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<b>Date</b>	<b>26/09/2022</b>	<b>Service</b>	<b>Housing Partnerships &amp; Service Improvement / Private Sector Housing and Home Improvement</b>

**1. The project or decision that this assessment is being undertaken for**

**Selective Licensing Scheme**

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.

The aim of this project has been to gain a thorough understanding of the private rented sector (PRS) (size and areas of need) in Lewisham and use this knowledge to:

- develop an implementation plan for a selective landlord licensing scheme
- submit a robust application for a licensing scheme to cover 16 out of 18 wards in the borough.

There is a requirement to submit substantial evidence and consult residents and landlords prior to introducing a selective licensing scheme.

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

- Low demand
- High Anti-Social Behaviour
- High migration
- Poor housing conditions
- High levels of deprivation
- High level of crime

The overall aim of this project is to gain approval to implement the scheme for 16 out of 18 wards in the borough where evidence supports it. Implementation of the licensing scheme aims to:

- 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” for all landlords by demanding the same standards of accommodation and management across all landlords. The gap between the poor and good landlords will be radically reduced and professional standards will be 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 criminal and non-compliant landlords.

Reports have previously been submitted to Housing Select Committee and Mayor & Cabinet, and a public consultation commenced from 20<sup>th</sup> October 2021 to 20<sup>th</sup> May 2022. Following the conclusion of the consultation, a report has been prepared for the Housing Select Committee in September 2022. A further report will be submitted to Mayor and Cabinet before a submission is made.

**2. The protected characteristics or other equalities factors potentially impacted by this decision**

<input checked="" type="checkbox"/> Age	<input checked="" type="checkbox"/> Ethnicity	<input checked="" type="checkbox"/> Maternity	<input checked="" type="checkbox"/> Language spoken	<input type="checkbox"/> Other, please define:
<input checked="" type="checkbox"/> Gender	<input checked="" type="checkbox"/> Gender identity	<input checked="" type="checkbox"/> Disability	<input checked="" type="checkbox"/> Household type	
<input checked="" type="checkbox"/> Religion	<input checked="" type="checkbox"/> Carer status	<input checked="" type="checkbox"/> Sexual orientation	<input checked="" type="checkbox"/> Income	

These protected characteristics have been selected since the private rented sector is open to all households and changes to the way the sector is regulated could affect anyone. It is anticipated that any impact will be positive, through better regulation of living conditions and ensuring landlords are fit and proper persons. Analysis produced

by the Greater London Authority<sup>1</sup> suggests that young people, migrants, and people on low incomes are more likely to be private renters, and in addition more than one third of renting households now contain dependent children. Finally, older people now also form a growing minority of private tenants. This means that efforts to improve the rental market are likely to have a disproportionately beneficial effect on those with protected characteristics or equalities factors related to age, ethnicity, income and maternity. However, there could also be a negative impact on these groups if landlords pass on the costs they incur to tenants, or if tenants are evicted as a result of enforcement action and this will need to be monitored.

Likewise, the ownership of housing is open to all households and as such the impact on landlords within these groups must be considered. In particular research conducted by Shelter and others suggests that a significant proportion of private landlords are older people.

The public consultation was promoted to reach as many residents and landlords as possible. If the scheme is approved, we will need to ensure a robust communications plan is implemented to ensure that landlords and tenants from all backgrounds are informed of the licensing requirements. This will need to consider language and accessibility requirements.

### **3. The evidence to support the analysis**

#### **The private rented sector**

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.

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%.

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 have increased substantially, with the average house price now over £500,000.

In addition, there are a substantial number of households on the housing waiting list (over 10,300 households as of August 2022) 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.

#### **Issues with the private rented sector**

The condition of housing in the private rented sector is also shown to be below that of other sectors. The [2020/21 English Household Survey](#) found that privately rented dwellings were more likely to be older with 23% built before 1919, with a high proportion of converted flats and the highest proportion of non-decent homes. 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 heating.

Furthermore, extensive research documented in the [2010 Fair Society, Healthy Lives Marmot Review](#) demonstrates that “Bad housing conditions – including homelessness, temporary accommodation, overcrowding, insecurity, and housing in poor physical condition – constitute a risk to health”.

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”. Licensing is not a ‘quick win’ with regard to anti-social behaviour, due to the complex nature of this problem, but it has been

<sup>1</sup> London Housing Strategy 2018 Equalities Impact Assessment and *Housing in London 2021*

associated with a reduction in these types of incidents. 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”.

