

Slough Borough Council
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Date
23/01/2019

To whom it may concern,

Additional & Selective Licensing Proposal

Thank you for the opportunity to respond to the above consultation.

We have read through your consultation documents, and though we appreciate the issues that the Council have mentioned and the effect they can have on tenants, landlords and the housing market in areas proposed, the RLA is opposed to the scheme and has many general objections to Licensing overall.

The council has failed in its documents to prove sufficiently that private rented sector houses are the main perpetrators of anti-social behaviour and crime. The council has very similar issues in predominantly council/social housing estates with their highly regulated housing management and property standards. Clearly not solely a landlord issue. It is more about concentrated need. To identify a particular area for the introduction of licensing highlights a belief that the area has numerous issues, potentially blighting the reputation of the area. There is also a danger that the issues that the scheme seeks to address are simply moved elsewhere, as difficult or vulnerable tenants are moved on.

Fees

The proposed fees for Selective & Additional licences, being £650 and £750 respectively, even with the discount of applying early, is an unnecessary financial burden to put on landlords. Good landlords will apply for licences and, likely, pass the cost on to tenants in the form of increased rents, doing nothing to address affordability, while the worst landlords – the criminal operators – will simply ignore the scheme, as they do many other regulations.

Impact of Welfare Reform on the PRS

According to research done by RLA PEARL, 61% of landlords that let to tenants on Universal Credit have experienced their UC tenants going into rent arrears in the past 12 months. This is over double from 27% of landlords in 2016, and a significant increase from the previous year where it was 38% of landlords. PEARL also found out that the amount owed by Universal Credit tenants in rent arrears has increased by 49% in comparison to the previous 12 months. This has increased from £1,600.88 in 2017 to £2,390.19. Rent arrears for Universal Credit tenants are likely to be driving homelessness, with 28% of landlords

regaining possession of their property from a UC tenant and the primary reason being rent arrears (77% of landlords).

The significant increase in rent arrears for both 'UC' tenants and 'legacy' Housing Benefit tenants also points to much wider issues than just the implementation of Universal Credit. The findings suggest that the freeze to LHA rates since 2016 and that LHA rates had not increased with market rents between 2010 and 2016 is likely to be driving the increase in rent arrears for tenants that claim benefits. More and more landlords are planning to sell properties in the next 12 months. This now stands at 22% and is up three percentage points since 2016. While the proportion of landlords looking to buy properties has continued to decline, and more landlords are planning to sell than buy. This indicates chronic undersupply of privately rented homes in the future.

Raising Standards

There is little evidence that licensing schemes improve housing standards. The focus of staff becomes the processing and issue of licences, while prosecutions centre on whether a property is licensed or not, rather than improving management standards and property conditions. Additionally, the decent homes standard is a measure of the standard of housing and has no legal applicability to PRS housing. The Housing Health and Safety Rating System (HHSRS) is the relevant standard for the PRS.

The Council already has the necessary tools to tackle poor housing management and conditions in the PRS. Rather than introduce a bureaucratic licensing scheme that will see scarce resources wasted processing applications, it should continue to direct these limited resources at identifying private rented properties and taking effective enforcement action, where necessary.

Pressure on non-selective licence areas

Landlords, especially those with properties outside the licence area will become risk-averse in terms of the tenants they let to. Tenant problems such as anti-social behaviour are impossible for the landlord to address alone and landlords will not wish to risk a breach of licensing conditions that may affect their ability to let properties elsewhere. Some may seek to evict already challenging tenants. This could mean additional costs to other council services, as they pick up the pieces created by the disruption to the lives of already vulnerable tenants.

Existing Enforcement Powers

There are over 140 Acts of Parliament and more than 400 regulations affecting landlords in the private rented sector.

Councils should fully use the enforcement powers already granted to them by the Housing and Planning Act 2016, ranging from civil penalties, rent repayment orders, banning orders and the introduction of a database for rogue landlords and letting agents, rather than rely on Licensing Schemes to regulate landlords in addition to these powers. The Council has also not taken into consideration the amount of informal enforcement activity undertaken between local authorities and private landlords.



Additionally, Slough Council has access to the Controlling Migration Fund, which allows local authorities to tackle local service pressures associated with any recently increased migration, which includes tackling rogue landlords and driving up standards. The Tenant Fees Bill will also introduce a lead enforcement authority to provide guidance and support to local authorities regarding the enforcement of letting agent requirements, which comes into force later on this year.

Government review on Selective Licensing

On 20th June, the government formally announced that they will be carrying out a review of Selective Licensing to assess its use and effectiveness by a independent commissioner to gather evidence on the effectiveness of the scheme. The results of this review will be published in the Spring. Taking this into consideration, the council should await the outcome of this review.

PEARL Research on Local Authority Enforcement

Our Research Lab PEARL recently published a report on the level of enforcement at local authority level and analysis found that when it comes to complaints and enforcement, data shows that there was no significant difference in the before or after the introduction of the scheme. The criteria for Enforcement include: Improvement Notices served, prosecutions of private landlords commenced, HHSRS Inspections, complaints received, Hazard Awareness Notices served, and Emergency Remedial Action order served. The findings indicate that Selective Licensing schemes do not support local authorities to improve standards or increase enforcement activities against criminal landlords. Rather, we argue that these schemes are to the detriment of good landlords and tenants, and local authorities need to engage in targeted enforcement against the criminals that provide unsafe housing. <https://research.rla.org.uk/wp-content/uploads/post-code-lottery-enforcement-prs.pdf>

Conclusion

There are alternatives to licensing. The RLA supports a system of self-regulation for landlords whereby compliant landlords join a co-regulation scheme which deals with standards and complaints in the first instance, while those outside the scheme remain under the scope of local authority enforcement. More information can be supplied if required. We also support the use of the council tax registration process to identify private rented properties and landlords. Unlike licensing, this does not require self-identification by landlords, making it harder for criminals to operate under the radar.

Ti provides local authorities with a new tool to help differentiate between properties which are privately rented, HMO and those that are owner occupied or socially rented. Ti can also be used to pinpoint properties that are likely to have serious hazards. The technology can be used to assist with policy makers and managers to understand the 'make up' and changes in housing stock across a borough and how it relates to other policy areas, such as anti-social behaviour, and provides a vital insight into landlord behaviour and helps prevents crime and fraud, such as council tax evasion. It is developed in partnership with council

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teams to ensure the maximum benefits of Ti are delivered, and to ensure compliance with GDPR, no sensitive data is taken away and all analysis can be completed within the council's digital environment.

Such a scheme can be used as an alternative for Selective & Additional Licensing for Slough Council, as it could be used as more of an effective tool to identify and target properties in bad conditions and act against criminal landlords.

Further information can be found at this link: <https://metastreet.co.uk/blog/tenure-intelligence-to-predict-tenure-and-housing-issues.html>

Should licensing be approved by the council, the option of co-regulation with the RLA could be considered. Liverpool City Council introduced city wide licensing in 2015; as part of this the RLA were allowed to introduce a co-regulation scheme for landlords in the city. Co-regulation involves a full written code of conduct, which details the procedures and processes in place to deal with contractual and other matters as part of the overall scheme. The benefits of co-regulation for a local authority is targeted enforcement making the best use of more limited resources, reduced workload due to reduced number of complaints being managed by the authorities, easier identification of bad/criminal landlords, control over the scheme requirements to suit local needs and stronger links with the landlord community.

Yours faithfully,

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