

DISCRETIONARY LICENSING IN THE PRIVATE RENTED SECTOR IN LEICESTER



Consultation Document Summary

We want to hear your views before any decisions are made.

Have your say

Leicester City Council want to hear your views about a proposal to introduce Discretionary Licensing for Private Rented Sector properties in the City. Discretionary licensing, which is permissible under the Housing Act 2004 comes in two forms: -

1. *Selective Licensing* – Under this scheme all privately rented property in a designated area would have to obtain a licence from the Council, except for a number of exemptions.
2. *Additional Licensing* – Additional Licensing requires Houses in Multiple Occupations (HMOs) in a designated area to have a licence where they are shared by three to four tenants living in two or more households who share facilities such as kitchens and bathrooms. Such properties are sometimes called small HMOs.

Proposals for Discretionary Licensing Schemes in Leicester

The following options are being considered either as options on their own (standalone options) or as a combination (as appropriate): -

- Option A: Selective Licensing within parts of the Wards of Westcotes, Fosse, Saffron, Braunstone Park & Rowley Fields and Stoneygate. (Covering less than 20% of Leicester's geographical area and less than 20% of privately rented homes in the local authority area).
- Option B: Additional Licensing that covers the entire City (citywide),
- Option C: Additional Licensing within parts of the Wards of Westcotes, Fosse, Braunstone Park & Rowley Fields and Stoneygate.

Maps provided at the end of this leaflet confirm the areas being considered for the above options.

If you are a tenant, resident, landlord, letting agent or a business, living or operating in Leicester you could be affected by the proposals in this document. This information document is a summary of the proposals. **Further detailed information on these proposals can be found at: <http://consultations.leicester.gov.uk/comms/landlord-licensing> including an online consultation questionnaire.**

Consultation

Consultation on this proposal starts on Tuesday 30th November 2021 until Tuesday 22nd February 2022. Following consultation, a full report on the findings and outcomes of the consultation will be presented to a meeting of all Council Members by Summer 2022, who will make a decision on whether to implement the scheme. Should the Council

decide to go forward with any of these schemes or an alternative, supported through the consultation and available evidence, it/they will become operative following a period of three months' notice.

The designation will last for five years in accordance with the legislation.

It is a criminal offence to let a property in an area of designated Selective or additional Licensing without a licence. Failure to apply for a licence could lead to prosecution of the landlord or manager of the property and the offence is punishable by an unlimited fine or a Civil Penalty up to £30,000.

What is the Evidence?

Data has been made available through a BRE Housing Stock Model and Integrated Data Report commissioned by Leicester City Council in 2019 that looked at the Housing Condition of the Private Rented Sector in the City. Data has also been obtained from Council service request management recording systems which provides information with respect to complaints about housing defects, overcrowding, fire safety, defective gas appliances, excess cold, damp, defective drains, Anti-Social Behaviour such as noise nuisance, rubbish accumulation, pests, and fly-tipping.

We know a number of things from the data, for example, that the size of the PRS in Leicester is 35% when compared to the national average of 19% and that the performance of the housing stock compared to the English Housing Survey is generally worse, where problems as described above are being experienced.

This information and more can be found in the business case for Discretionary Licensing (Selective and/or Additional Licensing) in the City entitled, "**Business Case: Consideration for the Introduction of Discretionary Licensing in Leicester**" that can be accessed at: <http://consultations.leicester.gov.uk/comms/landlord-licensing>.

Queries regarding the consultation and proposals can also be sent to: consultations@leicester.gov.uk. Please also note the postal address for Leicester City Council at the end of this summary document should you wish to write in.

What are the benefits of Discretionary Licensing (Selective and Additional Licensing)?

The introduction of Discretionary Licensing can bring widespread benefits to the local community. In particular, for Selective Licensing it will ensure that privately rented properties within the designated area are managed to a satisfactory standard and have conditions in place that support the tenant and the landlord and where an area is designated for Additional Licensing, this standard will be applied to small Houses in Multiple Occupation* as previously referenced. Landlords will be made aware of their responsibilities and tenants of their rights.

