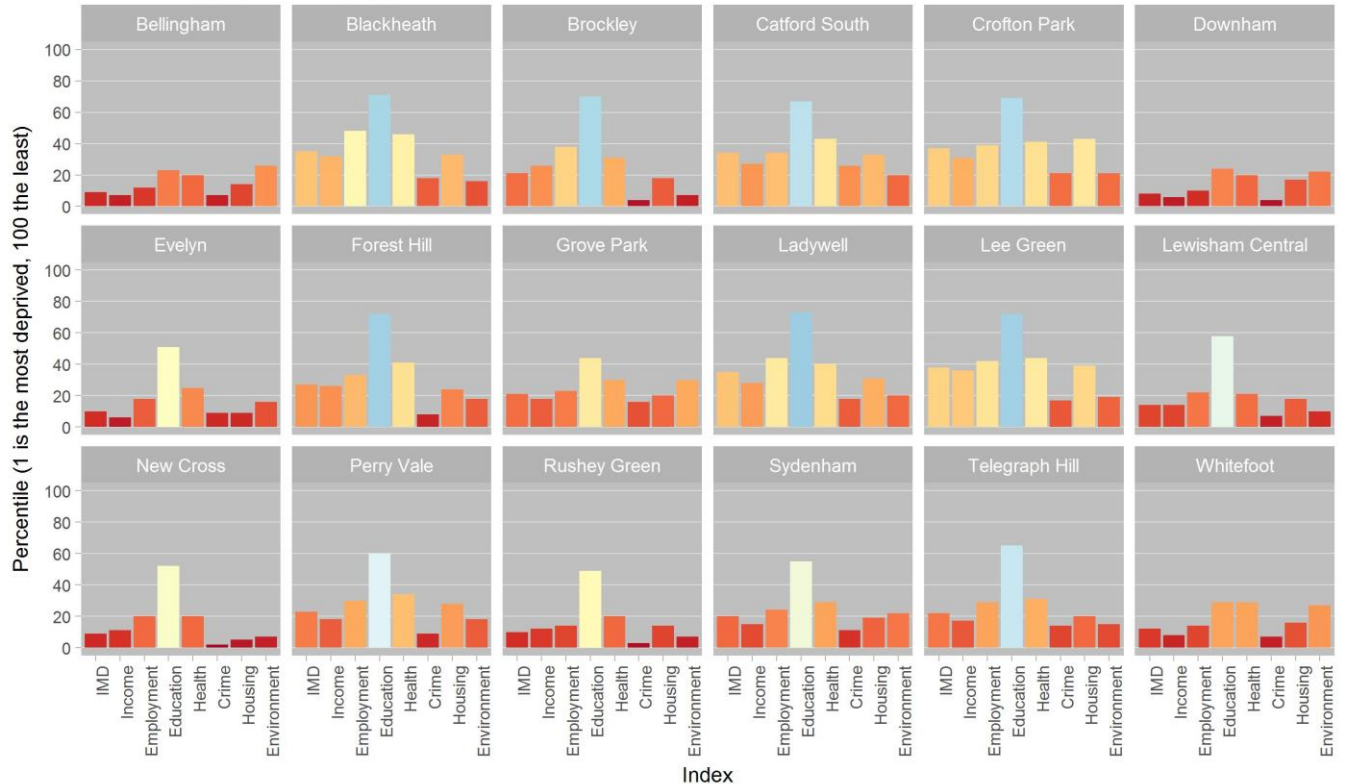


Source: UK Government English Indices of Deprivation 2015

- e) The below graphs show the Index of Multiple Deprivation and underlying domains by ward. Bars shaded red indicate the ward lies within the most deprived 50% in the country for that domain; bars shaded blue indicate the ward lies within the least deprived 50% in the country for that domain. The data provides substantial evidence of widespread, high levels of deprivation within every domain, the only exception being some wards within the Education, Skills and Training Domain. This is true when compared with wards at the national and local level.

Indices of Deprivation by Ward

Ward data aggregated from weighted LSOA Score

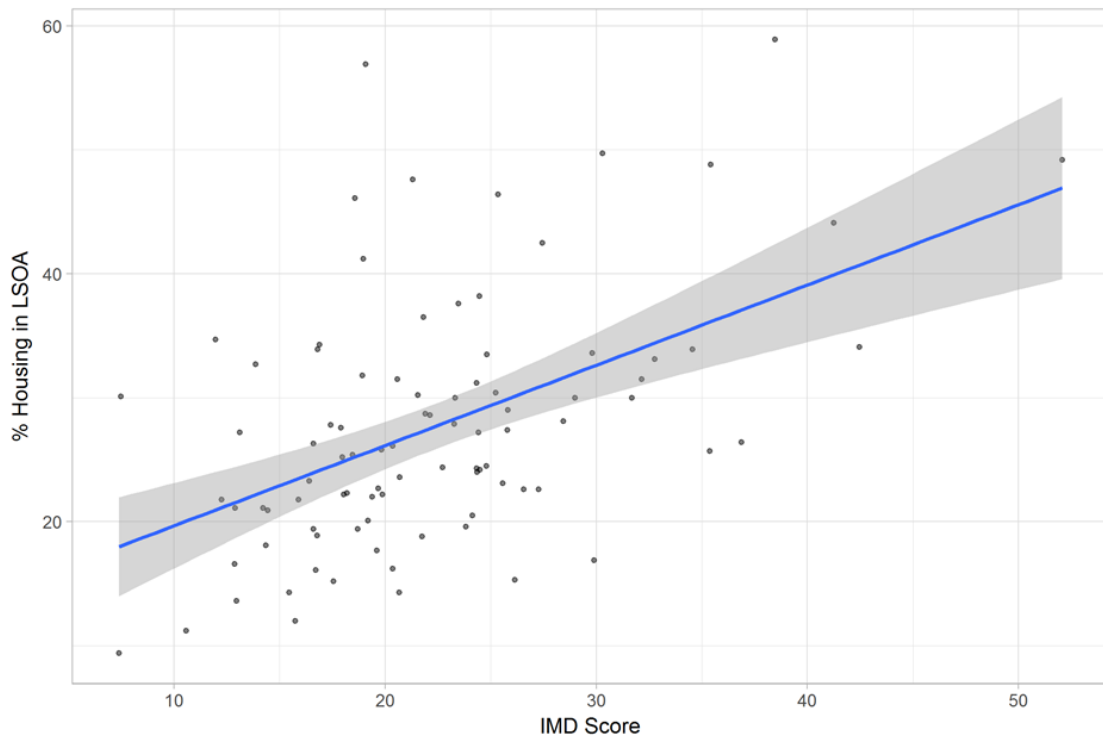


Source: UK Government English Indices of Deprivation 2015

- f) There is a strong relationship between deprivation and properties in the private rented sector, which can be seen by the plot on the next page.

Relationship between Tenure and Overall Deprivation, n = 91

LSOAs with more than 25 % Social Rented Housing removed



- g) All wards except Downham (the most deprived borough) have a high proportion of private rented housing, with values higher than the national average. It is therefore considered that all Lewisham wards except Downham meet the criteria of high levels of deprivation and high levels of PRS.

