

Item

**FEASIBILITY STUDY FOR THE IMPLEMENTATION
OF SELECTIVE LICENSING IN THE CITY OF
CAMBRIDGE - PUBLICATION AND ACTIONING THE
RECOMENDATIONS**

Councillor Richard Johnson, Executive Councillor for Housing
Housing Scrutiny Committee 19th January 2021

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Wards affected:

All

Non-Key Decision

1. Executive Summary

- 1.1 An independent feasibility study has been conducted into the need for selective licensing of private rented properties within Cambridge City. The study was for the purpose of identifying if it was appropriate for the Council to implement a scheme, please see Appendix A, Feasibility Study Report.
- 1.2 In addition to mandatory licensing of houses in multiple occupation, HMO's, local authorities can introduce certain discretionary licensing in relation to the private rented sector within their area. This discretionary licensing is in the form of selective licensing for all privately rented properties in a designated area and/or additional licensing for only HMO's which do not fall under mandatory licensing criteria. Please note that additional licensing was not in scope for this feasibility study and prior to implementation would require an additional evidence base focused on issues specific to HMO's only.

At this stage this was not considered necessary following the extension of mandatory licensing from October 2018 meaning that more HMO's are now subject to licensing.

1.3 Section 3 of the Housing Act 2004 places a duty on all local housing authorities to keep the housing conditions in their area under review, with a view to identifying any action that may need to be taken.

1.4 As part of the feasibility study specific geographical areas within the city were assessed against six general conditions specified within Part 3 of the Housing Act 2004 for making a selective licensing designation:

- Low housing demand
- A significant and persistent problem with anti-social behaviour
- Poor property conditions
- High levels of migration
- High levels of deprivation
- High levels of crime

Modelled, anecdotal and actual data was used to conduct this analysis. Relevant data relating to Cambridge City being compared against national averages.

1.5 The summary of the report findings recommended that selective licensing is not an appropriate tool within Cambridge at this time. The report went on to make recommendations around other courses of action available to the Council at this time to ensure continuous improvement of private rented sector homes within the City. The recommendations for action are:

- Targeted enforcement of properties not meeting the Minimum Energy Efficiency Standards Regulations, MEES, with EPC ratings below E.
- Procuring software that can accurately assess category 1 hazards dealt with at ward/LSOA level.
- Work to set up an enforcement group to share intelligence across regulatory services within the council as well as with external stakeholders including the Fire Service.

- Targeted proactive work around HMOs within the applicable Lower Layer Super Output Areas, (LSOA's), within the City.

1.6 In line with targeted enforcement it is also recommended that the Feasibility Study Report is released into the public domain to increase customer and stakeholder understanding of the action Cambridge City Council is taking to ensure continuous improvement of the private rented sector within the City.

2.0 Recommendations

The Executive Councillor is recommended to:

- 2.1 Agree that the Feasibility Study Report, Appendix A, can be released into the public domain as appropriate.
- 2.2 Agree the actions outlined within this Committee Report to address recommendations of the Feasibility Study Report throughout 2021/22, continuing the Council's focus of improving and sustaining the quality of the private rented sector within the City.

3. Background

- 3.1 Cambridge City has 14 wards. The 2011 Census showed that there were 46,714 households in the city of which 26% or 12,258 were rented privately. Between Census 2001 and Census 2011 there was a 40% increase in the privately rented households in the City.
- 3.2 When the Housing Act 2004 came into force, (April 2006), the general conditions for selective licensing were to tackle problems such as low housing demand or levels of anti-social behavior (ASB).
- 3.3 In April 2015, a new general approval came into force. This means that local authorities need only obtain confirmation from the Secretary of State for discretionary licensing schemes covering over 20% of a geographical area or constituting 20% or greater of the LA's PRS. Schemes that fall below 20% coverage do not need this approval. However, all proposals need an extensive consultation period and may be subject to judicial review.
- 3.4 Guidance produced by the Department for Communities and Local Government (DCLG, now known as the Ministry of Housing

Communities and Local Government, MHCLG) in March 2015 stated that local authorities may only make a designation if the area has a high proportion of property in the private rented sector. Nationally the private rented sector currently makes up 19% of the total housing stock in England. Therefore, if an area has more than 19% PRS it can be considered as having a high proportion of privately rented properties.

- 3.5 To be considered for selective licensing, an area must be made up of 20% or more privately rented properties. In the absence of clear guidelines as to what constitutes an area, central government consider an area as either a ward or Lower Layer Super Output Area (LSOA).
- 3.6 LSOAs are a geographic hierarchy designed to improve the reporting of small area statistics in England and Wales. LSOAs have an average population of 1500 people or 650 households. A lot more data is available directly at LSOA level. These Small geographical areas known LSOAs within the city were assessed against the six general conditions set out within the Housing Act 2004 in terms of making a selective licensing designation.
- 3.7 There are 34 eligible LSOAs in Cambridge containing more than 20% privately rented properties. These were highlighted as potential candidates for selective licensing and were assessed across the six conditions as defined in the legislation. Each of the conditions were evaluated in turn and the main indicator for each condition was mapped and the following was determined:
 - Low housing demand, high levels of migration or high levels of deprivation do not affect any of our 34 candidate lower super output areas.
 - Three wards identified as containing high levels of excess cold hazards also contained the highest number of solid wall construction properties.
 - ASB and Crime were mostly prevalent in and around the city centre and as such were classed as outliers for the purposes of this study as this cannot be directly attributed to the housing.