* Please note larger HMOs are covered by a Mandatory Licensing Scheme (that is already operational in Leicester) which requires properties **that have five or more** tenants that **share facilities** and are living together as two or more separate households to have a licence.

The introduction of Discretionary Licensing can bring widespread benefits to the local community.

The Council considers that some of the benefits and risks of Discretionary Licensing (Selective and/or Additional Licensing) include: -

Benefits

- Landlords details will be readily identifiable on a public register.
- Add to LCC's powers to deal with poor standards in problematic areas of the City.
- Captures the majority of tenure in the Private Rented Sector (exemptions include: holiday lets, business premises, student premises where the university is the landlord/manager and premises where the tenant is a family member).
- Shown to increase standards of accommodation.
- Seeks to reduce levels of Anti-Social Behaviour.
- Increases desirability of living in the area.
- For a citywide Additional Licensing scheme, a level playing field would be set for licensing of small HMOs.

Risks

- Good landlords may feel that they are being unfairly penalised.
- By being focused in on certain areas it can create a perception of degeneracy.
- Cost associated with the licensing fee may be passed onto tenants by an increase in rent. The cost of licensing a property is a legitimate business expense and can be claimed back through the Landlords tax return. This can limit and offset the extent to which costs are passed on to the tenant.
- Whilst improvements in safety standards are quicker to realise it takes longer for wider community benefits such as a reduction in tenant turnover to materialise.
- When applied citywide affects all landlords and letting agents irrespective of their approach.
- The Local Authority will need to actively seek out any less scrupulous landlords where their properties remain unlicensed.

Discretionary Licensing Schemes may also reduce environmental crime costs, such as street cleaning and tackling fly tipping and ill-health resulting from poor housing conditions.

A more detailed list of benefits and risks (with mitigating action) can be found in the business case consultation document at:

<http://consultations.leicester.gov.uk/comms/landlord-licensing>.

Licensing and how it fits with wider Council strategies

These proposals are proposed to be part of the Council's overall framework of strategies/approaches aimed at improving Leicester as a place and for its residents. The Council uses a wide range of powers and approaches to improve the condition of private rented properties in the City which includes dealing with homelessness, empty properties, and Anti-Social Behaviour (ASB). This includes joint working initiatives with various partners and agencies including the Police, Fire Service, the Council's Crime and ASB Unit and Planning Enforcement. A key example to our strategic approach to housing in the City and in particular the Private Rented Sector (PRS) is the Council's PRS Strategy.

Private Rented Sector Strategy

The City Council have an ambition to ensure the Private Rented Sector in Leicester is fit for purpose and to address this where it is not the case by raising housing standards. To support this the Council has a Private Rented Sector Strategy.

The overall objective of the City's Private Rented Sector Strategy is to have an approach that ensures tenants and landlords are appropriately supported, as well as retaining and improving our ability to protect tenants' safety and rights, and tackle rogue/poor landlords. Maximising this, whilst maintaining a balanced, fair, and proportionate approach, will ultimately lead to the raising of housing standards within the sector.

The PRS Strategy for Leicester has six high-level priorities, with one central principle objective at the core – **improving housing standards in Leicester's private rented housing sector**. Discretionary Licensing is covered within the City's PRS Strategy.

Other key strategic documents include: -

- a) **Empty Homes Policy**
- a) **Homelessness and Rough Sleeping Strategy 2018-2023**
- b) **Private Sector Housing Financial Assistance Policy**
- c) **Local Plan**
- d) **Joint Health and Well Being 2019-2024**
- e) **Community Safety Plan 2021-2024**

Further information regarding Leicester's Private Rented Sector Strategy and other related strategic documents can be found at:

<http://consultations.leicester.gov.uk/comms/landlord-licensing>.

Conditions attached to Selective and Additional Licences

Discretionary Licensing Schemes (Selective and Additional Licensing) have **prescribed** conditions which relate to things like the production of a gas safety certificate, keeping electrical appliances in a safe condition etc and **supplementary** conditions such as a requirement for the landlord to take reasonable steps to prevent ASB by occupiers or visitors.