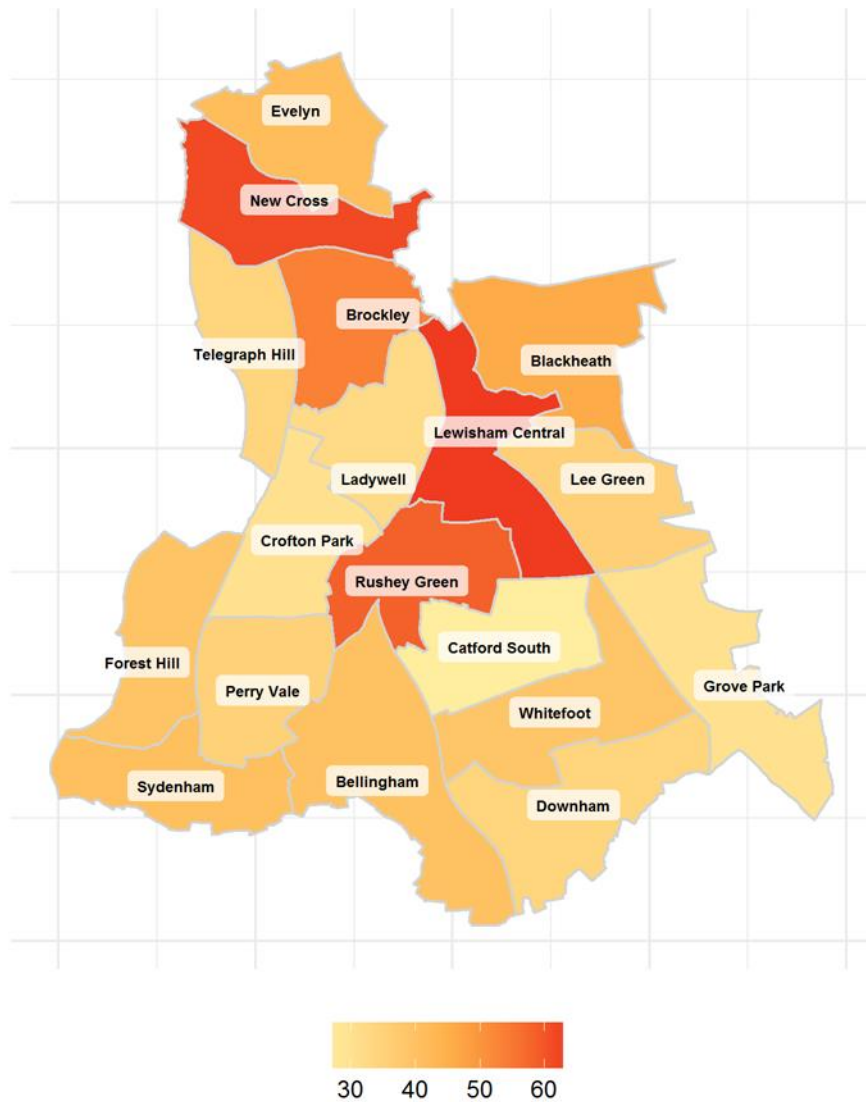
8.7. High levels of crime

- a) Crime can be considered as a designation reason if there has been a recent increase in the levels of crime, whether the crime rate is higher than other areas or if the crime rate is higher than the national average. The impact of crime on the local community can also be considered. Again, the designation can only be used if a high proportion of housing in areas with high levels of crime is in the private rented sector. Consideration should also be given to whether the criminal activities impact on some people living in privately rented accommodation as well as others living in the areas and local businesses, the nature of the criminal activity (e.g. theft, burglary, arson, criminal damage, graffiti) and whether some of the criminal activity is the responsibility of some people living in privately rented accommodation.
- b) Relevant police recorded street level crime records have been mapped against known private rented sector properties.
- c) Between 2016 and 2018 there were 37,550 related crimes reported in Lewisham, an average of 12,517 per year. These data were aggregated by

ward and the average annual rate per 1,000 population calculated. The crime rates are shown in the map below.

Police Reported Crime

Annual crime rate calculated from 2016 to 2018 data

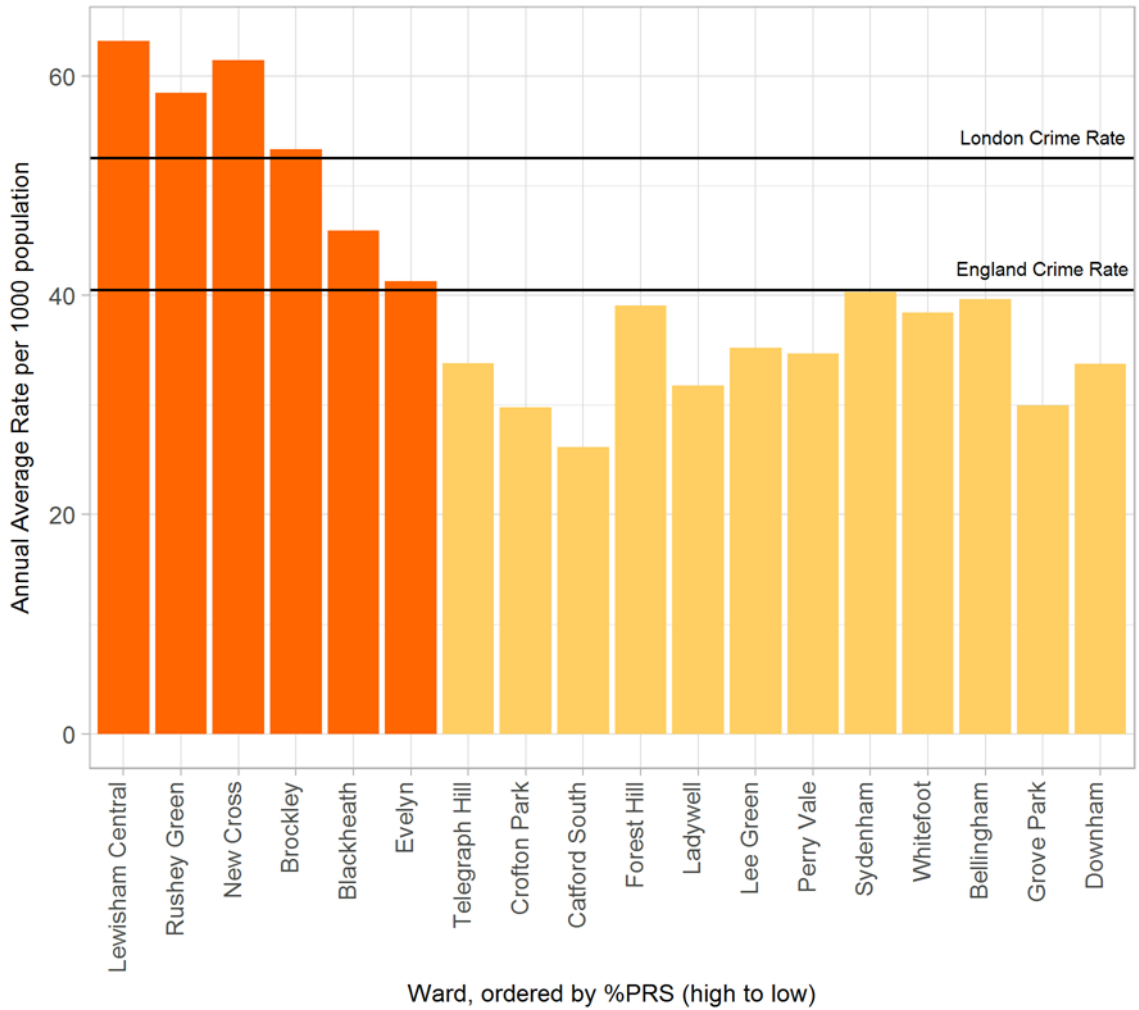


Source: data.police.uk

- d) Further, the crime rates for Lewisham wards are shown against the London and national average crime rates. The wards highlighted in orange have above average crime rates. The wards are ordered from highest to lowest percentage of private rented properties so the grouping of the orange bars exclusively to the left of the plot provides evidence that the wards with the highest crime rates are also those with the highest amount of PRS properties.