- 3.8 Using Modelled, anecdotal and actual data Cambridge data was compared against national averages. Three of the six criteria identified low housing demand, migration and deprivation, were found not to apply due to the affluency and high housing demand in the city. The remaining criteria were found to be applicable in sporadic areas where there were other outlier factors contributing to increased rates in relation to certain condition criteria.
- 3.9 Cambridge was found to have typical crime and anti-social behavior rates, that would be expected for any city of its size and the housing stock is said to be in a typical condition, given the age and construction types. For these reasons, the implementation of selective licensing would not be deemed an appropriate course of action, at this time as no major areas of concern have come to light as a result of the feasibility study.
- 3.10 Although the report concludes that at this stage selective licensing is not an appropriate tool within the city, recommendations have been made which can be proactively actioned specifically by the Residential Team, Environmental Health, Environmental Services.

Actioning the Recommendations

- 3.11 The recommendations as set out on page 41 of the feasibility study report, Appendix A are as follows with proposed action from April 2021 detailed under each:
- 3.12 Recommendation a -Targeted enforcement of properties not meeting the Minimum Energy Efficiency Regulations, with EPC ratings below E.
- 3.13 Since 1 April 2020, landlords / other persons responsible should not have continued to let properties within the scope of the MEES Regulations if they have an EPC rating below E, unless they have a valid exemption in place.
- 3.14 Enforcement officers within the Residential Team will continue their work to reactively address and enforce the requirements of the MEES Regulations appropriately and in line with the Councils Enforcement Policy, Appendix B in terms of cases that come to the attention of the service.

- 3.15 It is proposed that proactive work will also be undertaken to target those properties within the City identified as being privately rented with an EPC rating below E for which there are understood to be in excess of 400 within the City when taking into consideration data drawn from the Ministry of Housing Communities and Local Government, (*MHCLG datasets*, Appendix C. This will involve investigation and targeted enforcement through information gathering with the Council initially working to encourage landlords to improve a property's energy rating to E or register an exemption where appropriate. Encouragement of landlords / other responsible persons to make necessary improvements will include signposting to applicable funding that may be available to improve energy efficiency in homes as well as communicating that the Government are indicating the minimum energy efficiency banding will be raised to at least a C rating in future and thus encouraging their investment in achieving higher than an E rating at this stage.
- 3.16 Where informal approaches to landlords / responsible persons do not work enforcement action will be taken in line with the provisions of the regulations and the Councils Enforcement Policy, Appendix B.
- 3.17 The outcome of this proactive targeted work can be reported via the Environmental Health Operational Plan and corporate KPI's for 2021/22 as appropriate.
- 3.18 It is worth mentioning that preliminary work has already been done to date to produce an officer procedure and template documentation in respect of this for use when actioning such cases in line with the requirements of the regulations. Newsletter content and additional e-mail updates have also been forwarded to landlords / property managers that the team have an established contact list for bringing the requirements of the regulations to their attention and providing them with relevant contact details for the team in terms of any queries they may have relating to this.
- 3.19 Recommendation b - Procure software that can accurately assess category 1 hazards dealt with at ward/LSOA level.
- 3.20 Currently Environmental Health are in the process of migrating to a new database system and provider, Tascomi, for which regard is being had to this recommendation as part of system configuration.

- 3.21 Recommendation c - Prior to Covid-19 lockdown, an enforcement group was going to be set up to share intelligence across regulatory services within the council as well as with external stakeholders including the Fire Service. The implementation of this is highly recommended to help with targeted enforcement of rogue landlords.
- 3.22 It is proposed that the formation of this group is pursued with colleagues from Planning and Building Control as well as Cambridgeshire Fire & Rescue Service who the Residential Team already work closely with in terms of intelligence sharing and assistance to each other where necessary. This will also facilitate action in relation to the 'Relevant Observations' outlined across pages 42-44 of the feasibility study report – Appendix A.
- 3.23 Recommendation d - Targeted proactive work around HMOs within the applicable LSOA's within the City and looking for correlations between those HMOs and other factors such as ASB/crime. If any significant links are made, a study could be commissioned for the implementation of additional licensing in the city following this work.
- 3.24 The findings of the feasibility study as well as proactive targeted communication work carried out jointly by the Residential Team and colleagues from Revenues & Benefits during the initial stages of the COVID-19 pandemic has facilitated some additional preparatory work in relation to planning of proposed targeted enforcement work around HMOs within applicable LSOA's within the City. Initial focus is proposed on a compiled list of in the region of 530 properties thought to be HMO's within the lowest percentage decile in terms of deprivation within the City. Further desktop work is needed with regards to this list that has been compiled from both Environmental Health database records and Revenues and Benefits records to identify which addresses the Residential Team may not be currently aware of as HMO's prior to further investigation / enforcement being undertaken specifically in relation to those. Appendix D provides a visual representation of the five wards with the lowest percent decile in terms of deprivation within the City around which this work will be

focussed. Since the implementation of extension of mandatory licensing of HMO's in October 2018 an additional 404 mandatory HMO licences have been issued following both the proactive submission of licence application forms as well as enforcement officers from the Residential Team ensuring that those unlicensed properties that have come to the Council's attention reactively have been licensed and appropriate enforcement action taken where necessary regarding this. By undertaking this proposed targeted work enforcement officers will act to ensure that necessary improvements to housing conditions identified as part of their investigations are undertaken and properties are licensed as necessary and that any associated appropriate enforcement action is taken. This will secure further improvements in the private rented sector within the City.

3.25 The outcome of this proactive targeted work can be reported via the Environmental Health Operational Plan and corporate KPI's for 2021/22 as appropriate. Page: 8

4. Implications

a) Financial Implications

There should not be any financial implications resulting from implementation of the proposed actions in this report. As detailed an element of the proposed proactive work will be undertaken by existing enforcement officers within the team of which there are 6.5 FTE's. Also, currently there is ring fenced income within the Councils Housing Standards cost centre from issue of Financial Penalties for Housing Act offences which can be used in terms of proposed recruitment as detailed within staffing implications below. It is specified within legislation that this income must be used to further housing enforcement.

It is worth noting that enforcement of the MEES regulations involves issue of Financial Penalty Notices of up to a maximum of £5,000 with this income like that detailed above being ring fenced for use to further housing enforcement.

b) Staffing Implications

There is a recognised training need for existing enforcement officers within the Residential Team, Environmental Health in terms of the requirements of the MEES Regulations and officer procedure relating to investigation and enforcement of cases. This can be addressed in house to include ongoing team case review exercises to ensure maintained competency and consistency.

Recruitment of 1x additional fixed term part time officer is proposed to kick start the proactive work in relation to MEES with support from Project Officer from the team and in liaison with colleagues undertaking home energy work from within the Environment Quality & Growth Team within Environmental Health where necessary.

c) Equality and Poverty Implications

An Equality Impact Assessment has been completed and accompanies this report.

d) Environmental Implications

The Councils Climate Change Rating Tool has been used in respect of the implementation of the recommendations in this report and has indicated a Net Medium Positive Rating, particularly in respect of proactive enforcement of MEES regulations owing to the following explanation:

While MEES does not lead to in depth energy efficiency improvements, it does enforce minimum standards across the private rented sector which is the lowest performing tenure in terms of energy efficiency. The scale of properties included in this means we estimate a medium positive outcome due to the energy conservation outcomes, and general positive impact on tenants and their living conditions. A high positive outcome is not considered due to unlikely uptake of renewable energy as a result.

e) Procurement Implications

There are no procurement implications associated with this report.

f) Community Safety Implications

Proposed proactive intervention and improvement work relating to both the physical and management standards of properties within the private rented sector within the City in turn facilitates improved community safety and a reduction in antisocial behavior. All those responsible for private rented

property have a duty to comply with relevant landlord and tenant legislation and ensure that properties under their control are free from significant hazards that may cause harm to occupiers / visitors. Additionally, all those responsible for the management of HMO's have a duty to comply with the requirements of The Houses in Multiple Occupation (England) Regulations 2006 and those responsible for licensable HMO's should take reasonable and practicable steps to prevent or reduce anti-social behaviour by persons occupying or visiting the house as per the conditions of a property licence.

5. Consultation and communication considerations

There is no requirement for consultation in relation to the proposed proactive enforcement of the Councils statutory function in respect of private rented sector properties however it is worth noting the following:

The Residential Team have formed a Landlord Steering Group with whom we consult / communicate as necessary. The Steering Group comprises seven active stakeholders; representing Cambridge University, Anglia Ruskin University, letting agents, property managers & private landlords as well as Cllr Johnson, Executive Councillor for Housing. The Team hosts Landlord Forums and more recently webinars and actively communicates with the landlord / property agent community and local residents within the City via newsletters, e-mail updates, press releases and the Councils website.

6. Background papers

Feasibility Study Report for the Implementation of Selective Licensing in the City of Cambridge

[The Housing act 2004](#)

[The Energy Efficiency \(Private Rented Property\) \(England and Wales\) Regulations 2015](#)

[Minimum Energy Efficiency Standards](#)

7. Appendices

Appendix A - Feasibility Study for the Implementation of Selective Licensing in the City of Cambridge

[Appendix B - CCC Enforcement Policy](#)

[Appendix C – Energy Performance of Buildings Data: England and Wales](#)

Appendix D – HMO – Inspections and Index of Multiple Deprivation (IMD)

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Claire Adelizzi, Team Manager – Residential, Environmental Health, tel: 01223 457724, email: claire.adelizzi@cambridge.gov.uk.