

CABINET

Review of the Consultation on Landlord Licensing and the enforcement of housing standards in the West End of Morecambe.

9th April 2024

Report of Chief Officer Housing and Property

PURPOSE OF REPORT			
To review the outcome of the public consultation on the introduction of licensing in a defined area in the West End of Morecambe and make a decision on the approach to enforcement of housing standards.			
Key Decision		Non-Key Decision	X Referral from Cabinet Member
Date of notice of forthcoming key decision	26 th March 2024		
This report is public.			

RECOMMENDATIONS OF Councillor Caroline Jackson

- (1) Note the outcome of the public consultation on the proposal to introduce landlord licensing in a defined area in the West End of Morecambe.
- (2) Agree to not implementing landlord licensing but to concentrate on a more intelligence led, targeted enforcement approach.
- (3) Agree to a public consultation on the introduction of a Good Landlords Charter
- (4) Agree to the commissioning of a full stock condition survey to support the work in the Homes Strategy.

1.0 Introduction

1.1 Selective Licensing is a regulatory scheme implemented by local authorities to improve the quality of private rented housing in specific areas. Under selective licensing, landlords must obtain a license from the local council to legally rent out their properties within a designated area. These areas are typically identified as having significant problems with housing standards, antisocial behaviour or low demand for housing. Additional licensing is another tool used to regulate houses in multiple occupation (HMOs) beyond those already covered by mandatory licensing requirements.

1.2 To obtain a licence, landlords must meet certain criteria, which may include property management standards, tenant vetting procedures and adherence to safety regulations.

Landlords must also pass a fit and proper person test. Failure to comply with the licensing requirements can result in penalties such as fines or prosecution.

1.3 The aim of licensing is to raise property standards, enhance tenant safety and well-being and tackle issues such as overcrowding, poor maintenance and anti-social behaviour within rental properties. Critics, however, argue that licensing can impose financial burdens on landlords and may not effectively address underlying issues in the rental market.

1.4 In 2017, Lancaster City Council consulted on the introduction of additional and selective licensing in the West End of Morecambe. The decision made by Cabinet at the time was not to go ahead but to follow a more targeted enforcement approach. There was a commitment to review this decision in the future, with the inclusion to re-consult included as an action within the Homes Strategy 2020.

2.0 Proposal Details

2.1 A review of the decision made by Cabinet in 2018, and a further public consultation was carried out in the summer / early autumn 2023. This looked at whether to introduce selective and additional licensing in the West End of Morecambe or take a different approach. This area was identified because of the concentration of private rented sector properties accompanied by the higher than average reports of poor housing conditions, antisocial behaviour and crime.

2.2 Full details of the proposal, including the geographic area under consideration can be found in '*The Case for Selective Licensing*' included in the background papers.

3.0 The Consultation

3.1 Summary of the Consultation Response

3.1.1 A public consultation was held between July and October 2023 that sought views from all stakeholders including landlords, tenants, owner occupiers, business operators and other stakeholders. An online questionnaire was published on Keep Connected alongside a series of six face to face consultation events, and another four online events. Letters publicising the consultation were distributed to every address in the designated area, and leaflets were hand delivered to residential addresses, business addresses and to public meeting spots, for example local doctors' surgeries. A short door to door survey was carried out in the streets with the highest concentration of private rented accommodation to promote the consultation and ask the views of private residents. A summary of the consultation is included in the background papers as '*Summary document for Consultation*'.

3.1.2 The online questionnaire received 216 responses which are summarised in the document (included in the background papers as '*Online Consultation Summary Report*'), and the door to door survey received 139, (included in the background papers as '*Door to Door Survey Summary Report*'). Some of the consultation events were well attended, with up to 40 people, while others attracted just one or two participants. The face-to-face events were found to be more popular.

3.1.3 Feedback indicated mixed support for the introduction of the scheme with an acknowledgement that improvements were needed in the private rented sector and that licensing could make a positive contribution to this.