Average annual crime rates compared with national crime rates

National crime rate from year ending September 2018



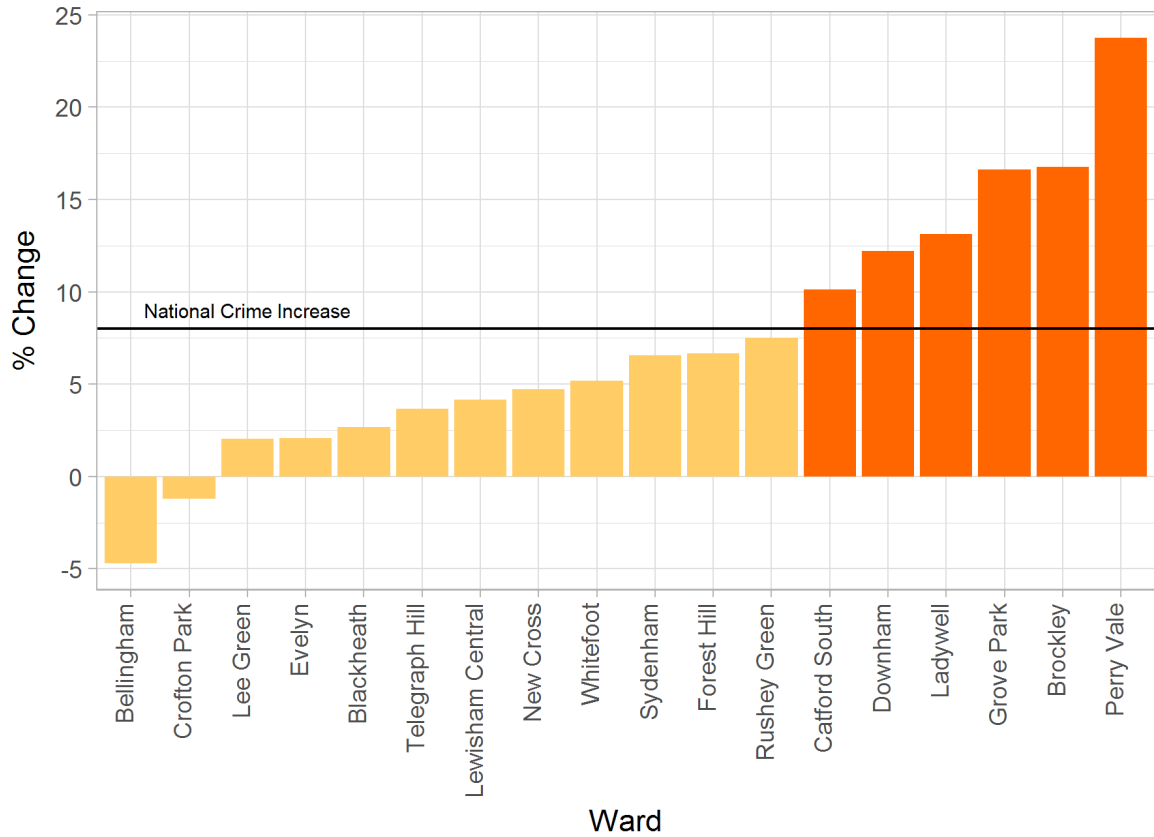
Source: data.police.uk & ONS

- e) These overall figures have been broken down into the individual crimes included for this analysis. Both recorded robbery and vehicle crime rates are higher than the national rate for all wards.

- f) The percentage change in reported crimes between 2017-18 is shown below. The graph shows a significant increase, above the national level, for six wards and a moderate increase for ten wards. Only two wards showed a decrease in reported crimes.

Percentage change in reported crimes between 2017 and 2018

National increase year ending Sept 2018 compared with year ending September 2017

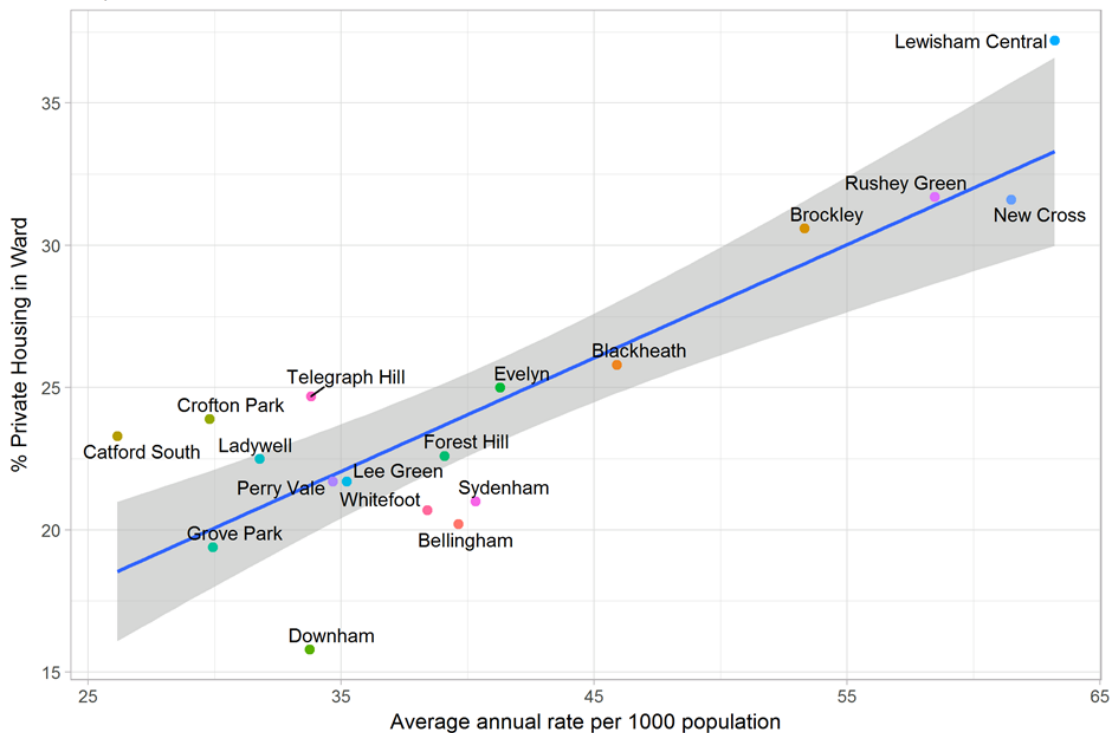


data.police.uk

- g) Additionally, there is a clear pattern between the highest crime rates and the wards with the highest levels of private rented properties. The graph on the next page shows this positive correlation. In data terms, this is an especially strong relationship and therefore vital information for the application for a selective licensing scheme.