[The Independent Review of Selective Licensing](#) carried out by MHCLG in 2019 found that ‘selective licensing is an effective tool when implemented properly’ as part of a wider effort by local authorities to address the problems in the private rented sector. The report specifically sets out that the key benefits of licensing as an agent of change are that:

- selective licensing allows councils to recover the costs associated with enforcement,
- it provides a clear enforcement framework and that,
- it places a proactive, rather than reactive duty on both councils and landlords

### **Consultation**

A public consultation was launched following detailed analysis undertaken on behalf of the council. The consultation ran for 30 weeks from 20th October 2021 to 20th May 2022. To capture as much feedback as possible from landlords, tenants, residents and other stakeholders the council used several approaches to promote the consultation across the borough, and outside the borough. Activities for the consultation, including releasing new communications and publicity, were paused during the pre-election period of (21st March 2022 to 6th May 2022), in the lead up to the 2022 local elections.

The consultation and survey were initially hosted on the Commonplace platform, with three surveys, one for each designation, to gather the feedback from stakeholders. The consultation page also had the supporting evidence for the designations, and the proposed licence conditions as well as information about the proposed fees and discounts.

Following a review of the consultation responses and consultation page in January 2022, the survey was consolidated into one survey to make it easier for respondents and for the council to gather feedback on all the designations. This was moved to the council website from the Commonplace platform. The evidence pack was also reviewed and edited to make the designations and supporting evidence clearer. This renewed evidence base, as well as the proposed licence conditions and information about the proposed fees and discounts were also available on the council website, on the same page as the survey.

1,356 people responded to the consultation. Respondents were also asked to provide some demographic information to see if the consultation had captured the views of a group representative of the borough.

When compared with borough benchmarks, “White – British” respondents were overrepresented, whereas “Black – African”, “Black - Caribbean”, “Other – Asian” and “Other – Black” were under represented by respondents who answered this question. However, this is explained in part by the fact that a very high proportion of residents from the Catford South ward responded to the consultation, and the demographics of this ward differ from the overall borough benchmarks. The response rate from BAME respondents was monitored through the consultation, and every effort was made to ensure that that the consultation was inclusive and accessed all communities. This included distributing posters and leaflets to key community centres, health centres, resident groups, theatres, libraries; direct emails to more than 400 local community and church groups and advertisements in the Council Tax mail-out, which was sent to approx.135,000 households in Lewisham.

## **4. The analysis**

### **Findings relating to the size of the private rented sector**

The private rented sector is an integral part of the housing landscape, and provides housing for increasing numbers of households. In Lewisham, the private rented sector makes up more than a quarter of the borough’s housing stock.

### **Findings relating to the issues in the private rented sector**

The data analysis undertaken as part of the project has provided significant findings when considering evidence for a borough-wide selective licensing scheme in Lewisham. The particular points of interest are:

- International migrants are more likely to live in the private rented sector than other sectors and therefore likely to be affected by any decisions linked to the private rented sector
- Levels of deprivation tend to be higher in wards with more privately rented homes and therefore people experiencing lower incomes and high unemployment, for example, are likely to be affected by any decisions linked to the private sector

#### **Impact of project on protected characteristics based on findings**

Based on the findings, it is rational to consider all protected characteristics when considering a borough-wide licensing scheme as it would affect all tenants and landlords, who could display any number of protected characteristics. In particular, positive impacts can be expected for those living in the private rented sector. Private tenants will come from all sections of community; above findings placing particular focus on international migrants and those on low incomes.

#### **The below positive effects are 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 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 be reduced.
- Licensing will improve the standards of privately rented homes resulting in better accommodation, thereby reducing negative impacts on health – particularly by reducing instances of HHSRS hazards.
- Licensing will 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.

#### **The below negative effects are expected to apply to all groups with protected characteristics:**

- If the scheme is approved, landlords will be obliged to pay license fees. This may negatively impact their ability to rent out their properties.
- There is a risk that licensing will discourage private renting which would reduce the supply of property for private renters.
- There is also a risk that landlords will divert fees to tenants via the rent, affecting tenants' ability to afford their rent.