Full details of the proposed Discretionary Licence conditions for Selective and Additional Licensing can be found in the full consultation/business case report at:

<http://consultations.leicester.gov.uk/comms/landlord-licensing>.

Proposed Fees for Consultation

A fee is payable by the applicant for each property that requires a licence. A licence through any of the proposed schemes (or combinations of proposed options for schemes if appropriate) will last 5 years.

The following estimated fees are based on a team structure that would be required to fulfil the duties associated with the forecast number of licence applications and enforcement activity. Underpinning this is a calculation which quantifies the workload of officers.

The current fee for mandatory licences is £900, a rate that has been in place since 2018.

A fee calculator is used to determine licence fees, taking into account the amount of time required to administer, process, and enforce licences.

Fees will be split into two parts. The Part A fee is paid as part of the submission of the complete application, and Part B is paid once a decision has been made that the licence applicant is a fit and proper person and the property is licensable.

If the council refuses to grant a licence the Part B fee will not be required to be paid.

The law allows for the Council to recover the full costs of the administration and enforcement of the schemes. The second part of the fee, for enforcing the scheme, only becomes payable once a decision has been made to issue the licence.

The estimated licence fee for Selective and/or Additional Licensing in Leicester would be between £1,000 and £1,150 (depending on which scheme is adopted). This fee is made up of two parts (A and B). The Part A fee (Administrative cost) is estimated at between £700 and £800 (depending on which scheme is adopted) and the Part B fee (which relates to enforcement cost) is estimated at between £300 and £350 (depending on which scheme is adopted).

Discounts and Penalties

Proposed Discount /Penalty	Proposed Financial Discount or Penalty Amount applied to all Discretionary Schemes against the total Standard Fee.
Early Bird Discount Fee Available within six months of a Selective or Additional Licensing Scheme being introduced.	Proposed 10% discount
Discount for Charitable Organisations who own/manage private rented accommodation.	Proposed 10% discount
Discount to members of a bonified/recognised private landlord accreditation scheme.	Proposed 10% discount
Late Licence Penalty Fee (applies if a valid application for a property that is required to be licenced is not made within the first twelve months of an area being designated for either Selective or Additional Licensing or within 12 months of it becoming a rented property that is required to be licenced).	Proposed 20% penalty charge alongside any considered Civil Penalty* *The only proposed exceptions to this additional fee are if the property was empty during the application period or has recently been purchased.