Relationship Between Private Rented Housing and Crime Rate

R-squared = 0.71



Source: data.police.uk

8.8. Designations

- The above evidence indicates strong relationships between the private rented sector and deprivation, crime, ASB and migration, and that poor property conditions are prevalent within the private rented sector in Lewisham.
- To maximise the chance of success, it is proposed multiple options will be submitted: one for borough-wide selective licensing; and one grouping wards with similar characteristics together.
- The strongest links between the conditions for licensing and the private rented sector have been found in wards indicated as designation 1 below. Designation 2 contains those wards where there are significant relationships with migration, property conditions and deprivation and above average crime. Designation 3 contains wards with multiple levels of ASB and significant relationships with migration, property conditions and deprivation. Designation 4 has significant relationships with migration, property conditions and deprivation and less evidence of ASB.
- The ward designations are therefore proposed as follows:

Ward	Antisocial behaviour	Deprivation	Crime	Migration	Property conditions	Designation
Brockley	✓	✓	✓	✓	✓	1
Lewisham Central	✓	✓	✓	✓	✓	1
New Cross	✓	✓	✓	✓	✓	1
Rushey Green	✓	✓	✓	✓	✓	1

<i>Ward</i>	<i>Antisocial behaviour</i>	<i>Deprivation</i>	<i>Crime</i>	<i>Migration</i>	<i>Property conditions</i>	<i>Designation</i>
Blackheath		✓	✓	✓	✓	2
Evelyn		✓	✓	✓	✓	2
Bellingham	✓	✓		✓	✓	3
Crofton Park	✓	✓		✓	✓	3
Downham	✓	✓		✓	✓	3
Ladywell	✓	✓		✓	✓	3
Perry Vale	✓	✓		✓	✓	3
Sydenham	✓	✓		✓	✓	3
Telegraph Hill	✓	✓		✓	✓	3
Whitefoot	✓	✓		✓	✓	3
Catford South		✓		✓	✓	4
Forest Hill		✓		✓	✓	4
Grove Park		✓		✓	✓	4
Lee Green		✓		✓	✓	4

9. **Strategic fit**

9.1. As set out at 6.6, the Guidelines state that any selective and additional licensing schemes must be consistent with the Council's Housing Strategy and seek to adopt a co-ordinated approach to dealing with homelessness, anti-social behaviour and empty homes. For selective licensing, the submission must set out the role that Police and Social Services will play to ensure the designation reaches its goal and must first consider other courses of action that might provide an effective remedy and how the proposals fit with existing initiatives. The below sets out the work in progress to ensure these conditions will be met.

9.2. A number of other courses of action have been considered, and discounted.

These include:

- a) Maintaining current licensing arrangements – the evidence presented demonstrates that additional measures are needed to bring up standards in the private rented sector and this cannot be achieved under the current arrangements. Lewisham's current additional licensing scheme is specifically targeted at HMOs above commercial premises and therefore only covers a small proportion of private properties. Officers have experienced a significant amount of resistance from landlords who dispute that their properties fall within the conditions of either the mandatory or additional licensing schemes. This has meant the process to license properties to date has been very labour intensive, focusing on proving the case, sometimes through court, rather than tackling disrepair and poor landlord practice.
- b) Introducing only borough-wide additional licensing for HMOs – it has not been straightforward to identify HMOs to date, and landlords often challenge the need to licence their property. The data shows that issues exist across the private rented sector and an additional scheme alone would not solve these problems.

- c) Introducing selective licensing to less than 20% of the borough – the problems identified with the private rented sector extend across the borough and it is therefore necessary to pursue a scheme to tackle issues in all the identified areas, not just a small area.
- d) Voluntary accreditation – the borough has a voluntary accreditation scheme and a discount is made available to accredited landlords when licensing their properties. Despite this, less than half of landlords who apply are accredited and works are often still needed to bring the property up to standard for a number of these accredited landlords. Accreditation is not a guarantee that the landlord is fully aware of their obligations or that the properties they manage will necessarily be up to standard without greater involvement from the Council.

9.3. The options above have been reviewed and are not considered to be able to achieve the same outcome as borough-wide selective licensing for the reasons provided. The alternative options would also not help meet the objectives of the Council's Corporate Strategy and would not bring about the much needed improvement in conditions for private rented sector tenants.

9.4. The Private Sector Housing Agency (PSHA) perform a wide range of operational activities to identify licensable properties, take enforcement action and tackle rogue landlords. It is proposed that the below activities would continue and be enhanced by greater data intelligence, increased powers to licence properties and increased resources.

- a) The PSHA introduced a programme of regular street surveys targeting particular streets and these take place every 10 - 12 weeks. These surveys have been successful in uncovering potential new licensable HMO properties and identifying overcrowded and unsafe properties.
- b) Joint visits have been arranged with the London Fire Brigade who have served notices to improve fire safety, whilst the Council have served notices to remedy overcrowding and disrepair. Of the private rented sector properties visited 27% were identified as HMOs.
- c) Lewisham is currently an active member of London Lockdown. This project is focused on sharing intelligence and best practice where possible; challenging judgements that could set precedence in court and lobbying London and national government.
- d) A number of PSHA officers are focussed on tackling rogue landlords. Work involves investigating reports of criminal activity as related to housing offences, preparing prosecution packs for the Legal team and providing an immediate response where there are ongoing illegal evictions. Dedicated officers tackle around 15 cases of illegal eviction and 15 cases of tenant harassment per month, helping tenants back into their homes if it is safe to do so. Since July 2017, seven landlords have been convicted and one of these received an eighteen month suspended prison sentence. Two further cases are currently before the courts.

9.5. Fit with Housing, Homelessness, Empty Homes and Antisocial Behaviour strategies

- a) A borough-wide landlord licensing scheme directly supports a number of the Council's Corporate Priorities outlined in the 2018-22 Corporate Strategy document. These are:
- Tackling the housing crisis, everyone has a decent home that is secure and affordable, with a specific objective to seek to deliver a full borough-wide landlord licensing scheme.
 - Building safer communities, every resident feels safe and secure living here as we work together towards a borough free from crime.
- b) The proposals for borough-wide licensing are in accordance with the objectives of the current Housing Strategy 2015-20, which incorporates homelessness and empty homes and commits to the following:
- Helping residents at times of severe and urgent housing need.
 - Greater security and quality for private renters, with a specific commitment to investigate the feasibility of establishing a licensing scheme for private landlords.
 - Promoting health and wellbeing by improving our residents' homes.
- c) The specific aims under the 'greater security and quality for private renters' objective within the Housing Strategy are:
- To improve security and affordability for households living in the private rental sector.
 - To improve conditions in the private rental sector in order to support the health and wellbeing of tenants.
 - To reduce evictions from the private rental sector.
 - To work together with our partners to improve conditions in the sector and target rogue landlords and the most dangerous properties.
- d) The Housing Strategy recognises the role that the private rented sector plays in meeting the needs of homeless households and the importance of ensuring properties in the private rented sector are affordable and of acceptable quality.
- e) The Housing Strategy action plan highlights the need to bring empty homes back into use as one option to provide good quality housing for homeless households.
- f) The current Housing Strategy is due to end in 2020. Officers are in the process of drafting a new Housing Strategy for 2020-25. The importance of the private rented sector in providing accommodation to Lewisham's residents and the role of a licensing scheme to help improve standards within the sector are important considerations for the new strategy. The new Housing Strategy will be consulted on before being adopted.
- g) Through the Safer Lewisham Plan, the Borough partners and residents identified the following essential priority:
- Reduction in harm and vulnerability being critical as part of an overall prevention, intervention and enforcement approaches.
- h) The Safer Lewisham Partnership has committed to work to the Mayor's Office Police and Crime (MOPAC) 3 year strategy and Lewisham's priorities are aligned to MOPAC's Police and Crime Plan 2017-21. In

relation to anti-social behaviour (ASB), it states: Policing alone cannot solve these kinds of issues [ASB], and for this reason we are encouraging police and councils to work together with a problem-solving approach, using all the powers and resources at their disposal to prevent antisocial behaviour and make our communities better places to live.”

9.6. Partnership working proposals

- a) Discussions with the Police have commenced and training has been arranged for police officers around private sector housing enforcement.
- b) Partnership workshops have taken place with Children’s Social Care and Adult Social Care, focussed on homelessness prevention.
- c) Partnerships with other agencies are being developed, for example with the London Fire Brigade and registered housing providers who have a number of leasehold properties.
- d) The Housing Needs service will be integral to advising on any implications on homelessness applications arising.
- e) Joint working arrangements are being proposed for the Crime Enforcement and Regulation and Environmental Services teams to ensure a coordinated approach across key service areas.
- f) Statements of support for the borough-wide licensing proposals have been received to date from the London Fire Brigade, Crisis, Shelter, Lewisham Homes and L&Q.