3.1.4 However, concerns were raised about its broad, untargeted approach and its potential financial burden on landlords. Some landlords felt they were being penalised, while so called 'rogue landlords' who were already evading detection, might continue to do so.

3.1.5 Private tenants worried that any additional costs would be passed on to them as rental increases, in a market where many were already struggling. Some also feared being evicted. However, tenants did want to see improvements to standards of management and repair in their properties.

3.1.6 A major theme from the consultation was the shortage of supply of affordable housing. Some respondents felt that the introduction of selective licensing could have a detrimental impact on the supply of housing. This is of particular concern at a time when nationally, private landlords are leaving the market because of additional costs to their business such as changes to tax rules, higher interest rates and general increases in costs of repair and maintenance. Additionally, respondents raised the potential influence of Eden North on the local housing market and opportunities to increase revenue through Air B+B charging.

3.2 The Local Authority's response to the consultation.

3.2.1 One key advantage of licensing to the local authority is that it identifies the location and extent of the private rented sector and provides a named responsible person. This increased intelligence would allow more targeted support and information exchange with landlords.

3.2.2 However, it should be noted that The Renters (Reform) Bill, currently going through Parliament, is proposing to introduce a compulsory property register for the private rented sector which, if implemented, will address this need.

3.2.3 The costs to compliant landlords over the five year lifetime of the scheme are low, and it is important to clarify that all properties being rented out should already meet legal standards so this should create no extra cost. Landlords reported hidden costs, such as increased mortgages and insurance premiums, but no evidence of this was provided.

3.2.4 Many of the risks discussed above are the same as those identified in the 2017 consultation, but a significant change is the increased demand for housing in Morecambe and an associated increase in homelessness. The possibility of rent rises and financial pressure on tenants, along with some tenants becoming too much of a risk for licensed landlords mean the scheme has the potential to negatively impact those residents it is designed to benefit.

3.2.5 Any loss of support and collaboration with good and well-intentioned landlords would be a disadvantage, particularly when better engagement has developed throughout the consultation. A recent landlord forum (February 2024) was attended by approximately 70 people, and further meetings are planned. Maintaining this collaboration is critical when the private rented sector is an increasingly important source of accommodation.

4.0 Proposal.

4.1 In March 2018, Cabinet decided that a targeted enforcement approach should be adopted in the West End of Morecambe. Implementation of this approach saw an increase in targeted proactive inspections, alongside improvements to the private rented sector and better engagement with landlords and other agencies. Unfortunately, some of this progress was lost during the pandemic, and problems with crime, anti-social behaviour and poor

housing conditions continue to be associated with the rental market in the West End of Morecambe.

4.2 Ensuring the quality and safety of rental properties remains a priority, so this proposal outlines an updated alternative enforcement approach aimed at improving standards in the private rented sector without introducing licensing.

4.3 Evidence showed that similar issues exist outside the proposed designated area so this approach will provide wider benefits.

Proposed alternative approaches:

4.2.1 Voluntary Accreditation.

Consult on the implementation of a 'Good Landlord Charter'. This would be a voluntary scheme for landlords who want to commit to higher standards than they are currently required to by law. Members of the Charter would need to show they met member criteria to help deliver on the key characteristics of good renting.

Greater Manchester Combined Authority is currently consulting on a Good Landlord Charter. More details can be found in the background papers.

The team are conscious of proposals contained within the Renters Reform Bill ([Guide to the Renters \(Reform\) Bill - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672212/Guide_to_the_Renters_Reform_Bill_-_GOV.UK_(www.gov.uk).pdf)), however at present there is no certainty over what will be finally included or when this will pass through Parliament, the team will continue to monitor proposals so that the charter is aligned as much as practically possible to any future 'landlord portal'.

4.2.2 Education and Support

Provide Education and Support in the form of educational resources and training programs for landlords on their responsibilities. Offer support services such as access to professional advice and guidance to help landlords meet regulatory requirements and maintain high standards.