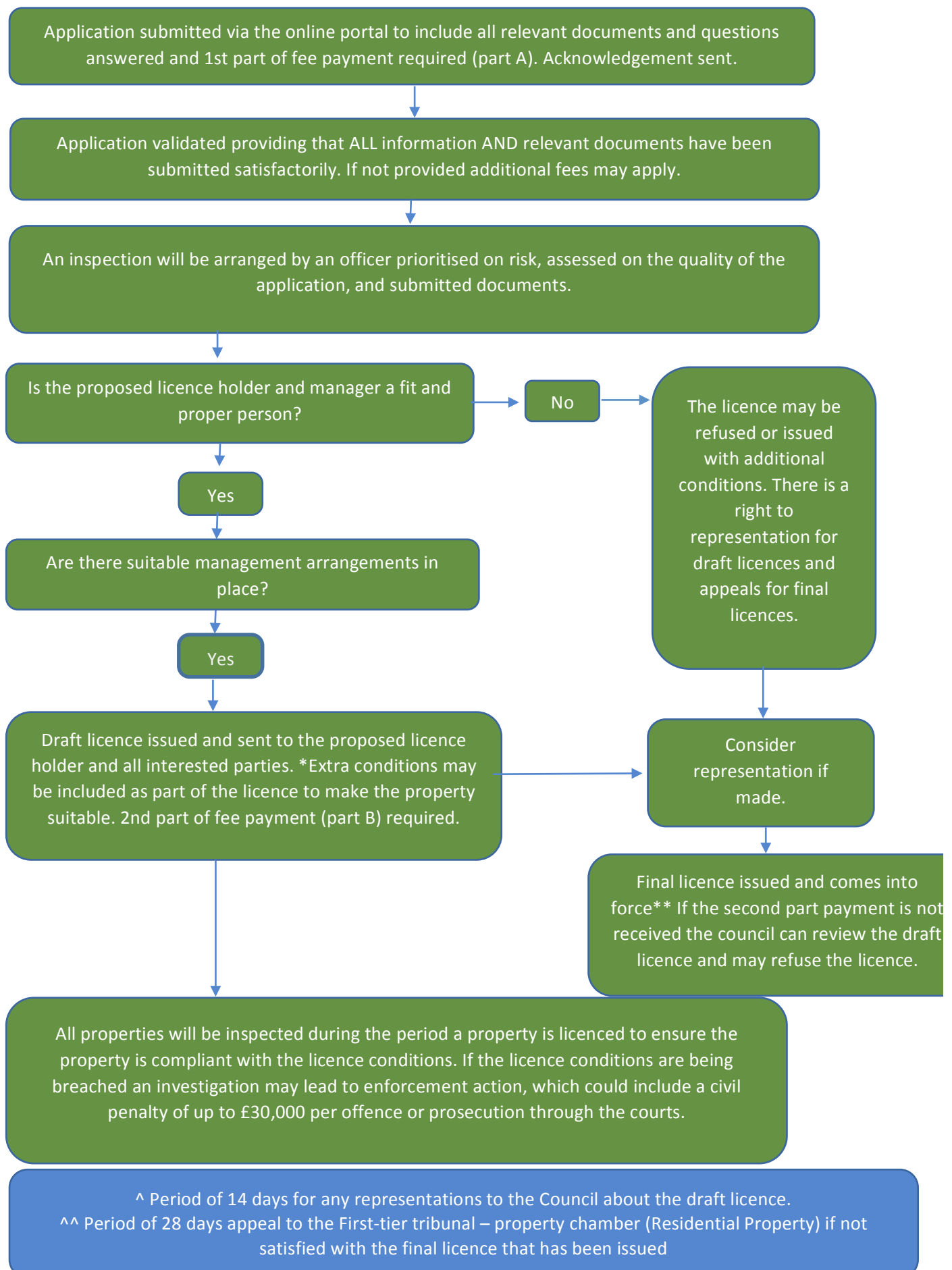
Further information with respect to fees can be found at:
<http://consultations.leicester.gov.uk/comms/landlord-licensing>.

Processing the Licence Application

Under the Housing Act 2004, if one or a combination of the proposed Discretionary Licence Options is introduced the Council can either grant or refuse a licence.

A summary of the process for refusing or issuing a licence is provided on the next page.

The Discretionary Licensing Application Process for Selective or Additional Licences



Alternative options to licencing that have been considered

We believe that by introducing Discretionary Licensing Scheme/s this will be the most effective means of tackling poor private sector housing conditions/standards in the City. These scheme/s will enhance the Council's ability to use its existing powers and enable it to target action towards the most problematic private sector housing in the City. There are other courses of action, or alternatives, to the proposals that have been considered. We do not believe that they provide an effective means of tackling poor housing conditions in the City. The alternatives we have considered include the following: -

- we could do nothing/continuing as we are – the evidence supports that a do nothing option i.e. continuing doing what we currently do, will not bring about the improvements in the Private Rented Sector that are aspired to.
- we could increase enforcement activity – this is already supported through our PRS Strategy.
- we could introduce other area-based schemes different to the ones proposed. The evidence suggests the most appropriate viable options are as presented in this business case/report.
- we could encourage more voluntary landlord accreditation – this is already supported through our PRS Strategy.

We do not feel that these options will provide the same level of improvement in the Private Rented Sector and protection of the health, safety, and welfare of the residents as the proposed Discretionary Licensing Schemes (Selective and/or Additional Licensing).

We also recognise that many other schemes are expensive and would require funds being taken from the Council Tax. This seems unfair when many of the problems are due to poor management practices by landlords or agents operating in a marketplace. Selective and/or Additional licensing will be self-financing with the fee covering the cost of licensing; the fee will be paid by the applicants and not by the wider community.

Further details can again be found in the Council's Consultation Business Case at: <http://consultations.leicester.gov.uk/comms/landlord-licensing>.