10. **Operationalisation**

10.1. **Key principles of the scheme**

- a) The scheme will wholly cover the costs of administering and enforcing the licenses. The scheme cannot be set up to make a profit according to statute. There are no additional cost implications.
- b) 100% of properties that have received a license will be inspected. A risk rating system will be used to identify the highest risk properties which will be prioritised for inspections.
- c) Good landlords will be supported with best practice guides, landlord forums and advice on dealing with issues affecting the private rented sector. This work will continue after the scheme has ended, providing a lasting legacy and ensuring long term help for landlords beyond the period of the scheme. They will also benefit from discounts related to early bird application, multiple property links and membership to an accredited landlord scheme.
- d) As all licenses are granted for five years irrelevant of the date a license is issued some will extend beyond the end of the scheme meaning there is an impact on the service until the end of the tenth year.

- e) Income will be monitored to ensure any surplus is utilised for the improvement of private rented sector.
- f) The project will aim to introduce a high level of apprentices into the service at the initial co-ordinating and trainee officer level.
- g) Work on the licence conditions will be finalised following the consultation. The requirements of the licence conditions will sit alongside the existing legal obligations covered by the Housing Health and Safety Rating System or other statutory requirements. The specific licensing conditions will ensure that accommodation standards will be improved without duplicating legal requirements. The cost of enforcing HHSRS cannot be recovered through the licensing fees.
- h) Plans are under development to ensure that the PSHA team have a robust staffing structure that can effectively deliver the licensing schemes, accounting for the peaks and troughs of demand over the 10 year period. There is a complex matrix that sits behind the figures and incorporates the average performance of officers across the overall licensing process and is broken down by role. The exact number of new posts and responsibilities are still subject to change as the project develops.
- i) The draft licensing conditions are detailed in Appendix 2.

10.2. Building a new licensing team

- a) The data analysis indicates that there are around 32,000 private rented properties across the borough. This is broken down to around 26,000 single occupancy properties and 6,000 houses of multiple occupation. These figures have been used to estimate the cost of running a borough-wide scheme.
- b) The total cost of running the scheme is broken down into two elements: the active mandatory HMO licensing scheme and the new borough-wide extension. These costs are combined as an overall figure which will be funded by the new licensing fees as detailed in 10.5.
- c) The total estimated costs are calculated over the five year scheme and the five years after the scheme ends in order to manage any remaining licenses. They include all attributed expenditure including salaries with associated on costs, premises and equipment for staff, publicity, consultations and legal costs. Consideration has been given to any adverse effect on other council teams and additional project officers have been included to help mitigate those effects.
- d) The current licensing team is made up of nine licensing and housing enforcement officers who have the dual function of inspecting new licensable HMOs and enforcing disrepair in all other private rented property. The team also includes two coordinators, who manage the Health & Safety documentation compliance and payments. Three additional rogue landlord officers focus on illegal eviction and tenant

harassment. Currently the team licence less than 1,000 homes and the new additional scheme is estimated to target a further 5,000 HMOs.

- e) This increase means additional resources will be required to administer the new additional scheme although officers can more effectively identify HMOs using better data and resource, thereby reducing additional time needed to identify the relevant properties.
- f) To deliver the new additional and selective schemes together will require a significant number of staff. These have been shown in tables 1, 2 and 3 below and are based on a projected workload. Staffing levels will fluctuate dependant on actual workload once the scheme is implemented. It should be noted that these figures include the current licensing and enforcement team who will remain in place after the scheme ends.
- g) Around 50% of the new licence applications are expected to be submitted in the first year. This is based on the experience of other boroughs that have introduced a large scale licensing scheme.

Table 5

Staff year 1	Number
Service Group Manager	0.3
Service Manager	1
Team Managers/Team Leaders	5 - 6
Admin officers	13 - 19.5
Inspectors	25
Lawyer	1
Project Manager	1
Project Officer	4
ASB Officer	1
Data analyst	1
Apprentices	7
Empty Homes Officer	1
Data, Intelligence and Project Coordinator	1
Total FTE	62.3 – 69.8

Table 6

Staff costs will decrease in years 2 – 5.

Staff year 2-5	Number
Service Group Manager	0.3
Service Manager	1
Team Managers/Team Leaders	4
Admin officers	4 - 9
Inspectors	22 - 25

Lawyer	1
Project Manager	1
Project Officer	4
ASB Officer	1
Data analyst	1
Apprentices	7
Empty Homes Officer	1
Data, Intelligence and Project Coordinator	1
Total FTE	48.3 – 56.3

Table 7

Staff costs will decrease further in year 6-10 while licences issued after year one run their course:

Staff years 6-10	Number
Service Group Manager	0.3
Service Manager	1
Team Managers/Team Leaders	3
Admin officers	3
Inspectors (depreciates year on year)	9
Lawyer	1
Project Manager	0
Project Officer	0
ASB Officer	0
Data analyst	0
Apprentices	0
Empty Homes Officer	1
Data, Intelligence and Project Coordinator	1
Total FTE	19.3

10.3. **Expenditure**

- a) The overall cost of administering both schemes together should be considered over 10 years to ensure that all expenses are covered through licensing fees and there is no additional financial burden on the council.
- b) Staffing costs (including all on costs, training and continual professional development) based on the plans outlined above in 10.2 would be £24.2m.
- c) Equipment, stationary and office supply costs (incorporating, a software programme to administer licenses and inspections, officer IT equipment and personal protective equipment) are estimated at £905,000.
- d) Legal fees (additional legal expenses such as counsel opinion and court fees) are estimated at £200,000.

- e) Advertising costs including consultations are estimated at £165,000.
- f) The total overall cost to administer the combined borough-wide licensing scheme for 10 years is estimated to be £27m.

10.4. Current Income and Budget

- a) The Council's current budget includes an allocation of £0.89m for licensing and environmental health in the strategic housing division. This core function is unlikely to change during the life of these licensing scheme. Adjustments have been made to the figures and which take account of the projected income change. A core budget of £0.455 will remain to cover expenditure which cannot be funded by licensing fee income.

10.5. Licensing fees

- a) Costs for the licensing and enforcement service will be fully met from the licence fee. An initial budget of £400k is required as a start-up fund but this will be fully recovered from the licence fee income.
- b) The fee is calculated based on the full costs to administer a licence plus an additional separate enforcement charge due once the licence is issued.
- c) The fee proposal that is being developed is based on the council tax banding for a property in relation to the selective licensing scheme. Larger properties are more likely to be banded higher than smaller properties as the work associated with the application will be greater for larger properties.
- d) These have been scrutinised by officers across the key services and compared with fees charged by other boroughs with selective licensing schemes:

Council	Selective Fee	HMO Fee
Brent	£540	£840
Croydon	£750	£250 (per room)
Ealing	£500	£1,100 + £30 per room
Hackney	£500	£950
Hammersmith and Fulham	£500	£1,400 (on average)
Havering	£550	Up to £1,788
Newham	£1,050	£1,250
Redbridge	£500	Up to £1,864
Southwark	£500	£262.65 per room
Tower Hamlets	£520	Up to £660

- e) The table on the next page shows the proposed fee per property for single occupancy dwellings based on council tax bands.

Band	Percentage of properties in Lewisham	Proposed Fee
A	6.10%	£575.00
B	27.43%	£600.00
C	35.25%	£625.00
D	21.48%	£650.00
E	6.13%	£675.00
F	2.34%	£700.00
G	1.11%	£725.00
H	0.15%	£750.00

- f) The average proposed fee for a selective licence application is £626.58, or £578.96 when discounts are applied.
- g) HMO fees will remain at the current level of £500 per lettable unit up to a maximum of £5,000 for a large property. This is an average of £2,000 per licence.