4.2.3 Risk Based Inspections

Risk based inspections. Conduct targeted inspections based on risk rather than blanket licensing requirements.

4.2.4 Tenant Empowerment

Providing tenants with information about their rights and avenues for reporting concerns, and working with advocacy groups.

4.2.5 Enforcement.

Continue to use a graduated enforcement approach starting with informal warnings to remedy issues, then escalate actions for persistent offenders including fines, penalties and legal action. Steps are underway to increase the housing capacity in legal services.

4.2.6 Stakeholder Collaboration:

Foster collaboration between regulatory authorities, housing advocacy groups and other stakeholders. Engage landlords and tenants in the development and implementation of enforcement strategies to ensure their effectiveness.

4.2.6 Stock Condition Survey

Lancaster City Council's most recent stock condition survey was in 2004. An updated survey would be of wider benefit in delivering on the Council's Home Strategy and could also be used to highlight areas for intervention. A pot of externally awarded funding has been identified to commission a full stock condition survey.

5 Options and Options Analysis [including risk assessment]

Option 1: Do nothing

Option 2: Introduce a selective landlord licensing scheme in the West End of Morecambe.

Option 3: Update an alternative enforcement approach, build on landlord and tenant engagement and explore the introduction of a Good Landlord Charter

	Option 1: Do Nothing	Option 2: Introduce a selective landlord licensing scheme in the West End of Morecambe	Option 3: Update an alternative enforcement approach, build on landlord and tenant engagement and explore the introduction of a Good Landlord Charter
Advantages	The council operates a minimum service to meet its statutory obligation. No additional costs	<p>Intelligence gathering will identify all privately rented properties and prepare for the possible introduction of a landlord register.</p> <p>The need for a licence holder will identify a responsible person for each property.</p> <p>All licence holders will have to meet a fit and proper person test</p> <p>A properly administered licensing scheme should be cost neutral to the council but deliver positive benefits to the</p>	<p>Intelligence gathering will identify all privately rented properties and prepare for the possible introduction of a landlord register.</p> <p>Not restricted by licensing legislation</p> <p>Targeting of problem properties/landlords rather than blanket approach</p> <p>Takes into account feedback from the consultation.</p> <p>Avoids risk of contributing to a reduction in supply of housing in the PRS.</p>

		<p>housing stock and local area.</p> <p>Residents, potential residents and investors will be reassured of the council's commitment to making improvements to the private rented sector.</p> <p>A licensing scheme would complement existing regeneration programmes.</p>	<p>Avoids risk of additional costs being passed onto tenants with associated risk of homelessness.</p> <p>Avoids risk of stigmatising the area but promotes positive renting.</p> <p>Consistent with enforcement outside the defined boundary where a landlord owns properties elsewhere in the district.</p> <p>Builds on links and collaboration with responsible landlords</p> <p>Provides advice and support for tenants and landlords</p>
Disadvantages	<p>Missed opportunity to use additional powers to improve housing conditions in the West End.</p> <p>Investors interested in Morecambe may not be reassured of the council's commitment to improvement of the area as a whole.</p> <p>Problems continue to increase</p>	<p>The scheme is restricted to one area. The boundary is not flexible.</p> <p>Licensing is restricted to five years.</p> <p>Administering a licensing scheme might take resources away from supporting landlords and tenants.</p> <p>Targets all landlords irrespective of their history of compliance, so time will be spent licensing good landlords.</p>	<p>No revenue raised from licensing fees so must be covered by existing resource.</p> <p>Miss out on the opportunity to use additional legal powers from licensing.</p> <p>Membership of a landlord register is currently voluntary, and the legislation to make it mandatory might not be implemented.</p> <p>Membership of a Good Landlord Charter is voluntary.</p>