#### **Consultation Response**

Analysis of responses suggested that there was widespread support from respondents for the introduction of a selective licensing scheme. Owner occupiers, privately renting tenants and housing association/council tenants generally tended to be in favour of the proposals, whereas landlords and representatives of letting/managing agents tended to be opposed. This reflects the rapid growth of the private rented sector as a source of accommodation for an increasing number of households. As the sector grows it is increasingly representative of the local area as a whole, and the wide range of responses that were received as part of the consultation is reflective of this.

### **5. Impact summary**

#### **Age**

The following should be considered:

- Ease of responding to consultation for elderly stakeholders
- If scheme approved - ease of applying for a license for elderly landlords
- If scheme approved and landlords divert fees to tenants via the rent, this may affect elderly tenants' affordability - they may be less able than others to find resources to cover the increased rent.
- Licensing will increase landlords' knowledge of legal requirements, positively impacting vulnerable tenants such as the elderly.

- As per the aforementioned [Marmot Review](#), a child's physical and mental health and education attainment is negatively impacted by poor accommodation standards. Licensing will improve the standards of privately rented homes, positively impacting pregnant women, mothers and their children.
- Similarly, improved accommodation will positively impact the health of elderly people.

### **Ethnicity**

The following should be considered:

- Residents with non-British ethnicity may be international migrants. High international migration suggests a level of transience in the borough's residents and therefore a high demand for privately rented properties. This is corroborated by the rapid increase in the private rented sector between the 2001 census and today. There is a risk that licensing will discourage private renting which would reduce the supply of property required.
- Conversely, data analysis shows that international migrants are more likely to live in private rented homes. Improved standards in this sector will therefore positively impact international migrants relying on the private rented sector.

### **Maternity**

The following should be considered:

- If scheme approved and landlords divert fees to tenants via the rent, this may affect tenants' affordability if their income is affected by a period of maternity leave - they may be less able than others to find resources to cover the increased rent.
- Licensing will improve the standards of privately rented homes, positively impacting the health of pregnant women, mothers and their children.

### **Language spoken**

The following should be considered:

- When writing up consultation documents, the needs of stakeholders where English is not their first language need to be considered.
- If scheme approved – when providing information regarding the requirement to licence, the needs of landlords where English is not their first language need to be considered.
- As demonstrated in the data analysis, there is a relatively high proportion of international migration into Lewisham. Unfortunately there are rogue landlords who exploit foreign tenants who may not know their rights and/or obligations as tenants and who may struggle to understand these if they are not fluent in English. Selective licensing would increase the Council's ability to address these landlords and ensure a safe and secure home for Lewisham's private tenants.
- Licensing will improve the standards of privately rented homes resulting in better accommodation and security of tenure for tenants. As a consequence tenant turnover may be reduced resulting in increased community cohesion.
- Residents where English is not their first language may be international migrants. High international migration suggests a level of transience in the borough's residents and therefore a high demand for privately rented properties. There is a risk that licensing will discourage private renting which would reduce the supply of property required.
- Conversely, we know from data analysis that international migrants are more likely to live in private rented homes. Improved standards in this sector will therefore positively impact international migrants relying on the private rented sector.

### **Gender**

Proposed licensing and the associated consultation have no specific gender-related impact, however additional monitoring of landlords will provide the Council with greater control over poor landlord practice such as not tackling ASB. As a result instances of ASB, discrimination and hate crime will be reduced.

### **Gender identity**

Proposed licensing and the associated consultation have no specific gender identity-related impact, however additional monitoring of landlords will provide the Council with greater control over poor landlord practice such as not tackling ASB. As a result instances of ASB, discrimination and hate crime will be reduced.

### **Disability**

The following should be considered:

- When writing up consultation documents, the needs of stakeholders with disabilities need to be considered.
- If scheme approved – when providing information regarding the requirement to licence, the needs of landlords with disabilities need to be considered.
- The negative health impacts of poor standards of accommodation are well documented. As part of licensing the Council will be working closer with landlords in order to support them in providing decent homes for their tenants. This has the potential to positively impact tenants with disabilities, for example licensing will help to ensure that properties are up to standard and therefore not having an adverse effect on the health and lifestyle of tenants with disabilities.
- Licensing will increase Landlords' knowledge of legal requirements positively impacting vulnerable tenants.

### **Household type**

The following should be considered:

- If fees are deemed to be prohibitive there is a risk that licensing will discourage private renting which would reduce the supply of property required.
- Conversely, the proposed licensing schemes will give the Council greater control to bring private rented homes to required standards and crack down on rogue landlords – thereby improving safety and security for all household types.
- There is no evidence from other London boroughs who have introduced selective licensing that this form of regulation has any impact on the size of the market or the availability of rental accommodation, which is much more likely to be driven by global factors such as demand for accommodation, achievable rental yields and house prices.