10.6. Incentives and Discounts

- a) Early bird discounts will be offered to landlords that apply for the scheme between receiving authority to proceed with an all borough scheme and the official start date. Landlords will receive a 20% discount if an application for a licence is made prior to the designation coming into force.

10.7. Projected income

- a) Selective licensing – The Council is unlikely to identify every single private rented property in the borough. It is assumed that 90% of the total stock will be identified, meaning 23,400 out of the estimated 26,000 single occupancy dwellings will apply for a license. Income for this element is therefore estimated at £13.5m.
- b) HMO licensing - 6,000 properties have been estimated to fall into this category. It is expected that around 1,000 of these will reduce occupancy or otherwise be exempt from licensing as an HMO. It is assumed that 10% of the remaining HMOs are unlikely to be identified. Income for this element is estimated at £10.7m.
- c) Central funds - over the 10 years period £4.55m (£455,000 per year)
- d) Total income and central funds – over the 10 years period £28.75M

11. Consultation

11.1. Section 80 (9) of the Housing Act 2004 states that when considering designating an area the local housing authority must:

- take reasonable steps to consult persons who are likely to be affected by the designation, and,

- consider any representations made in accordance with the consultation.
- 11.2. This report seeks permission to run a public consultation between May – August 2019. A report on the results of the consultation will be presented to the Housing Select Committee and Mayor & Cabinet in the autumn.
- 11.3. Residents but also businesses and those working or studying the borough will be asked to comment on the plans for a new additional licensing scheme and the selective licensing scheme. Other boroughs' consultation responses demonstrate higher rates of landlord responses compared to private tenants, therefore the campaign will be primarily targeted at reaching private tenants in the borough.
- 11.4. To address the requirements of the Act an extensive publicity campaign is being planned in partnership with the communications team and consultation leads. The consultation will be publicised on the Council's consultation hub. It will be promoted via the Council's website, social media accounts and Lewisham Life weekly emails. Where possible and relevant, people visiting the Council's website will be made aware of the consultation. The Council will also provide printed information for those people who may struggle to be online. This will be done via the Lewisham Life magazine as well as leaflets. Drop-in session in libraries and other strategic locations across the borough are also being considered. Councillors and our local communities will also be invited to present the consultation at local assembly meetings. Councillors will also be made aware of the consultation more generally to be able to encourage their constituents to respond.

12. Timeline

- 12.1 Subject to Mayor & Cabinet approval, the public consultation is expected to run from May to August 2019. The consultation responses will be presented to Housing Select Committee and Mayor and Cabinet in the autumn of 2019 as part of any proposals to progress with either scheme.
- 12.2 At that point, Mayor and Cabinet can decide to introduce a new additional licensing scheme. The introduction of a potential new additional licensing scheme cannot come into force until three months after this decision has been made. This means that February 2020 is the earliest the new additional licensing scheme could begin.
- 12.3 Subject to receiving approval by Mayor and Cabinet in the autumn of 2019, the application to the Secretary of State for selective licensing will be submitted in November 2019, with a likely response due by February 2020. If approval is received from the Secretary of State by February 2020, delivery of the scheme is expected to begin in May 2020. A new selective licensing scheme cannot come into force until three months after being agreed by the Secretary of State.
- 12.4 Should the new additional licensing scheme and selective licensing scheme be approved by Mayor and Cabinet and also the Secretary of State as appropriate, then the final decision on the specific license fees would be made by the Council's Licensing Supplementary Committee.
- 12.5 A high-level timeline is included as Appendix 1.

13. Financial implications

- 13.1. The Council's current budget includes an allocation of £0.89m for licensing and environmental health in the strategic housing division. This includes the additional budget allocation given as part of the 2016/17 expansion of the service for the additional licencing scheme project (additional £1m over five years).
- 13.2. It should be noted that, as outlined in section 10.2 and 10.3 above, there are significant staffing and operational costs associated with the implementation of a selective borough-wide licencing scheme. These costs, currently estimated at £27m, will need to be fully covered by the implementation of a licencing fee to ensure full cost recovery. Based on current assumptions a fee basis as set out at 10.5 would be sufficient to recover costs incurred. The average overall fee, before discounts, is in the region of £627.
- 13.3. An initial budget of £400k is required as a start-up fund in order to secure office space, provide for a consultation period, and publicise the scheme prior to implementation. Funding for the additional £400k will need to be identified approximately three to six months prior to the official scheme start date. However, this cost can be recovered via the fee income. Some of the early fee income will be carried forward to ensure future scheme costs are covered.
- 13.4. Further financial implications of the introduction of a selective licencing scheme will be reported on as and when the information gathering and outline of the implementation plans are complete and brought forward for approval by Mayor and Cabinet.

14. Legal implications

14.1. Designation and consultation

The Housing Act 2004 provides local authorities with the power to impose different types of licensing schemes on houses in multiple occupation, ("HMO"s). HMO's governed by Part 2 of the Housing Act 2004 are generally defined as premises which are 3 or more storeys high, contain 5 or more people in 2 or more households and contain shared facilities. There is a statutory requirement for every HMO to be licensed by a local authority. This is 'mandatory' licensing.

Part 2 of the Housing Act 2004, gives local authorities power to introduce licensing schemes for HMO's not covered by mandatory licensing and which go beyond the national mandatory regime. For each type of statutory licensing scheme, the definition of an HMO is modified accordingly.

Whether an HMO is included in a scheme depends on the local authority designation. An 'additional' licensing scheme needs 'general approval' and a 'selective' licensing scheme requires the approval of the Secretary of State ("SoS") for confirmation of designation. Consultation for these different licensing schemes is necessary.

14.2 Additional Licensing Schemes

An authority may, pursuant to s. 56 of Part 2 of the 2004 Act, designate either the whole of its area or a part of its area as subject to 'additional licensing' in relation to a description of HMO's specified in its express designation. When exercising power under s. 56, local authorities must ensure that exercise of their power is consistent with their overall housing strategy, seek to co-ordinate their approach to homelessness, empty properties, and to anti-social behaviour affecting the private rented sector, not make a designation unless they have considered whether there are other effective measures dealing with the problem, and consider that the designation will significantly assist them to deal with the problem.

Designations require either 'General Approval' (for 'additional' licensing schemes) or the approval of the Secretary of State by confirmation (for 'Selective' licensing schemes).

The Housing Act 2004: Licensing of Houses in Multiple Occupation and Selection of Other Residential Accommodation (England) General Approval 2015, revoked the former 2010 General Approval provisions, such that 'General Approval' is deemed to be granted for additional licensing schemes, subject only to confirmation by the local authority that it has consulted persons, likely to be affected by them, (s. 56(3)(a) of the 2004 Act,) for not less than 10 weeks.

Designations may last no longer than 5 years from the date on which they come into force.

14.3 Selective Licensing Schemes

Sections 79- 81 of Part 3 of the 2004 Act, provide local authorities with power to introduce selective licensing schemes for other houses falling outside of Part 2.

The types of houses to be licensed under a selective licensing scheme are defined within s. 79 (2) of the 2004 Act. It applies to a house "if (a) it is in an area that is for the time being designated under section 80 as to selective licensing, and (b) the whole of it is occupied either- (i) under a single tenancy or licence that is not an exempt tenancy, or (ii) under two or more tenancies or licences of different dwellings contained in it, none of which is an exempt tenancy or licence..."

Further statutory considerations for a local authority apply under Part 3 of the Housing Act 2004 for selective licensing schemes, pursuant to section 80 (2)(a) and (b). These include conditions in relation to housing conditions, deprivation, migration and conditions in relation to crime.