		Risk of alienation of private landlords.	
Risks	<p>Failure to meet the corporate priority to improve the quality of accommodation.</p> <p>Escalation of issues without additional resource to tackle them.</p>	<p>Decrease of supply and alienation of private landlords.</p> <p>Risk of encouraging private landlords to leave the market resulting in a decrease in supply of PRS and associated increase in homelessness.</p> <p>Increase in difficulties for tenants in finding accommodation and an associated increase in homelessness.</p> <p>Costs of scheme to landlords passed on to tenants in increased rent, when rents are already high.</p> <p>Enforcement requirements are difficult to predict and could result in additional cost burden to the Council.</p> <p>Landlord and other opposition could make it difficult to deliver the scheme</p> <p>Problems identified in the proposed area could displace elsewhere with no specific resource available to address this.</p>	<p>Relies on collaboration with good landlords.</p> <p>Low take up of Good Landlord Charter.</p> <p>Enforcement requirements are difficult to predict and could result in additional cost burden to the Council.</p>

		<p>Complaints from landlords about increased regulation.</p> <p>Stigmatisation of the area.</p> <p>Discouragement of investment in the defined area.</p> <p>Costs to defend a scheme if faced with judicial review</p>	
--	--	--	--

6.0 Officer Preferred Option (and comments)

The officer preferred option is option 3 as this builds on work to develop relationships with private landlords and tenants to maximise the supply of good quality, affordable accommodation, and concentrates resource where it is most needed.

7.0 Conclusion

While any form of landlord licensing may initially appear to be a straightforward solution to improving standards in the private rented sector, its implementation comes with significant drawbacks including administrative burdens, and potential unintended consequences such as disincentivising landlords from participating in the market and passing on costs to tenants.

By contrast, a targeted approach offers a more nuanced and flexible strategy for addressing non-compliance and poor standards as well as safeguarding tenants’ rights. By focusing resources on properties with a history of compliance or safety concerns, this approach can achieve improvements in housing standards without burdening compliant landlords.

This approach proposed fosters a culture of cooperation and shared responsibility among landlords, tenants, and other stakeholders.

RELATIONSHIP TO POLICY FRAMEWORK

Health and Happy Communities – Access to Quality Housing

A Co-operative, Kind and Responsive Council – Partnership, Listening and Empathy

Lancaster City Council – Homes Strategy 2020-2025

CONCLUSION OF IMPACT ASSESSMENT

(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Human Resources, Sustainability and Rural Proofing)

Diversity – There is a risk that the designation of a licensing scheme would have an adverse impact on people on low income and with insecure housing tenure. This may still be the case with a targeted enforcement approach, but the impact would be reduced.

Human Rights – There will be no impact if the implementation is undertaken correctly.

Community Safety – The proposed approach should have a positive impact on community safety.

Sustainability – None.

Rural proofing – None.

LEGAL IMPLICATIONS

Any enforcement should be taken in line with existing enforcement policies and, where necessary, input from legal services. Capacity within legal services for housing litigation is being increased.

FINANCIAL IMPLICATIONS

The revenue budget for 2024/25 assumes income from Selective Licensing fees, off-set by additional staffing costs. As income generated through licence fees should be on a cost-recovery basis, over the period of the licence, the financial impact of all options presented should be cost neutral. Therefore, if the Officer Preferred Option (option 3) is approved, any additional resource requirement must be funded from within existing revenue budgets.

The full stock condition survey (expected to cost in the region of £100K) can be funded from external grants, received in part to aid the provision of good quality, affordable housing for those settling in the UK. It would facilitate intelligence gathering to allow targeting of support towards poor quality properties and support the release of empty homes to increase the supply of private sector housing locally.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces:

None

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has been consulted and has no further comments to add.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments to add.

BACKGROUND PAPERS

[Good Landlord Charter - Greater Manchester Combined Authority \(greatermanchester-ca.gov.uk\)](http://www.greatermanchester-ca.gov.uk)

Contact Officer: Fiona Macleod
Telephone: 01524 582649
E-mail: fmacleod@lancaster.gov.uk

[Selective licensing in the private rented sector: a guide for local authorities - GOV.UK \(www.gov.uk\)](#)