### **Religion**

Proposed licensing has no specific religion-related impact. However licensing will improve the standards of privately rented homes resulting in better accommodation and security of tenure for tenants. As a consequence tenant turnover may be reduced resulting in increased community cohesion.

### **Carer status**

The following should be considered:

- If a carer resides with the person they are caring for in a privately rented home, both tenants may be adversely affected if scheme is approved and landlords divert fees to tenants via the rent. Both a full time carer and the cared-for person are likely to have relatively low incomes so may be less able than others to find resources to cover the increased rent.
- Conversely licensing will help to ensure that properties are up to standard and therefore not having an adverse effect on the health and lifestyle of tenants with care needs. Subsequent positive impacts on type and amount of support needed from their carer(s) can be expected.

### **Sexual orientation**

Proposed licensing has no specific sexual orientation-related impact, however additional monitoring of landlords will provide the Council with greater control over poor landlord practice such as not tackling ASB. As a result instances of ASB, discrimination and hate crime will be reduced.

### **Income**

The following should be considered:

- If scheme approved and landlords divert fees to tenants via the rent, this may affect tenants' affordability depending on their income.
- If scheme approved, landlords with lower incomes may be less able than other landlords to find resources to cover the fees. Again this may increase the chance of them passing on the fees to tenants, or discourage private renting.

## 6. Mitigation

The main issues arising from the above impact summary are:

1. Understanding of requirement to license and ease of application process (adaptability and language concerns)
2. Diversion of fees to tenants and the impact on tenants
3. Discouragement of private renting, thereby reducing property supply in the private rented sector.

Mitigation actions considered:

1. If the scheme is approved, the requirements to license will be advertised across numerous forums and media, including local news, via leaflets, local publications, landlord resources, mailing lists, etc. A detailed communications plan will be developed in order to ensure that landlords from all sections of the community are aware of their obligations.

The application process will be kept as simple as possible and the Private Sector Housing Agency will support landlords where required. Information provided online and elsewhere will be written in plain English without jargon / acronyms.

2. Licenses will last for five years, making the monthly liability small.
3. The proposed schemes are part of wider actions to work with decent landlords and support them in providing a decent private rental sector for Lewisham's residents. Plans include 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.

Licensing will also encourage landlords to take advantage of the financial support available for their licensed properties, for example grants for:

- bringing homes up to decent homes standard
- resolving category 1 or 2 hazards
- providing adequate facilities and amenities in HMOs
- providing adequate insulation
- bringing empty properties back into use (non-HMOs)
- converting properties into self-contained flats / maisonettes (non-HMOs)

This work is anticipated to improve our network of decent landlords, develop mutually beneficial partnerships with them and increase the supply of safe, warm and decent housing accommodation in the private rented sector.

## 7. Service user journey that this decision or project impacts

If schemes approved:

- Landlords will be informed about the requirements to licence via a variety of media as part of a robust communications plan. This will include the prescribed manner as defined by national authorities as per the Housing Act.
- Landlords can apply for their license online. If applications are made during the prescribed 'early-bird' period, reduced fees will apply.
- Landlords can contact the Private Sector Housing Agency for support / concerns.
- Tenants can contact the Private Sector Housing Agency for support / concerns about their landlord's license and health and safety concerns.

Savings proposals:

- These proposals are not part of a savings proposal.
- The scheme will wholly cover the costs of licensing and enforcement and will not make a profit.

- However, the anticipated reduction in issues linked to the private rented sector (e.g. relevant crimes and ASB) will deliver long-term savings and improvement in safety and security for our residents. The licensing schemes will be part of a wider strategy to work closer with partners such as the police to ensure that the schemes are delivering the anticipated improvements.
- Improvements in housing conditions will also deliver savings in the long term as the enforcement burden on the Council will reduce. Again, this ties in with a wider partnership strategy to work with partners such as London Fire Brigade and registered housing providers to ensure that privately rented homes are safe, secure and decent for Lewisham's residents.

**Signature of Head  
of Service**

A handwritten signature in black ink, consisting of a large, stylized 'R' followed by several horizontal strokes.

For further information please see the full [Corporate Equality Policy](#).