14.4 Before making a decision to introduce selective licensing the local authority must:

- a) consult with those who are likely to be affected, including those who live, work or operate businesses in adjoining local authority areas where they will be affected
- b) consider whether there are other effective methods of achieving the intended objective

14.5 Approval by the Secretary of State is required for selective licensing schemes.

The Secretary of State will take into account when deciding whether to confirm a Scheme, the robustness of the proposed measures to ensure compliance. In particular, the Secretary of State will expect to be assured there are systems in place to monitor compliance and enforcement measures will be in place where there is non-compliance.

Approval of the Secretary of State will be required for a selective Licensing scheme as the proposed borough-wide scheme will:

- a) cover more than 20% of the authority's area, and / or
- b) affect more than 20% of privately rented homes in the authority's area.

Selective licensing may come into force no earlier than three months after the designation has been approved (or it falls under the general approval).

14.3 When fixing fees, the local housing authority may pursuant to the HA 2004 s. 87 (subject to any regulations made under subsection 5) take into account:

- a) all costs incurred by the authority in carrying out their functions under this Part, and
- b) all costs incurred by them in carrying out their functions under Chapter 1 of Part 4 in relation to Part 3 houses (so far as they are not recoverable under or by virtue of any provision of that Chapter).

14.4 The Equality Act 2010 (the Act) introduced a public sector equality duty (the equality duty or the duty). It covers the following protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

14.5 In summary, the Council must, in the exercise of its functions, have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- advance equality of opportunity between people who share a protected characteristic and those who do not.
- foster good relations between people who share a protected characteristic and those who do not.

14.6 It is not an absolute requirement to eliminate unlawful discrimination, harassment, victimisation or other prohibited conduct, or to promote equality of opportunity or foster good relations between persons who share a protected characteristic and those who do not. It is a duty to have due regard to the need to achieve the goals listed above.

14.7 The weight to be attached to the duty will be dependent on the nature of the decision and the circumstances in which it is made. This is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. The Mayor must understand the impact or likely impact of the decision on those with protected characteristics who are potentially affected by the decision. The extent of the duty will necessarily vary

from case to case and due regard is such regard as is appropriate in all the circumstances.

- 14.8 The Equality and Human Rights Commission has issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled “Equality Act 2010 Services, Public Functions & Associations Statutory Code of Practice”. The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

<https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-technical-guidance>

- 14.9 The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- [The essential guide to the public sector equality duty](#)
- [Meeting the equality duty in policy and decision-making](#)
- [Engagement and the equality duty: A guide for public authorities](#)
- [Objectives and the equality duty. A guide for public authorities](#)
- [Equality Information and the Equality Duty: A Guide for Public Authorities](#)

- 14.10 The essential guide provides an overview of the equality duty requirements including the general equality duty, the specific duties and who they apply to. It covers what public authorities should do to meet the duty including steps that are legally required, as well as recommended actions. The other four documents provide more detailed guidance on key areas and advice on good practice. Further information and resources are available at: <https://www.equalityhumanrights.com/en/advice-and-guidance/public-sector-equality-duty-guidance#h1>

15. **Crime and disorder implications**

- 15.1. The implementation of the scheme should not have negative crime and disorder implications. The scheme will identify further crime and disorder as a result of inspections and investigation, and the team will work with landlords to address identified ASB.

The scheme will also raise the profile of the service which in turn will mean individuals are likely to contact the Council to report issues.

16. **Equalities implications**

- 16.1. An in-depth Equality Analysis Assessment (EAA) has been completed and is attached as Appendix 4.
- 16.2. The EAA found that it was appropriate to consider all protected characteristics when considering a borough-wide licensing scheme as it will potentially affect all tenants and landlords, who could display any number of protected characteristics. Private tenants will come from all sections of the community; however the findings from the EAA indicate that international migrants and those on low incomes will be particularly impacted, as they are more likely to live in private rented properties.
- 16.3. There are a number of positive effects from introducing new additional and selective licensing schemes, which can be expected to apply to all groups with protected characteristics. Additional monitoring of landlords will prevent unlawful practice in the form of discrimination on the grounds of age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity. Additional monitoring of landlords will also provide the Council with greater control over poor landlord practice such as not tackling anti-social behaviour. As a result instances of ASB, discrimination and hate crime are expected to reduce. Licensing of additional properties will also improve the standards of privately rented homes resulting in better accommodation, thereby reducing negative impacts on health. The schemes are also expected to improve security of tenure for tenants, as landlords will not be able to evict good tenants as easily as they can in unlicensed properties. As a consequence tenant turnover may be reduced resulting in better opportunities for increased community cohesion.
- 16.4. There is the potential for negative impacts from the new licensing scheme as well. If the schemes are approved, landlords will be obliged to pay license fees. This may negatively impact their ability to rent out their properties. This may discourage some landlords from renting out their properties, thereby reducing the supply of property for private renters. It is however more likely that landlords will divert the costs of license fees to their tenants via the rent. As licenses are granted for a period of 5 years, the monthly increase will be limited. The license fees are yet to be agreed, but if following plans in 10.5, the highest amount under a selective licensing scheme is £750 for properties in Council tax band H, which equates to £12.50 per month if rented by a single household.
- 16.5 There is also the need to be considerate of equality implications arising from the consultation itself. In particular, the ease of responding to consultation and the need to adjust it for adaptability and language concerns are important factors, Consultation questions and information guides will be written in plain English. Consideration will be given if requested to translate into other languages. There will be a dedicated contact email in case of questions or concerns. Drop-in information events can be held during the consultation so that people can approach the Council with questions about the consultation and implications of the scheme. As per section 11, a detailed communications plan is to be implemented to ensure that all sections of the community are encouraged to respond to this important consultation. Once approved, similar consideration will be need to be made to ensure that the communication about the new licensing schemes are as accessible as possible.

17. Environmental implications

17.1. The scheme will identify environmental issues not already known such as fly-tipping and waste management issues in private rented accommodation.

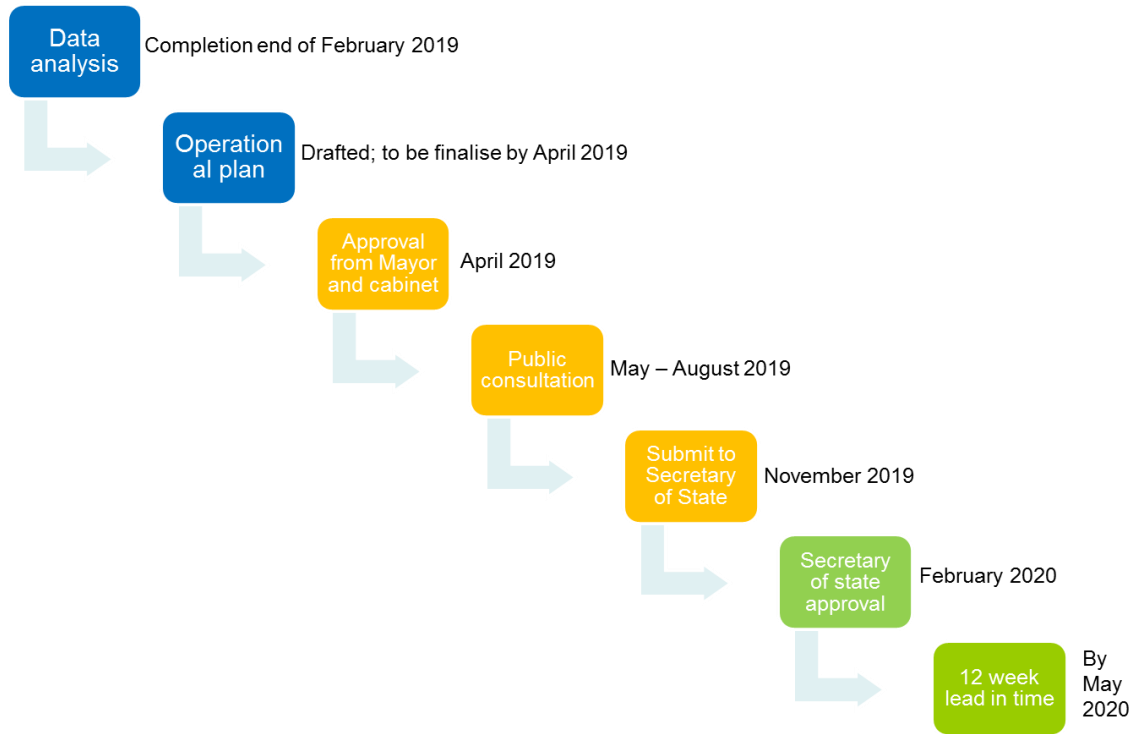
18. Background Documents and Report Originator