The Proposals/Options For Consultation on Discretionary Licensing (Selective and Additional Licensing).

Please note the options can be accepted/supported on their own as standalone options or as appropriate in combination.

The options provided seek to address within Leicester's Private Rented Sector poor property conditions and Anti-Social Behaviour (for example issues/complaints relating to noise, fly tipping, accumulation of waste, poor waste management and problems associated with rodents).

Option A: Selective Licensing within parts of the Wards of Westcotes, Fosse, Saffron, Braunstone Park & Rowley Fields and Stonegate. (Covering less than 20% of Leicester's geographical area and less than 20% of privately rented homes in the local authority area).

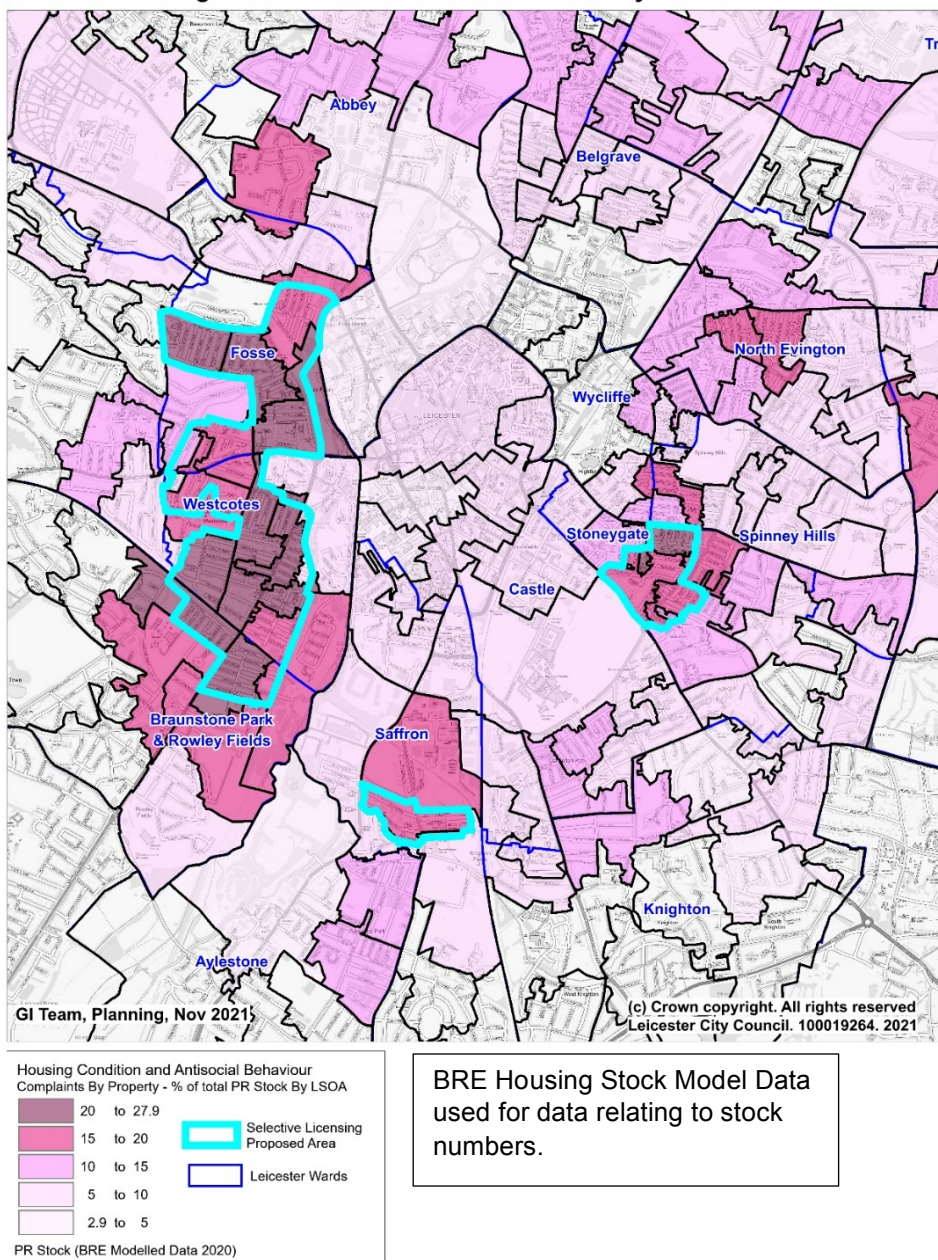
Having considered the data analysis and the legal requirements to introduce Selective Licensing it is proposed that the following scheme be considered. This scheme would cover parts of the following wards: Westcotes, Fosse, Saffron, Braunstone Park & Rowley Fields and Stoneygate and cover an estimated 8,784 dwellings (Data Source: BRE Housing Stock Model & Integrated Data Report commissioned by Leicester City Council in 2019). These have been chosen as the areas with highest density of Private Sector Housing with the highest amount of poor housing condition and ASB.

A list of streets within the areas can be found in the business case at:

<http://consultations.leicester.gov.uk/comms/landlord-licensing>.

Map of Option A: Selective Licensing within parts of the Wards of Westcotes, Fosse, Saffron, Braunstone Park & Rowley Fields and Stoneygate. (Covering less than 20% of Leicester's geographical area and less than 20% of privately rented homes in the local authority area).

**Map Showing LSOA areas with a High Percentage of Private Rented Properties
Levels of housing condition and antisocial behaviour By LSOA**

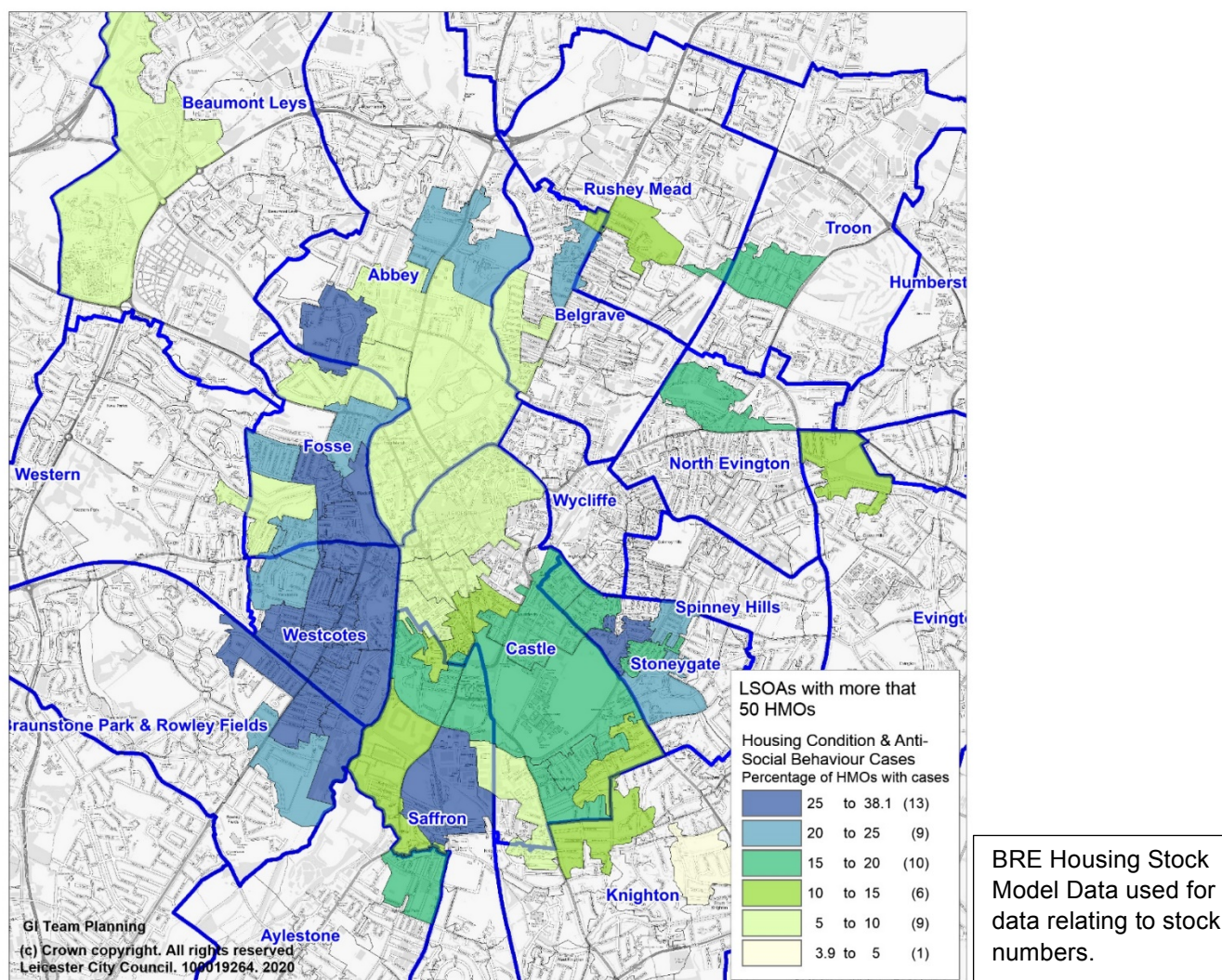


Option B: Additional Licensing that covers the entire City (citywide)

The proposed Additional Licensing Scheme would cover the whole of the local authority area which based on data that has been made available through a BRE Housing Stock Model and Integrated Data Report commissioned by Leicester City Council in 2019 (that can be accessed at: <http://consultations.leicester.gov.uk/comms/landlord-licensing>) would equate to an estimated 7,400 properties. This figure is in addition to the estimated 2,249 Houses in Multiple Occupation already captured by Mandatory Licensing.

Map Relating to Option B: Analysis of HMOs – areas with highest concentration of issues where there is also a high number of HMOs in those areas (over 50 HMOs in Lower Super Output Areas).

Housing Condition & ASB for HMOs By LSOA - Percentage of Cases out of Total



The map on above shows concentrations of cases against HMOs housing condition and ASB (noise and fly-tipping) as proportion of the total number of HMOs (data made available through a BRE Housing Stock Model and Integrated Data Report commissioned by Leicester City Council in 2019) in the Area.

Highest concentrations of issues in areas of – Westcotes, Fosse, Braunstone Park & Rowley Fields (bordering Westcotes) and Stonegate. In addition, there are smaller areas of high concentrations in Saffron and Abbey and areas with medium levels in

Castle and some other areas in Belgrave, Iroon, North Evington, Aylestone, Evington and Rushey Mead etc.

These show similar areas to the analysis across the whole of the Private Rented Sector (as these include the HMOs) with the exception of the smaller concentrations in Abbey and Belgrave being more noticeable.

This proposal is citywide. For further information on the streets this proposed scheme covers (ie all streets within Leicester) can be found in/via the business case at: <http://consultations.leicester.gov.uk/comms/landlord-licensing>.

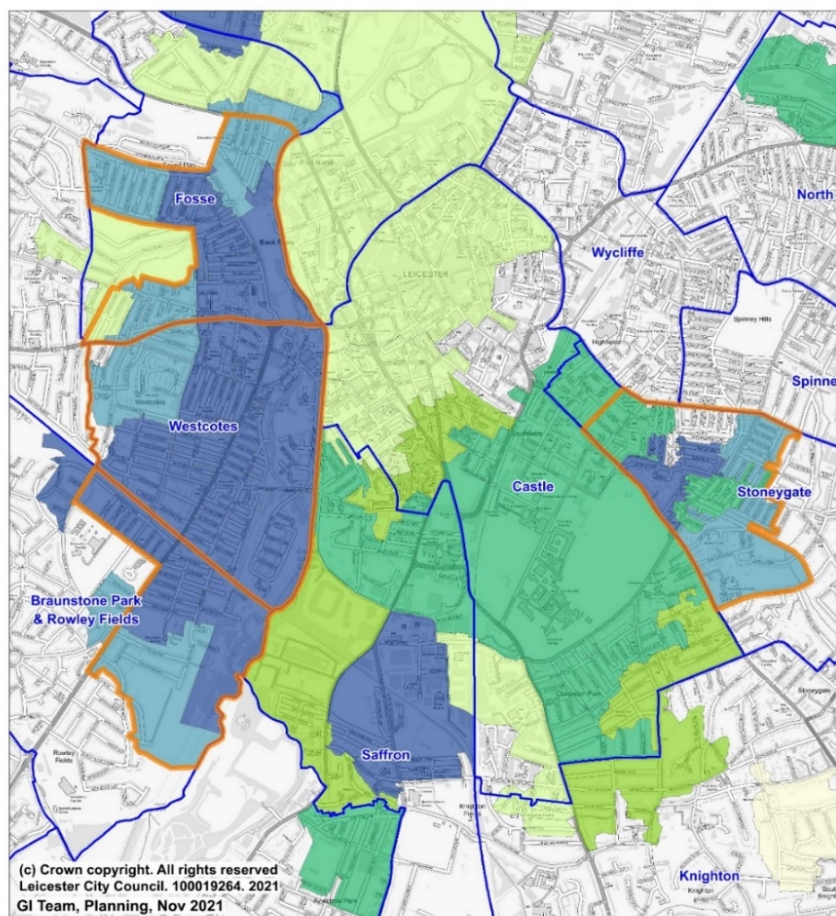
Option C: Additional Licensing within parts of the Wards of Westcotes, Fosse, Braunstone Park & Rowley Fields and Stoneygate.

Areas within the above 4 Wards with highest concentrations of issues with HMOs - Parts of Westcotes, Fosse, Braunstone Park & Rowley Fields and Stoneygate wards with a concentration of issues.

This covers an estimated HMOs* – 3,499 of which there are an estimated 1,074 Mandatory Licensable HMOs (included in the 3,499 some of which (466) are already licensed). * Data made available through a BRE Housing Stock Model and Integrated Data Report commissioned by Leicester City Council in 2019.

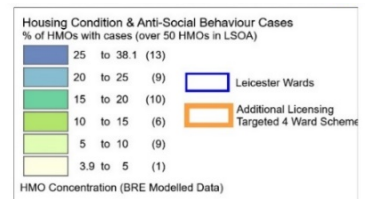
Map of Option C: Additional Licensing within parts of the Wards of Westcotes, Fosse, Braunstone Park & Rowley Fields and Stoneygate

Housing Condition & ASB Cases Related to HMOs (BRE Modelled Data)
Map Showing Percentage of HMOs with Cases in LSOAs- Targeted 4 Ward Areas



Four Wards with highest concentrations of issues with HMOs Highlighted (areas bounded by Gold Lines).

BRE Housing Stock Model Data used for data relating to stock numbers.



Wards with the highest rates of issues/complaints relating to HMOs: -

- Westcotes – 28%
- Fosse – 25.8%
- Braunstone Park & Rowley Fields – 23.8%
- Stoneygate – 21.1%

Further details on the options are available in the business case for Discretionary Licensing in Leicester, including information on the streets covered by the proposals.

The business case is available at: <http://consultations.leicester.gov.uk/comms/landlord-licensing>

Please Tell Us Your Views

We are trying to reach as many people as possible with our proposals and consultation regarding Discretionary Licensing in Leicester. We are using a range of methods to do this including, mailouts, press releases, social media, the Leicester City Council website, attending meetings and by holding drop-in sessions.

As stated in the introduction to this summary document if you are a tenant, resident, landlord, letting agent, Voluntary and Community Sector Organisation or a business living or operating in Leicester you could be affected by the proposals to introduce Discretionary Licensing in Leicester.

The information provided here is only a summary of the proposals and we encourage you to visit <http://consultations.leicester.gov.uk/comms/landlord-licensing> **for further detailed information about these plans for Discretionary Licensing in Leicester, how you can hear more, have your say and to participate in our online consultation questionnaire.**

Should you have any queries regarding the contents of this summary document please see our dedicated web pages covering these proposals. Alternatively, you can raise queries by emailing consultations@leicester.gov.uk.

The address for any postal correspondence is: -

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