18.1. For further information please contact Nicholas Stabeler (Private Sector Housing Agency Manager) on Nicholas.stabeler@lewisham.gov.uk or 0208 314 2044.

Title	Date	File Location	Contact Officer
Appendix 1 - High-level project timeline	March 2019		Nicholas Stabeler
Appendix 2 – Draft licensing conditions	March 2019		Nicholas Stabeler
Appendix 3 – Case studies of poor property conditions	March 2019		Nicholas Stabeler
Appendix 4 – Equality Analysis Assessment	March 2019		Nicholas Stabeler
Appendix 5 - MHCLG guidance on 'Selective Licensing in the Private Rented Sector'	March 2015	available here	Nicholas Stabeler

Appendix 1

Timeline



Appendix 2

1. Draft licensing conditions

1.1. Conditions of granting a licence

Before granting a licence, the authority must be satisfied that:

- the proposed license holder is a fit and proper person and is the most appropriate person to hold the licence
- the proposed manager of the property (if different from the licence holder) is a fit and proper person
- the proposed management arrangements are otherwise satisfactory.

Even when all the conditions above are satisfied, the granting of a licence and its precise terms and durations is discretionary.

1.2. Conditions of licence

Licences are non-transferable. A new licence must be applied for if the licence holder ceases to be involved in the management of the property.

a) Mandatory conditions

The following are mandatory conditions that must be attached to every licence:

- the production of a gas safety certificate (if there is a gas supply to the house)
- keeping any electrical appliances and furniture in a safe condition
- the installation of smoke alarms in proper working order
- a requirement that the licence holder supplies the occupiers of the house with a written statement of the terms of occupancy
- a requirement that the licence holder obtains references from persons wishing to occupy the house
- such other conditions as may be imposed by regulations, e.g. the provision of Energy Performance Certificates.

b) Discretionary conditions

The local authority can impose further conditions regulating the management, use or occupation of the dwelling, including:

- restrictions or prohibition on the use or occupation of particular parts of the house

- a requirement for the landlord to take reasonable steps to prevent antisocial behaviour by occupiers or visitors.

c) Licence duration

Licences can be granted on properties for a maximum of five years. A local authority can have a policy that says it will consider matters relevant to the question of whether a landlord is a fit and proper person in deciding the duration of the licence to be granted to any individual landlord. However, the extent to which such matters are relevant will depend on the facts of the individual case.

1.3. Revoking of licence

Licences may be revoked:

- where there has been a serious breach or repeated breaches of a condition of the licence
- the license holder is no longer a fit and proper person
- the property becomes structurally defective.

1.4. Sanctions

Where a property should be but has not been licensed, or a license has been obtained but its conditions are breached, a range of sanctions may be available:

- offences can be punished on conviction by a fine
- a local authority can impose a civil penalty of up to £30,000 as an alternative to prosecution
- a rent repayment order (RRO) can be obtained but only in respect of a period where a property has been let unlicensed when it should have been licensed
- the landlord could be subject to a banning order
- the landlord cannot serve a section 21 notice requiring possession of an assured shorthold tenancy during the unlicensed period.

Appendix 3

Examples of poor housing conditions in private rented homes

1. Case study of rogue landlord affecting migrants

- 1.1. The premises were two adjoining houses, a factory / commercial unit and a large storage unit. All were being used as living accommodation. The front of the property was used as a hand car wash and many, but not all, of the residents were also working in the car wash. The site was in a highly dangerous condition, with shipping containers and accumulated detritus present throughout. Access to the commercial building at the rear was via a number of “rat runs” through this. Fire exits were blocked with shipping containers, which also blocked all natural light from the rooms on the ground and first floor at the rear and side of the two houses.
- 1.2. Inside there was inadequate and unsanitary cooking, toilet and bathing facilities for the number of people living there. The electrics were “jerry rigged” to power the property with overloaded extension cables throughout, one of which lead to washing machine sited in a shower cubicle that was still linked to a water supply. There were bare wires in many rooms. The entire premises were extremely damp, partly because of the number of people living there and partly because of a variety of defects-leaking pipes, blocked and broken guttering, deteriorated and poorly fitted window frames and roof leaks.
- 1.3. When the Private Sector Housing Agency (PSHA) attended initially, there were about 40 people on site. It was seriously overcrowded, with some rooms sleeping 8 people. All premises were occupied by a number of people of Romanian and Albanian origin. There was a huge degree of “churn” so it was difficult to say how many people were occupying at any given time.
- 1.4. Ultimately, the fire brigade prohibited the use of the two commercial buildings and the PSHA prohibited the two residential buildings. The residents were advised of their rights and options, including presenting to Housing Solutions for advice and assistance.

2 Examples of poor housing conditions

- 2.1 Tenant had an issue with damp in their privately rented flat. Their landlord asked them to move out temporarily whilst the problem was resolved. On return three weeks later, tenants found out that the work had not been done and their belongings had been placed in a skip outside.
- 2.2 Tenant experienced a number of issues including windows that would not open, mice and cockroach infestations, but landlord refused to resolve them. Despite this, the landlord increased the rent at the end of the tenancy.
- 2.3 Tenant was living with severe damp in property. The landlord refused to resolve other than providing dehumidifiers which more than doubled the tenant's electricity bill.

- 2.4 Family experiencing significant leak in ceiling which landlord has refused to resolve. The family have a young baby with a severe medical condition.
- 2.5 Tenant experiencing issues with significant damp and is able to penetrate the wooden stairs with little pressure as they have become so damp.
- 2.6 Tenant experiencing significant mould and damp and suffers from asthma. Instead of resolving issues, landlord has threatened her with eviction.

3 *The below anonymised examples have been sourced from the Private Sector Housing Agency's (PSHA) inspection work*

- 3.2 Rushey Green – following a complaint on 30 August 2017, the PSHA visited the property on 1 September 2017. A Housing Health and Safety Rating System (HHSRS) assessment revealed category 1 hazards for intruder entry, falls and fire. The assessment also revealed category 2 hazards for damp / mould, falls and electrical hazards.

Following an improvement notice, the owner failed to undertake remedial action. Legal undertook prosecution action and court hearing is set for May 2019.

The picture below shows the considerable damage from damp in this property.



3.3 Lewisham High Street – following reports of an unlicensed HMO, the PSHA found significant electrical and fire hazards which were resolved using existing HMO licensing regulations.

The pictures below show the extent of the electrical hazards in the property.



3.4 Bromley Road – following reports of a house poorly converted into flats, the PSHA found significant problems with hygiene, refuse, pests and potential entry by intruders. The property also had very dangerous electrics throughout. There were holes in the walls with a defective soil pipe (for dangerous waste water) and no locks on the street door.

The pictures below show the defective soil pipe:

