

Nottingham City Council

Proposal for a Scheme of Selective Licensing for Privately Rented Houses

Appendix Two

11/15/2016

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Proposal for a Scheme of Selective Licensing for Privately Rented Houses

i. Executive Summary

Nottingham City Council is proposing a scheme of selective licensing for the City's private rented sector (PRS). The contextual background to this and the justification for the scheme can be summarised as follows:

Local context

The increase in the size of the PRS has been the most significant change in Nottingham's housing market in the last 15 years.

The total population of the City is increasing at a faster rate than the overall rate for England (1.5% from 2014 to 2016 estimates compared to 0.9%). Rates of owner occupation are declining whilst rates of PRS is increasing. The City displays:

- A growing local economy however pressures remain on income
- Lower than average earnings for the City affecting the rates of owner occupation in the City
- Significantly lower levels of home ownership: 42% compared with 63% nationally
- Significant growth in the Private Rented Sector (PRS). Increase of 12% on the census data between 2001 and 2011 compared to +9% seen in England as a whole.
- The latest estimate now shows 43364 privately rented properties, of which 7748 are HMOs. (Building Research Establishment (BRE) 2016 data)
- High levels of low income households in the PRS

There is a correlation with anti-social behaviour and areas with a high level of PRS, across the City as a whole.

- For every unit increase in the proportion of PRS, ASB increases by 0.58 units
- PRS accounts for a 10% variance in the rate of noise related ASB calls.
- For every 2 reports received by the Council in areas with a low proportion of PRS for ASB, 3 are received in areas with a high proportion of PRS.
- When looking at the owner occupied sector in comparison to the PRS this rates increase to for every 3 reports received in areas with a low proportion PRS, 5 are received in areas with a high proportion.

Housing Conditions are worse in the PRS. Properties in the private sector are more than twice as likely to experience disrepair as those that are owner occupied.

- Two thirds of complaints about property disrepair or poor/sub standards received by the Council (2009-15) are attributable to private rented properties that are not HMOs.
- Areas with a high proportion of PRS are more than twice as likely to experience issues of disrepair and 1.5 times more likely to experience excess cold.
- PRS properties are more likely to experience these issues as a result of tenure type and not tenure concentration.

There is a strong correlation with rates of crime and areas with a high level of PRS.

- For every unit increase in PRS the rate of crime is expected to increase by more than 1.5 times.
- A 15% variance in the crime rate can be attributed to the proportion of PRS. The biggest variation of which is for violent crime.
- Areas with a high proportion of PRS have a worse overall performance in the indicator of crime deprivation than areas with a low proportion of PRS (51 compared to 41)

The City has high levels of deprivation and there is a strong correlation with levels of deprivation and areas with a high level of PRS

- The City has high levels of deprivation out of the 182 of the City's lower super output areas (LSOAs)
 - 61 in the 10% most deprived in the country,
 - 110 in the 20% most deprived.
 - 8th most deprived district in the country
- Areas with a high proportion of PRS have a lower average and median rank for 3 out of the 7 indices of multiple deprivation ranks.
- In terms of the key indicators of deprivation, there is a negative correlation with Crime, Barriers to Housing and Living Environment and a positive correlation with Income, Employment and Education and the proportion of PRS.

The City Council believes that the proposed licensing scheme will contribute positively to its stated strategic aims in relation to the PRS “ *to enable Nottingham residents to have access to a high standard of accommodation, whether renting or buying*”¹, and bring about real improvements in the sector.

This will be achieved in the following ways:

- The licence conditions will address the impact that poorly managed properties have on ASB and/ or crime, the local environment and housing conditions.
- Licensing will improve standards of tenancy management
- licensing will create a level playing field promoting an understanding among residents about what they can reasonably expect from their landlord
- Poor landlords will be isolated and therefore easier to identify
- It is a wholly complementary tool to use alongside other initiatives the Council has in place
- The Council has a track record of implementing licensing schemes and getting results and the existing licensing schemes show what can be achieved.
- Licensing and associated checks will secure housing improvements that will positively impact on the health and wellbeing on tenants
- Signposting tenants to services will support improved health, safety and finances

¹ Nottingham City Council: Council Plan 2015-2019

ii. Introduction

Background to the private rented sector in Nottingham

Nottingham is a vibrant, attractive City in which many thousands of people choose to live, work and study. It has many thriving businesses and industries and a growing economy. The latest population analysis shows the total population of the City is 318,900², this figure is an increase of 4,600 (1.5%) on the 2014 estimates, and is slightly higher than the percentage increase for England (0.9%). 69.8% of the City's population are of working age (222,500). Population projections suggest that total population may rise to around 332,700 by 2024. The 2011 Census shows 35% of the population as being from BME groups; an increase from 19% in 2001. The City has a young age demographic with 29% of the population aged 18 to 29 – full-time university students comprise about 1 in 8 of the population.

The latest data on economic output based on GVA (Gross Value Added)³ shows the local economy is growing and this is also reflected in positive employment and earnings data. Pressures remain on income. There are though continued improvements in other key labour market indicators, notably unemployment and out of work benefit claimants. Despite this, rates for the unemployment claimant count, economic inactivity, out of work benefits and employment rates within both the City and for the wider Greater Nottingham⁴ area remain above the national average. Greater Nottingham continues to perform well in terms of higher level skills attainment but the proportion of 16 to 64 year olds without qualifications remains above the national average. Workplace-based average earnings levels at City and Greater Nottingham levels are significantly below those prevailing at a national level and have been relatively stable in recent years. Residence-based average earnings are lower than those which are workplace-based because a substantial proportion of those in employment work in Nottingham City but actually reside outside its boundary

Nottingham has significantly lower levels of home ownership: 42% compared with 63% nationally. Lower than average earnings makes home ownership more challenging within the City, despite the lower than average house prices. Therefore the Council recognises the importance of the private rented sector (PRS) as part of the City's housing market. It is an easy-access, relatively affordable housing type which fits with the lifestyle and life choices for many of the population. The sector helps to support the City's economy and ambitions for growth by providing a source of accommodation for young professionals working in the City. Many of these workers are not able to access socially rented properties and not yet ready to make the step up to home ownership and thus seek the flexibility that private renting offers. The sector also supports the City's large student population and provides housing for people on lower incomes through the local housing allowance (LHA) system.

The City has a well-established strategic approach to housing developed over many years with partners across the private and public sector. Selective Licensing is an important element of this housing strategy and will help to enable a targeted, intervention- based approach to improving housing across all sectors.

² ONS mid-year estimates 2015

³ Nottingham City Council The Nottingham Economy May 2016 - Headline economic indicators bulletin

⁴ Greater Nottingham comprises of Nottingham City and the local authority districts of Broxtowe, Gedling & Rushcliffe

As part of this proposal, the Council commissioned the Building Research Establishment (BRE)⁵ to undertake a series of modelling exercises on Nottingham's housing stock. The detailed housing stock information provided in the report shows that there are 135,399 dwellings in Nottingham of which 42% are owner occupied, 32% are privately rented and 26% are social rented. The report highlights the significant growth in the Private Rented Sector in Nottingham in recent years from 13% of the total stock in 2001 to 25% in 2011. This 12% increase on the census data is higher than the change of +9% seen in England as a whole. The 2016 data shows a further increase of 7% in the proportion of private rented dwellings in the City compared to the 2011 Census data.

Nottingham has high levels of deprivation, with 61 of the 182 City's lower super output areas (LSOAs)⁶ falling amongst the 10% most deprived in the country, and 110 falling in the 20% most deprived. Overall, Nottingham is the 8th most deprived district in the country.⁷ The BRE report also highlights the high level of low income households in Nottingham⁸ and this is particularly noticeable when looking at the private rented sector (29% private rented sector tenants compared to 13% owner occupiers) and is consistent with the Office for National Statistics (ONS) data showing that Nottingham has the second lowest gross disposable income in the UK. The percentage of low incomes households in Nottingham outside of the social rented sector is high compared to the English Housing Survey regional and England averages (20% compared to 13% to 14% respectively), mainly due to high levels in the PRS.

The Council's ambition is to include more of its citizens in its prosperity and reduce the levels of poverty which are prevalent in many parts of the City. It is therefore no coincidence that one of the key problems that selective licensing will be used to address is deprivation. Selective licensing will contribute to the range of objectives which the Council and its partners are seeking to deliver in order to achieve a more inclusive and prosperous City – higher levels of employment, greater educational attainment and a healthier and happier population.

The reduction of crime and antisocial behaviour is also a key priority for the City. This is articulated in both the longer term strategy for the City, *The Nottingham Plan to 2020*, and the Council Plan 2015-18. A selective licensing scheme could make a significant contribution to this objective by addressing problems being generated by private sector homes.

The Council believes that all its citizens should be able to live in a good quality home, irrespective of its tenure. The Council, via its Arm's Length Management Organisation, Nottingham City Homes, has now achieved 100% decent homes⁹

BRE Integrated Dwelling Level Housing Stock Modelling and Database for Nottingham City Council

⁶ Super Output Areas are geography for the collection and publication of small area statistics. Lower Layer SOAs were first built using 2001 Census data from groups of Output Areas (typically four to six) and have been updated following the 2011 Census. They are statistical unit or census data capture area containing between 1000 and 3000 residents and 400 to 1200 households. There are 182 Lower Super Output Areas in Nottingham City. Measures of proximity (to give a reasonably compact shape) and social homogeneity (to encourage areas of similar social background) are also included

⁷ Indices of Multiple Deprivation, 2015

⁸ Nottingham has the 2nd lowest gross disposable income (money that households have available for spending and saving after direct taxes such as income tax and Council tax have been accounted for) in the UK. ONS Regional Gross Disposable Household Income (GDHI) 1997 to 2013

⁹ The Decent Homes Standard is a national property standard for social housing. It covers safety, warmth and modern facilities within both Council and housing association properties

across its stock. Our partner housing associations have also achieved decent homes giving comfort that the vast majority of the City's social housing delivers high quality, safe, warm and modern homes. As well as the improvement in the physical condition of social homes, big strides have been made in the quality of their management. The Council now seeks to promote similar improvement in the private rented sector, which currently is of very variable quality.

iii. The strategic case for a scheme of selective licensing

Strategic Priorities

The Council has a clear strategic approach to housing as articulated in its Council Plan 2015-2019. The Council Plan emphasises the Council's aim to enable Nottingham residents to have access to a high standard of accommodation, whether renting or buying. As part of this the priority is to create a comprehensive licensing scheme for private rented accommodation to drive up standards and protect tenants across the City. Such a scheme would also bring benefits to landlords and the private rented sector in general: the reputation and image of landlords and the PRS will improve as standards rise and poor performers leave the market.

Nottingham's Sustainable Community Strategy, the "Nottingham Plan", sets out the overall strategic direction and long term vision for the economic, social and environmental wellbeing of the City and is split into various themes. The priority of the "Neighbourhood Nottingham" theme is to improve the quality and choice of housing and neighbourhoods in which people want to live, attracting new people to the City and allowing those who want to stay, to do so. Improving the management of the existing private housing stock is a key element of achieving this objective.

The Council is currently developing a refreshed housing strategy which will drive forward these objectives and build on the earlier Nottingham Housing Strategic Partnership Plan 2013-2015 (the "Housing Nottingham Plan"). This plan set out how housing partners would deliver the priorities of the Nottingham Plan and acknowledged that the PRS was a critical component of the housing market which was supporting a rapidly growing number of households. It placed a strong emphasis on the strategic approach needed to achieve higher standards in the PRS. At that time, the main priority was improvement of the management and maintenance of the City's high levels of houses in multiple occupation (HMOs). The Housing Nottingham Plan stated the Council's intention to introduce a scheme of additional licensing designed to tackle issues of antisocial behaviour and other problems associated with HMOs in certain parts of the City and this objective was achieved by the introduction of the City's additional licensing designation which took effect from 1 January 2014. This had followed the introduction of mandatory licensing in 2006, the benefits of which were beginning to be seen when additional licensing was being considered. The current proposal to extend licensing beyond mandatory and additional licensing and into the general PRS builds on the success of those schemes and shows the Council's belief that licensing is an effective tool for addressing problems that other powers and initiatives have not been able to reduce or solve.

Selective Licensing – supporting a co-ordinated strategic housing approach

Homelessness Prevention

The Council is a nationally-recognised leader in the field of homelessness prevention. It was one of the first local authorities to lead on the prevention agenda and, in spite of an increasingly challenging environment, maintains an early intervention approach to all those in need. Other authorities have fallen back to the fulfilment of minimal statutory duties. The City's Homelessness Prevention Strategy, delivered via the multi-agency Strategy Implementation Group (SIG) exemplifies and

underpins the City's partnership approach. The Council has taken full advantage of powers under the Localism Act to discharge homelessness duties in the private rented sector, thus recognising the sector as an important source of good quality homes. There is a bond scheme in place to enable access to PRS homes by lower income tenants, thus reducing risk for landlords, and standards are assured via the Nottingham Standard accreditation mark¹⁰. Selective licensing, by raising standards of management and property conditions will further help to increase the supply of homes which meet the standards required to allow the fulfilment of homelessness duties via the PRS. At the same time selective licensing will tackle and help to reduce instances of poor management that may lead to households losing their homes and presenting for homelessness assistance. As such selective licensing will (combined with activity such as accreditation and tackling illegal evictions) provide a two pronged approach to homelessness by both addressing the issues that lead to homelessness and by providing an increased supply of higher quality accommodation for those displaced by it.

Health

The Nottingham City [Joint Strategic Needs Assessment \(JSNA\) on Housing \(April 2013\)](#) recognised that everyone is potentially at risk from the effects of poor housing conditions and that there is clear evidence to link poor health with poor housing. This was robustly evidenced in the Building Research Establishment's 2015 publication *The Cost of Poor Housing To Health*. This work showed that poor housing (as defined by homes with a Category One hazard) costs the NHS £1.4bn per year. Locally an impact assessment¹¹ of Nottingham City Homes. Secure Warm, Modern (Decent Homes) improvement for social housing programme showed:

- Estimated cost savings to NHS of £700,000 from 2 lives saved protecting vulnerable tenants from the cold
- 12 hospital admissions avoided
- 144 accidents avoided and
- 1,000 children with improved respiratory health and
- 1,400 tenants with improved mental health.

One of the four main priorities of the City's Health and Wellbeing Strategy (2016)¹² is to enable better health through a healthy environment, and within this there is a strong emphasis on housing. The Healthy Environment action plan within the strategy contains the action "Ensure homes are safe and well managed, protecting the health & wellbeing of tenants". The proposal for selective licensing will make a significant contribution to this objective.

Much is still to be achieved to improve housing standards and the existing housing offer, particularly in the private rented sector, which is becoming an ever-more important tenure. The Council, in partnership with a range of housing and health organisations is developing a more co-ordinated approach to housing interventions

¹⁰ The Nottingham Standard is an accreditation mark developed by Nottingham City Council to establish an overarching minimum standard for privately rented accommodation across the City <http://www.nottinghamCity.gov.uk/2025>

¹¹ Decent Homes Impact Study: The effects of Secure Warm Modern Homes in Nottingham (Nottingham City Homes/Nottingham Trent University, 2012)

¹² Joint Health and Wellbeing Strategy, Nottingham City Health and Wellbeing Board, 2016 <http://www.nottinghamcity.gov.uk/health-and-social-care/adult-social-care/looking-after-yourself-and-keeping-healthy/health-and-wellbeing-board/>

which promote better health and wellbeing. A ground-breaking Memorandum of Understanding on Housing and Health has been signed off by the City's Health and Wellbeing Board, together with an action plan which clearly identifies the private rented sector as a focus for action.

The evidence from the BRE stock modelling as detailed in Section iv shows that there are significant issues with property conditions in the City's PRS. There is a disproportionate level of Health and Housing Safety Rating Scheme (HHSRS) Category One hazards within the PRS, and this will undoubtedly have a negative impact on the health of those living in the properties affected. In tackling poor property conditions in the PRS, the Council believes that selective licensing will make a significant contribution to the improvement of the health and wellbeing of citizens living within it.

Empty Homes

Whilst the Council is not pursuing a selective licensing scheme on the grounds of low housing demand there is a very clear relationship in terms of the Council's overall approach to empty homes and improvement of the private rented sector. The Council takes a pro-active approach to empty homes, using a combination of encouragement and enforcement in order to bring empty homes back into use. A small team of officers are available to offer support, advice, and encouragement to owners. However; if this is not successful the Council is prepared to make full use of its enforcement and other powers. This may include action under section 215 of the Town and Country Planning Act requiring owners to remedy any detriment to the amenity of the area which their property is causing; serving notices relating to damage from pests or nuisance requiring works and/or abatement (and if necessary carrying out works in default); and ultimately acquiring properties by compulsory purchase or forcing sale to recover any costs incurred by the Council.

Selective licensing can have a direct impact on the number of empty homes. Better quality and better managed PRS homes will be delivered via a licensing scheme, which will be less likely to become vacant for long periods of time and cause blight in neighbourhoods. Selective licensing and our approach to empty homes go hand in hand in generally promoting a thriving, high quality private rented sector.

Regeneration

The Council is ambitious for the City's neighbourhoods to be thriving places where people want to live. The City's Neighbourhood Regeneration Strategy (2016) emphasises that most of the City's prosperity is focused on the City centre, rather than its neighbourhoods. The strategy focuses primarily on bringing investment and employment to the City's more deprived neighbourhoods; however other aspects such as housing have a key role to play in their improvement.

The Council is replacing a large number of obsolete Council houses with new, modern family housing, bringing about the regeneration of these areas. However, there is a danger that that the improvements in social housing are delivered in isolation, leaving inconsistent standards of quality and management other across tenures. Therefore, as the Council and its partners in both the social and private

sectors bring about a higher quality housing offer through regeneration, interventions such as selective licensing can similarly bring about uplift in quality in the PRS, eliminating the poor management and maintenance standards that can adversely affect a neighbourhood. A good example of this is the Meadows area of the City where there is extensive regeneration taking place through the demolition of outdated Council homes to be replaced by high quality family homes. The Meadows also has an older housing area with an above average level of private rented properties and where evidence shows that there are problems such as antisocial behaviour, deprivation and poor property conditions which, if not addressed, will undermine these regeneration plans. Regeneration will only be fully effective where there is a multi-tenure approach.

The Neighbourhood Regeneration Strategy emphasises that although there are some very good quality homes managed by good landlords in the City's PRS, the sector remains one in which some of the poorest housing is likely to be found. The Council, through its Safer Housing and Environmental Health teams uses a mix of encouragement, advice and enforcement to bring about improvement, and at the extreme end to drive the "rogue" element out of the market. This has included a programme of activity aimed at tackling rogue landlords supported by CLG's rogue landlord funding programme. £151,000 was received by the Council as part of this funding in 2015/16. The project focused activity on the Radford Road area of the City and on rented properties above commercial lets. 57 properties were inspected as part of this programme, of which 39 were unannounced raids in conjunction with the Police. This resulted in 34 Enforcement Notices being issued, 32 of which resulted in enforcement action being taken. 7 buildings were also prohibited for use. In addition to the inspection of properties the Council used the programme to run a number of initiatives in the area to improve conditions, including holding training events for landlords, partners and staff and events and communications to raise awareness in the community.

As already seen, the Council has also chosen to use discretionary licensing powers and has implemented a scheme of additional licensing covering HMOs within parts of the City. The introduction of licensing to the other parts of the PRS using selective licensing powers will further drive up standards in the City and contribute to the outcomes of the Neighbourhood Regeneration Strategy.

Antisocial behaviour (ASB)

Making the City a safer place to live, work in and enjoy is a major priority for the Council and its partners. One of the five key objectives of the Council Plan 2015-2019 is to "cut the number of victims of crime by a fifth and continue to reduce antisocial behaviour".

To achieve this, the City has in place the Community Protection service – a unique partnership which integrates the Police and City Council officers, working alongside each other to tackle crime and ASB. At the core of the service are 100 uniformed Community Protection Officers (CPOs) who are based in the City's neighbourhoods. CPOs work closely with the HMO and Safer Housing Teams within Environmental Health, providing information and dealing with complaints.

The City has been recognised nationally for its approach to ASB by ministers and civil servants. The Council was asked to mentor Tower Hamlets, Dagenham, Newham, Ashfield and Mansfield by Central Government. The Council featured/presented on national road shows (Engaging Communities, Fighting Crime). It was represented on the national ASB Squad and part of the small working group that designed the Antisocial Behaviour, Crime and Policing Act 2014. Several fellow-Core Cities have visited Nottingham to understand what Community Protection does. ASB is reducing in Nottingham, however, it remains a high priority because it is a continuing problem, and the Council wants to reduce it even further.

Data shows that there is proportionately a higher level of ASB in areas where there is a high concentration of privately rented homes¹³. A scheme of selected licensing will help to address ASB in these properties by raising management standards and licence conditions will include an obligation to ensure that tenancy conditions are effectively enforced.

Licensing of PRS properties will support the approach to ASB in a very practical way. Under section 44 of the Anti-social Behaviour, Crime and Policing Act 2014, Community Protection Notices (CPNs) can be served on private landlords or managing agents in respect of their tenants' behaviour. Section 43 (3) (c) provides a requirement for a person served with a CPN to ... "take reasonable steps to achieve specified results". "Reasonable steps" could include either applying for a licence or compliance with its conditions. In this way selective licensing will work with ASB powers in order to escalate cases of persistent and serious ASB, potentially leading to an injunction or property closure. The Council has evidence to support a proposal for selective licensing on a number of the statutory grounds. Antisocial behaviour however is one of the strongest grounds despite the City's highly successful approach to tackling it over the last ten years or so. It is therefore wholly legitimate to believe that selective licensing is both a necessary and appropriate tool to help to prevent and reduce ASB even further, both in the PRS and in the City in general.

Given the strategic context shown above, the use of selective licensing is clearly consistent with the Council's overall strategic approach to housing and its approach to a number of key priorities for the City. Selective licensing, by tackling the problems which are evidenced later in this report, will help to achieve a number of positive outcomes in terms of regeneration, health and wellbeing, and community safety, which are all major priorities for the City.

¹³ Exploring the role of private rented households on rate of crime and anti-social behaviour in Nottingham, Nottingham Crime & Drugs Partnership May 2016

Selective Licensing as a Complementary Tool

Selective licensing is not a tool that can be used in isolation. It will be used in conjunction with all of the other powers available to the Council under the Housing Act 2004 and other legislation governing private sector housing. It will also complement existing initiatives the Council has put in place, such as:

Accreditation: The Council fully supports and part funds Unipol's student accommodation accreditation service in Nottingham, and has done so since 2007. It also funds an accreditation scheme for non-student homes which is operated by Decent and Safe Homes (DASH), an organisation set up to promote better standards in PRS accommodation across the East Midlands. Together, these schemes make up an overarching minimum standard for privately rented accommodation across the City known as the "Nottingham Standard". The Nottingham Standard enables landlords to demonstrate that they manage good quality homes and gives confidence to renters that their accommodation is safe and well managed.

The Nottingham Standard initiative has been successful in attracting good landlords: it now covers nearly 2,500 PRS properties in the City (approx. 6% of the sector). This is however a relatively low level of coverage, leaving over 90% of properties unaccredited for which there is little or no guarantee of basic quality standards, other than those covered by HMO licensing. Like all accreditation schemes membership is voluntary. A proportion of landlords who choose to not be accredited still deliver high quality, well managed accommodation. However, many do not and choose to remain "under the radar", offering poorly managed and maintained homes, leading to antisocial behaviour and having a negative impact on neighbourhoods. These are the landlords the Council believes it needs to regulate via a scheme of selective licensing. It is proposed that accredited landlords will receive a lighter touch approach under the Council's proposed scheme; in this way the two tools will complement each other without placing undue burdens on those responsible landlords who engage with the Council and comply with their duties and responsibilities.

Mandatory licensing of HMOs

The Housing Act 2004 introduced the mandatory scheme for HMO licensing and came into force in 2006. There are currently approx. 2,000 HMOs in the City which fall under this scheme. The impact of mandatory licensing has been positive, with a reduction in the number of complaints and improved housing conditions and management. Together with the Council's scheme for additional licensing (below), licensing is delivering significant benefits to the City's private rented sector. Selective licensing will help to bring similar benefits to the non - HMO PRS stock. The Government has recently put forward proposals to extend mandatory licensing to other HMOs and this will increase the number of properties that fall under the mandatory licensing scheme. The changes to mandatory licensing will not affect selective licensing as HMOs are not included within selective licensing. A review of mandatory licensing and the Council's additional licensing schemes can be found in Appendix iii *Review of Nottingham City Council's Existing Licensing Schemes. Mandatory and Existing Licensing schemes October 2016*

Additional Licensing of HMOs

The Council has been operating a scheme of additional licensing of houses in multiple occupation in certain parts of the City since January 2014. An interim review of the impact of the scheme to date has taken place and can be found in Appendix iii *Review of Nottingham City Council's Existing Licensing Schemes. Mandatory and Existing Licensing schemes October 2016*. It is still relatively early to carry out a full evaluation as the scheme is only half way through its lifespan; however initial findings suggest that complaints about property conditions have reduced since the scheme has been in place and that complaints about antisocial behaviour have stabilised. Given the evidence that licensing - when combined with other activity - is an effective tool, it seems highly appropriate to use selective licensing in homes not covered by additional or mandatory licensing to tackle the problems which the evidence clearly demonstrates exist in many parts of the City. Whilst investigating suspected HMOs it has sometimes been found that the property in question is not a HMO, but the investigation may reveal other significant hazards or areas of poor management which leads to other types of enforcement appropriate to the housing type.

Compliance and Enforcement: Safer Housing Team

The Council is committed to improving housing conditions in the private rented sector via its Safer Housing team which provides a one stop shop for all. The team will continue to lead on Rogue Landlord enforcement and initiatives, respond to complaints made by citizens and enforce against landlords that fail to licence their properties. The aim is to work with owners and managing agents to achieve legislative compliance, through inspection, education and the provision of advice and information as appropriate.

The starting point will always be to try and work with landlords. Where compliance is not achieved the Council, takes a graduated approach to enforcement following Nottingham's 5-stage enforcement model. The enforcement options that are available, having considered all relevant information and evidence are:-

- **Stage 1 Advise** – seeking co-operation
- **Stage 2 Warn** – warning letters, threat of legal action
- **Stage 3 Initial Enforcement** – Legal notices, licence revocation / refusal
- **Stage 4 Substantive Enforcement** – Legal notices, prosecutions, interim management orders, simple cautions
- **Stage 5 Breach** – Prosecution, Final Management Orders

Where there is continued non-compliance or a flagrant disregard for the legislation a prosecution is sought.

Most of the work of the Safer Housing Team is reactive, responding to specific complaints. There is a clear relationship between licensing and enforcement: licensing requires landlords to be proactive in their approach to managing their properties, reducing the number of complaints which the Safer Housing Team has to respond to reactively.

Citizen requests to the team have increased year on year since 2013/14, with over 4,500 having been received since 2013. In this period the team has improved 1866 properties, 824 of which were in 2015/16 when the team received additional funding under the Rogue landlord programme as detailed in the section on *Regeneration*. The vast majority of these properties were privately rented properties.

Use of Interim and Final Management orders (IMO/FMOs)

Where properties that are subject to licensing are not licensed and the property falls within the criteria within the Housing Act 2004, section 102 the Council is under a duty to make an IMO. This is a tool under the Housing Act to ensure properties are suitably managed subject to the property being licensed or a FMO being made. The Council has an agreement in place with Nottingham City Homes to take over the management of such properties should the need arise. To date, the Council has not had to make an IMO or FMO.

How the making of a selective licensing designation will assist the Council in achieving its objectives

The proposed scheme of selective licensing will help the Council to achieve its strategic objectives for the City's private rented sector in the following ways:

- Owners will proactively provide information on the location and details of the privately rented homes they are responsible for;
- Landlords have to be assessed as fit and proper to manage ;
- Clear and explicit standards will be required to be met that will, for poorly managed accommodation, improve the safety and the impact of the property on both its occupiers and the neighbourhood;
- Issues identified under the housing health and safety rating system on inspection of properties will be dealt with (although the cost of is not covered by the licence fee). This will prevent hazards to health and contribute to key Health and Council targets relating to excess winter deaths, fuel poverty, falls, reduced crime and antisocial behaviour etc.
- Increased ability to provide information to landlords about good practice supplemented by sanctions where appropriate standards are not met.
- Increased ability to signpost tenants to wide range of support as well as empowering tenants on standards they should expect.
- Increased ability to prevent and respond to housing associated with crime and ASB

Role of other partners

One of the risks associated with a scheme of licensing is displacement – that via enforcement, or landlords attempting to avoid licensing by going under the radar and entering different markets, households have to leave their accommodation. This fear was voiced by Children's Services staff who support vulnerable families living in private rented housing during the evidence gathering stage. When licensing is implemented it will therefore be necessary to work very closely with services which support vulnerable households to ensure that they do not end up in a worse situation or with nowhere to live. The intention is to eliminate poor housing, not to drive it off the radar. Where licensing is implemented the improvement in management and

housing standards should help children and families to thrive, thus addressing one of the key objectives of the Council, i.e. tackling deprivation.

The Council works closely with its arms' length management organisation, Nottingham City Homes (NCH) to improve the City's neighbourhoods. The estates which NCH manages on behalf of the Council have large numbers of properties that have been bought via the Right to Buy but are now privately rented. Additionally, NCH manages homes in multi-tenure inner City areas with high levels of private renting. NCH therefore plays a key role in areas with high levels of PRS, and will be an important partner in the operation of the selective licensing scheme, working alongside Council officers to identify PRS homes and reporting issues of antisocial behaviour which are being caused by PRS tenants.

There are also important voluntary sector partners with a role to play: In the same way as Nottingham City Homes, housing associations who work in multi-tenure areas will need to be part of a joined up approach to problems in neighbourhoods. Agencies such as Framework HA, which specialise in assisting vulnerable homeless people in partnership with the homelessness strategy implementation group (see above) help to deliver the wide-ranging housing solutions which form part of the City's overall housing strategy. The Council also works with Nottingham Energy Partnership to achieve greater energy efficiency and a reduction of fuel poverty in private housing. This was most notably seen with the Warm Zone initiative between 2009 and 2011 which installed measures such as loft and cavity wall insulation in thousands of private sector homes.

As mentioned above, the Council works in partnership with the Police to tackle crime and antisocial behaviour through its Community Protection service. Licensing provides an opportunity to identify and gain access to homes which are a base for crime and a source of antisocial behaviour.

Finally, as one of its key Council Plan objectives, the Council has set up a not for profit energy company, Robin Hood Energy, to help citizens reduce their fuel costs and tackle fuel poverty. This is another example of the multi-faceted approach the Council has towards reducing poverty and deprivation.

Consideration of risks

As suggested in the DCLG document *Selective licensing in the private rented sector: A guide for local authorities (2015)*, the Council has given careful consideration to the potential negative economic impact that licensing may have. As has already been stated it is intended that the least compliant landlords pay more to be licensed and the best, most compliant landlords receive a lighter touch.

Consideration has also been given to the potential impact of the cost of licensing being passed on to tenants through higher rents. It is anticipated that the licence fee will be £600. Even at the additional estimated increase of 20%, over five years this would amount to £2.76 per week additional rent – assuming that the cost is passed on to tenants, which obviously depends on market conditions. The evidence from the Council's additional licensing scheme suggests that although rents in student HMOs (which make up a significant proportion of the City's HMOs) increased after the introduction of additional licensing, this was part of an upward trend in student rents

that was also experienced by other cities with large student populations. Between 2014 (introduction of additional licensing) and 2016 student rents in Nottingham raised by 9% compared to 7.5% in Bradford and 11% in Leeds.

Another potential risk suggested by DCLG's guidance is the possible "displacement" of landlords who choose not to engage in the scheme. The City borders a number of districts which are part of the urban continuum of greater Nottingham, so this is a risk. There are already landlords that operate both in the City and in neighbouring Council areas. However, property values are generally much higher and the PRS much smaller in the neighbouring districts, which means the opportunities for poor landlords to sell up in Nottingham and move to these districts will be very limited. That said, the Council will ensure that it consults with the neighbouring district Councils and listens to any concerns that they have.

Other options considered which could address problems in the PRS

Before adopting a scheme of selective licensing, local authorities are required to consider whether there are any other courses of action available to them (of whatever nature) that might provide an effective method of dealing with the problem or problems in question.

As has been seen above the Council has operated a range of schemes and initiatives to improve property conditions and management of Private Rented Sector properties for a number of years including:

- Accreditation: the Nottingham Standard helps tenants identify rented properties that meet a minimum quality standard and recognises good landlords providing quality approved and well managed accommodation. This brings unity to accreditation in the City by incorporating existing accreditation schemes under one certification mark. These are:
 - DASH Landlord Accreditation (formerly EMLAS) - which accredits all types of private rented sector landlords
 - Unipol Student Homes - which accredits only student landlords
- Additional HMO licensing scheme
- Established teams to deal with issues around anti-social behaviour and environmental crime.
- The Community Protection service, a joint service between NCC and Nottinghamshire Police. The service works in neighbourhoods across the City, dealing pro-actively and reactively with ASB, and engaging with communities on a local level.

In addition the following schemes/initiatives operate or have operated:

- Targeted work in the Sneinton area of the City utilising Migrant Impact Fund (MIF) monies to improve housing conditions and access to relevant information, services and facilities for migrant workers in the area.
- Burglary reduction: a joint NCC and Police funded Environmental Health Officer undertaking targeted work where repeat burglaries have occurred. Working with the landlord and where appropriate requiring works to improve the safety and security of the property, using HHSRS and taking formal action where necessary.

- Engaging and working with landlords and managing agents through participation in training events/seminars, regular meetings with the main landlord organisations in the City, and involvement in East Midlands Property Owners (EMPO)'s annual landlord Expo
- Employing a Student Strategy Manager (since 2005). This has led to more co-ordinated work across partner organisations in the City, helping to better support the large student population of the City (many of whom live in the PRS) whilst also ensuring that the interests of permanent residents are safeguarded
- Engagement with residents and community groups at events to promote the work of the Council's Safer Housing team.
- The Nottingham Private Rented Assistance Scheme (NPRAS): This scheme aims to make full use of the PRS as a homelessness prevention tool, as well as a source of suitable accommodation through which full homelessness duties can be discharged.
 - The scheme assists landlords and tenants by
 - Providing a Guarantee Bond in lieu of a deposit for all successful applicants and four weeks rent in advance for those eligible for Housing Benefit.
 - NPRAs Tenants' Passport ensures that the holder is tenancy ready and provides proof that the tenant is being assisted by the scheme to secure a privately rented property.
 - The scheme also offers a range of incentives and support packages to landlords accepting NPRAS clients, including all the benefits of the Nottingham Standard accreditation scheme, updates on changes to Housing Benefit legislation, direct links with the Landlord Liaison team at Housing Benefits, legal advice in relation to tenancies, and referrals to housing related support providers if required
- Rogue Landlord initiative: The Council has benefitted from DCLG's Rogue Landlord funding programme twice, in 2013/14 and in 2015/16. This has enabled the Council and its partners to carry out focused targeting of areas where rogue landlords are operating, often with connections to criminal activity. There have been some very notable successes through this programme:
 - 591 Part 1 Housing Act 2004 and other Environmental Health related enforcement actions taken
 - 238 Extra inspections / raids supported
 - 11 Prosecutions
 - 58 Multi- agency raids
 - 84 landlords trained at dedicated events
 - 34 delegates trained from new and emerging communities
 - Enforcement Officers trained in best practice
 - Improved communications and marketing
- Improved and greater intelligence sharing with Nottinghamshire Police, Nottinghamshire Fire Authority, HMRC, Gangmasters Licensing Authority, Community Voluntary Sector and other Local Government partners.
- 1,866 properties improved in the period 2013 – Sept 2016 through Council Intervention.
- Positive relationships with landlords and tenants and landlord training
- Engagement with the community and voluntary sector

- Social media - The Council website, Facebook (Nottingham Renters) and twitter @Nottmrenters). Since the additional licensing scheme was launched the Safer Housing and Housing Licensing and Compliance team have promoted their twitter and Facebook accounts. They promote activity , housing matters and are particularly used to publicise prosecutions, along with issuing press releases. The aim is to use this to act as a deterrent to other landlords and raise awareness with tenants and landlords of their legal obligations and try to identify other rogue landlords that are operating within the sector. In addition, the Council hosts a strategic housing network called “Nottingham Nouse” which has over 2500 subscribers, including many landlords, tenants and other PRS stakeholders. Through its regular alerts and Twitter feed @nottinghamnouse, housing market and other key information such as legislative change is shared throughout the City.

As can be seen, the Council has taken a wide-ranging approach in order to deal with problems and raise standards in its growing PRS. These initiatives, and work with other partners has ensured that on-going engagement with landlords and two-way communication between landlords and the Council continues to be maintained. However, there are still problems with some landlords and properties (outlined in more detail in Part iv: *The evidence to support the proposal*) which the Council believes can only be further addressed using selective licensing powers alongside existing initiatives and legislative provisions. The Council believes that none of the existing initiatives either individually or collectively have provided an ultimate solution to stem complaints about private rented sector housing, and that making a selective licensing designation will significantly assist it to meet its objectives and strategic priorities .

Existing powers available to the Council are largely reactive, with officers responding to tenants’ complaints. Many tenants are reluctant to complain, through fear of retaliatory eviction and because their personal circumstances make it difficult for them to find alternative accommodation. Although enforcement activity has been successful in remedying problems in individual dwellings, it is not felt to have raised the standard of private sector dwellings generally. Although the voluntary accreditation scheme is helpful in driving up standards, it relies on the willingness of landlords to sign up to it. It is likely, therefore, that conscientious landlords will continue to support the scheme, but that ‘rogue’ landlords will remain difficult to identify, and will avoid joining the scheme, preferring instead to operate with the minimum of regulation “under the radar”.

Conclusion – why Nottingham needs Selective Licensing

The commitment to ensure that every citizen of Nottingham has a good quality home to live in is one of the very highest priorities for the Council in the next three years and beyond. At the present time, there can be no guarantee of this being the case. Although the significant investment in the social housing stock over the past six years to achieve the decent homes standard has given assurance that social tenants are guaranteed a good quality home, the same cannot be said for private tenants. The evidence indicates that the PRS is far less consistent in terms of property standards. Furthermore, the PRS (with the notable exception of a significant number of professional, high performing and compliant landlords) is generally not as well managed and is generating a number of problems in the City’s neighbourhoods.

Over a number of years the Council has developed a wide-ranging strategy to improve its PRS, utilising the powers available to it to the full, and implementing a number of other initiatives, all of which have had their successes. However, the Council still continues to receive a large and disproportionate number of complaints about the PRS. The Council believes, therefore, that it needs to use selective licensing alongside all of its other activity (which will continue), to bring about the significant improvement needed to meet its commitment to ensure all citizens can enjoy a decent quality home.

The guidance states: “Only where there is no practical and beneficial alternative to a designation should a scheme be made”. The Council believes this to be the case.

iv. The evidence to support the proposal

Introduction

This section of the proposal outlines the Council's evidence to support the introduction of the scheme. It outlines the analysis of several data sets and bodies of research to determine where the evidence meets the legal criteria to implement a selective licensing scheme. Selective licensing is intended to address the impact that poorly managed rented properties can have on ASB and / or crime, the local environment and housing conditions. A wide range of datasets as well as current national and local bodies of research were analysed for each of these factors and where possible the analysis was at Lower Super Output Area (LSOA) level. A primary aim of the evidence gathering was to analyse and establish a link between these issues and Private Rented Sector (PRS) properties. The evidence which the Council has collected and analysed shows a need for a selective licensing scheme based on the following conditions:

- A significant and persistent problem caused by anti-social behaviour;
- poor property conditions;
- high levels of deprivation; and
- high levels of crime.

In the case of the last three conditions, the statutory requirements only allow these to be applied where the area in question has a high proportion of property in the private rented sector. Analysis has been undertaken to establish the level and concentration of the private rented sector within the City. This established the baseline for this element of the criteria and identified which areas of the City contained a high proportion of properties in the PRS. It is not however suggested that all areas within the designation meet all four conditions. The conditions have been assessed independently and maps produced showing the areas where they are met. When those maps are overlaid it is clear that the vast majority of the City meets one or more of the conditions. On this basis it is logical, reasonable and appropriate to designate the entire district of Nottingham City Council for the purposes of selective licensing giving a coherent scheme which is easily defined for landlords and tenants alike.

Methodology

The Council has set out to show that the results of the analysis comply with the requirements as detailed in DCLG document *Selective licensing in the private rented sector: A guide for local authorities*. The methodology used aimed to determine whether properties with a high likelihood of being rented out as "houses"¹⁴ to which the Act applies¹⁵ are also likely to be associated with the criteria being tested. Methodological statements have been set out for each of the criteria analysed together with details of the data sets used. In conducting its own research the Council has used the latest available data based on the number of properties identified in the BRE modelling exercise as detailed in *Section ii Introduction - Background to the private rented sector in Nottingham*. Evidence chapter A: High

¹⁴ "house" is defined by s99 of the Housing Act 2004

¹⁵ See s79 of the Housing Act 2004

proportion of property in the private rented sector sets out the methodology the Council has adopted based on this data set in order to establish the location and proportion of the PRS in Nottingham. The Council believes that the estimates provided by BRE are robust and an accurate reflection of the housing stock in Nottingham. Census data does not give a true picture of the PRS as it is based on households and not properties and excludes empty properties. In addition this data is now somewhat out of date. The Council is satisfied that the increases seen based on 2011 household Census data is in line with uplifts from the latest English Housing Survey and the population increases as evidenced in the latest ONS mid-year population estimates.

The City's Crime and Drugs partnership (CDP) on behalf of the Council conducted research into the role of tenure type and the rate of Crime and ASB in Nottingham using 2011 household census data, as this was the latest available at the time and output areas. The CDP report has been used by the Council as secondary evidence and the difference in baseline and geography is discussed in the Council's own analysis against each of these criteria. The Crime and ASB sections of the evidence are, like the other sections, constructed using the BRE property baseline not the census.

In addition the Council conducted qualitative research in conjunction with its partners to establish what issues are faced in different areas of the City in relation to the PRS and also a number of listening and engagement exercises to gather the views of landlords and tenants to help to gather evidence to support its proposal.

Overall, the Council believes there is a robust evidence base to support a scheme of selective licensing. Whilst the Council has set out to establish the existence of problems based on the above criteria it is recognised that analysis of the evidence base included looking at evidence of correlation and not necessarily causation. The Council is satisfied that this statistical analysis when considered alongside other evidence (including reports and views from its officers and other stakeholders, the results of the engagement exercises, and documented reports and complaints) provides a robust evidence base upon which a City wide designation can be supported. In reaching this view the Council has taken into account relevant caselaw¹⁶ which indicates that such an approach is reasonable and lawful.

Summary of Research

The Council conducted initial investigations against each criteria. This preliminary research showed that the City as a whole has a high level of privately rented households which is above the national average and is growing. It was found that there was no evidence to support the need for a scheme based on low housing demand or migration; however, it was concluded that there was sufficient evidence to investigate the other statutory conditions which selective licensing is intended to address.

¹⁶ Regas v London Borough of Enfield; Southern Landlords Association v Thanet

The Council's own area based analysis at LSOA level produced a positive statistically significant correlation¹⁷ between high levels of PRS in an area and poor property conditions, deprivation and crime. The analysis also shows an overall correlation between ASB and the PRS across the City. The Council believes that tenure type is strongly correlated with these criteria. There are however other factors present, for example tenants' age, household composition and an area's population density, that make it problematic for an area based relationship to be viewed as causal.

Crime and Anti-Social Behaviour

In line with national trends, rates of Crime and ASB have been reducing in the City. However, overall, both Crime and ASB can still be seen as significant problems in Nottingham.

Nottingham has higher rates of incidents of ASB compared to the national average. In 2013-2014 Nottingham recorded a rate of 51 incidents per 1000 population compared to an average for England and Wales of 37 per 1000. Whilst numbers of ASB incidents in the Nottingham have reduced between 2014/15 and 2015/16, the rate of incidents per 1000 population in the City remains high at 56. This rate is significantly higher than the other Nottinghamshire Police divisions and the County as a whole (32.8 per 1000). The percentage change was also smaller in this period for the City than for the rest of the County (with the exception of Newark and Sherwood) and was less than both the percentage change for the County as a whole and the average percentage change recorded by Nottinghamshire Police.

Nottingham has a lower rate of crime per number of properties than the average for England and Wales, however when compared to all other local authority districts in the East Midlands it has the highest number of total recorded offences¹⁸. When looking at the Indices of Multiple Deprivation (IMD) for Crime, Nottingham is the most deprived when compared to all other local authority districts in the East Midlands¹⁹. For rates of all recorded crimes for 2015/16, rates are down when compared to 2014/15 for Nottinghamshire and this is predominantly down to the change in the City. However in comparison to the rest of the County, the rate in the city remains high and has significantly higher rates per 1000 population (94.5 compared to the average of 64.5) than the rest of the County. When looking at other major cities, in comparison with other Core cities²⁰ Nottingham ranks 5 out of 8 with a rate of 94.5 incidents per 1000 population. This is slightly above the average of 92.4. It is though significantly above the English average of 66.6²¹

In order to explore if a relationship existed between tenure type, Crime, and ASB, the Council engaged with the City's Crime and Drugs partnership (CDP). The CDP is the City's statutory crime reduction partnership, and is a multi-agency partnership

¹⁷ Probability 'P' value of 0.05 used, meaning that any hypothesis with a P value greater than this has a 95% likelihood of being true. The difference between the 2 groups is unlikely to have occurred because the sample used is atypical. When testing each variable against the hypothesis where the p value is greater than 0.05 this demonstrates there is a positive relationship between the 2 variables and the null hypothesis can be rejected. The strength of the relationship is therefore demonstrated and can be seen to be statistically significant.

¹⁸ LGA Inform Total recorded offences (excluding Fraud) quarterly (crimes)

¹⁹ LGA IMD overall District rank

²⁰ Core English cities - Manchester, City of Bristol, Leeds, Liverpool, Newcastle upon Tyne, Sheffield and Birmingham

²¹ Nottingham Crime & Drug Partnership ASB and crime rates in Nottingham

that works to address issues through the formation of strategies and commissioning of services. The findings of the research have been endorsed by academic colleagues at Nottingham Trent University (NTU), who themselves have published research in this area. The purpose of the study was to explore if an association exists between density of private rented households and crime and anti-social behaviour rates in Nottingham. The study used an area based approach and the analysis was completed on areas with both a high proportion of PRS both including and excluding HMOs²² The study looked at a number of different types of ASB and crime and found that for all categories with the exception of theft the rate of crime or ASB increased in areas with a high proportion of PRS, (regardless of whether HMOs were included or excluded), compared to those with a low proportion.

The study found that:

- The crime and antisocial behaviour rate was significantly higher in areas with a high proportion of private rented households (both including and excluding HMOs), and the rate in these areas was above the overall rate for the City.
- The rate of ASB calls (especially noise related) and rates of crime and specific crimes for outputs areas with a high proportion of private rented households was higher than in the remaining output areas.

The findings of the report are consistent with NTU's own research findings:

- Crime and disorder is not evenly distributed across individuals or areas²³ and that”Recent evidence acknowledges the role of household characteristics and area characteristics in jointly explaining variation in crime, particularly burglary and theft”²⁴
- Private rented status” has been shown to be individually associated with crime and thathigh levels of private rented households is associated with increased risk of personal and property crimes”²⁵

The CDP report concludes:

*Whilst the exact nature of the relationship remains unclear, the evidence outlined in this paper suggests an association between increased crime and anti-social behaviour rates in areas which have a comparatively high proportion of private rented households. Whilst the effect is greatest when HMOs are included as private rented sector households, the effect remains statistically significant when HMOs are removed from the private rented sector category.*²⁶

Further analysis undertaken by the Council looking at LSOAs with a high proportion of private rented sector property (excluding HMOs). Combining the Police data on ASB with the Council's own data concludes there is a positive correlation between the rates of all ASB and noise related ASB and areas with a high proportion of PRS.

²² As indicated in the section on “High proportion of property in the private rented sector” a vast majority of HMOs are unlikely to fall to be licensed under a selective licensing designation. This approach therefore tested whether the correlation applied to the types of property that would fall to be licensed under such a designation.

²³ Pease & Tseloni, 2014

²⁴ Tseloni, 2006

²⁵ Tseloni, Ntzoufras, Nicolaou & Pease, 2010

²⁶ Exploring the role of private rented households on rate of crime and anti-social behaviour in Nottingham, Nottingham Crime & Drugs Partnership May 2016

The strongest correlation is a negative relationship between ASB and owner occupied.

Police data on crime showed that areas with a high proportion of private rented sector properties are almost twice as likely to experience crime as the remainder. 45% (48 out of 88) of the LSOAs with a high proportion were almost twice as likely to experience a crime rate in excess of the City average, with 5 also exceeding the national average. Areas with a high proportion PRS have higher incidences of all types of crime compared to the City overall and to areas with a lower proportion.

This is corroborated by looking at crime as one of the Indices of Multiple Deprivation (IMD). Areas with a higher proportion of PRS have a worse overall performance. Areas with a high proportion of PRS have a worse overall performance than areas with a low proportion, with 58% being in the lower half of the City's rank.

The positive correlation shown in the analysis of the data is borne out in the qualitative evidence which showed problems with PRS properties and complaints about ASB, with 64% of respondents to the online survey reporting problems with ASB that they believed to be associated with the PRS in their area.

Deprivation

Nottingham has high levels of deprivation with 61 of the 182 City's lower super output areas (LSOAs) falling amongst the 10% most deprived in the country, and 110 falling in the 20% most deprived. Overall, Nottingham is the 8th most deprived district in the country. The City ranks much higher than the 3 most local comparator districts of Derby, Sheffield and Leicester, all of which are ranked outside of the top 20. Nottingham scores poorly on all 7 measures of deprivation, but scores particularly poorly on income, health, crime, and poor property conditions. The analysis undertaken by the Council concluded that there is correlation between a high concentration of PRS and IMD ranks for crime, income and poor property conditions. When looking at all IMDs LSOAs with a high proportion of PRS have lower than average performance in at least one of the indices, with 87 of the 88 LSOAs with a high proportion of PRS being in the lower half of the City's ranking in one or more of the domains. Areas with a high proportion of PRS perform particularly badly when it comes to Crime, Barriers to Housing and the Living Environment

The issues that exist in the PRS are often compounded, with areas with a high proportion of PRS often suffering from more than one problem. Overall the analysis undertaken shows there is a positive correlation between the proportion of PRS in an area and rates of both ASB and crime and levels of deprivation, with the majority of areas suffering from issues associated with all 3 of these criteria.

Poor Property Conditions

As stated in section ii *Introduction - Background to the Private Rented Sector in Nottingham*, BRE undertook a series of modelling exercises on the housing stock within the City and whilst the report has a wider remit than poor property conditions in the private rented sector it does provide evidence for this criteria. The report provided by BRE focuses on all private sector stock, which is made up of owner occupied and private rented dwellings. The remainder of the housing stock consists of social housing. The report uses 6 key housing indicators to assess the condition of the housing stock in the City, 4 of which are indicators of poor property conditions.

For all stock The City performs worse than the English Housing Survey average for England in all indicators (with the exception of excess cold which is slightly better). Focusing on the tenures within the private sector stock, the private rented stock is worse than the owner occupied stock across all housing condition indicators. The Council's own analysis of the data concluded that the PRS has a disproportionate incidence of all the categories of deficiencies and the rate of incidence per property is highest in the PRS. The BRE data showed that properties in the private rented sector were more than twice as likely to experience disrepair as those in owner occupation, and those properties in LSOAs with a high proportion of private rented sector property are more than twice as likely to experience issues of disrepair as LSOAs with a lower proportion. The Council's own data on reports of property disrepair showed that for every 3 reports made in LSOAs with a high proportion of PRS, there would be 2 made in areas with a low proportion.

The Council also sought out the views of landlords and tenants. Evidence from tenants showed poor property conditions to be an issue, particularly with delays to repairs being carried out or not being carried out at all. Landlords are sometimes slow to respond to complaints and there was felt to be a lack of ownership of problems. This was borne out in the discussions with the multi-agency Neighbourhood Action Teams (NATs)²⁷ who found it difficult to track down landlords and get issues resolved. 60% of respondents to an online questionnaire reported poor property conditions associated with the PRS to be an issue, with properties in the PRS being in a poor state of repair or empty for a long period of time. This contributed to the area looking unkempt was felt to be contributing to the overall decline of an area and inviting further instances of ASB and Crime

Tenants and NATs felt that a scheme would combat the issues identified with the PRS in the City and in particular would help to resolve problems with ASB and disrepair in the area. Landlords were also overall broadly in favour of a scheme as they too recognised that there are issues with some landlords.

Conclusion

In arriving at the proposed designation the Council has closely followed the requirements of the legislation and the accompanying guidance issued by DCLG. No blanket-approach has been taken to making an authority-wide designation. An area-by-area approach has been taken, with different conditions being met in different parts of the City. The evidence for the various conditions taken as a whole shows that the designation is both justifiable and necessary.

²⁷ Neighbourhood Action Teams comprise representatives of the Police, the Council, Nottingham City Homes and other stakeholders with an interest in dealing with issues in neighbourhoods. There is a NAT in each ward of the City.

Detailed evidence to support the proposal

The following sections show the statistical analysis for each of the conditions on which the Council believes a designation of selective licensing is justified; together with a summary of the evidence and analysis of the qualitative evidence collected by the Council

- A. High proportion of property in the private rented sector**
- B. A significant and persistent problem caused by anti-social behaviour**
- C. Poor property conditions**
- D. High levels of deprivation**
- E. High levels of crime**
- F. Summary of Evidence**
- G. Qualitative evidence to support the proposal**

A. High proportion of property in the private rented sector

Establishing the level and concentration of private rented sector properties in Nottingham

The methodology used to establish the location and proportion of private rented sector properties in Nottingham was based on a Lower Super Output Area (LSOA) level breakdown of BRE’s stock and tenure figures for 2016, figures that matched Local Land and Property Gazetteer (LLPG) records to Experian data for tenure as well as Council held data regarding social housing and HMOs.

The private rented sector figures for each LSOA were adjusted in line with the Selective Licensing Guidance²⁸ (herein referred to as Guidance) in order to capture the relevant properties and thresholds more accurately.

The baseline tenure split for Nottingham is as follows:

Tenure	Number	%
Owner Occupied	56416	41%
Social Rented	35619	26%
Private Rented	43364	32%
<i>Of which HMO</i>	7748	6%
Total	135,399	100%

The four statutory conditions which allow for selective licensing specified in the 2015 Order²⁹ (housing conditions, migration, deprivation and crime) can only be considered where:

- The area contains a high proportion of properties in the private rented sector in relation to the number of properties in the area and
- Those properties are occupied under either assured tenancies or licences to occupy

There is no statutory definition of what constitutes a “high proportion” and it is therefore open to the Council to make its own reasonable determination having regard to the Guidance:

“Nationally the private rented sector currently makes up 19% of the total housing stock in England. The actual number of privately rented properties in a given area may be more or less than this, and if it is more than 19%, the area can be considered as having a high proportion of privately rented properties. 19% is the figure as of March 2014. This figure will vary from time to time, so local authorities are strongly advised to consult the latest available English Housing Survey when considering whether an area has a high proportion of privately rented properties”

This was taken as the starting point for the assessment for what constituted a “high proportion” however, as with any guidance it is not legally binding and the Council,

²⁸

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/418551/150327_Guidance_on_selective_licensing_applications_FINAL_updated_isbn.pdf

²⁹ http://www.legislation.gov.uk/ukdsi/2015/9780111131435/pdfs/ukdsi_9780111131435_en.pdf

so long as regard is had to it, may depart from that guidance if it has good reason to do so. The Council has taken the following approach:

BRE stock figures:

The BRE matched 135,399 LLPG residential property records to tenure information provided by Experian in September 2016.

The LLPG records included properties with the following residential property classifications:

RD	Residential Dwellings
RD02	Residential Dwellings, Detached
RD03	Residential Dwellings, Semi-detached
RD04	Residential Dwellings, Terraced
RD06	Residential Dwellings, Flats
RD08	Residential Dwellings, Sheltered Accommodation
RH01	Houses in Multiple Occupation (shared houses)
RH02	Residential Dwellings, Houses in Multiple Occupation (self-contained Bedsits or flats resulting from property subdivision)

The LLPG records excluded the following residential property classifications

RI01	Residential, Residential Institutions, Care/Nursing Home
RI02	Residential, Residential Institutions, Communal Residential
RI03	Residential, Residential Institutions, Residential Education

Of these 135,399 properties, 43,364 were identified as private rented tenure via BRE’s methodology and this figure will be used as the baseline for the stock of private rented property in the City.

Houses in Multiple Occupation

Selective Licensing schemes provide for the regulation of “houses” as defined by section 99 of the Housing Act 2004. Most HMOs as defined by section 254 of the Act are unlikely to fall within the definition of a “house”.

Furthermore, Houses in Multiple Occupation (HMOs hereafter) that are licensed under the Council’s existing Additional and Mandatory licensing schemes would not be required to be licensed under selective licensing (section 85 of the Act).

HMOs have therefore been omitted from the private rented sector totals when calculating the proportion of properties comprised by private rented tenure in an

area. All licensed, licensable and known/suspected HMOs currently outside of licensing scheme were subtracted from the total number of private rented sector properties for each LSOA.

HMOs licensable under section 257 of the Housing Act 2004 (i.e. properties that have been subdivided into self-contained flats pre 1991 building regulations), were not been included as HMOs in this regard nor were they been subtracted from the total number of private rented properties. Though they require a licence under additional licensing schemes, section 257 properties do not comprise a habitable unit in of themselves and where the flats were recorded as HMOs also, would have meant double counting.

Council records indicate 7,748 HMOs (as per the above parameters) in Nottingham, which accounts for 6% of Nottingham's housing overall and 18% of Nottingham's private rented stock.

89% of HMOs in Nottingham are already subject to either mandatory or additional licensing schemes.

ANUK Properties

ANUK (Accreditation Network UK) accredited properties are purpose built student properties in a parent block/building. Properties can be in single (studio flat) or multiple (cluster flat) occupation.

Though the buildings are occupied solely by students, they are privately rather than institutionally operated and therefore do not meet with the specified exemptions for student occupied buildings under Selective Licensing.

The properties are included in BRE's baseline having been classed as residential flats (RD06) rather than as intuitionally owned and operated halls of residence (RI02/03).

ANUK accredited cluster flats fall under the definition of HMO for Additional Licensing, though the Council has exercised the discretion made available to it and exempted these properties from the Additional Licensing Scheme. As HMOs, they are also exempt from Selective Licensing.

There are 3,927 records contained in BRE's list of private rented addresses that correspond to properties in ANUK accredited student schemes.

Of these, it appears that approximately, 60% are studio, single or dual occupancy properties that would be licensable under selective licensing.

All ANUK properties have remained included in the baseline figures that determine a high proportion of private rented sector properties and in the criteria data on account of licensable properties being collocated with those that are exempt.

Assured Shorthold and Regulated Tenancies

Assured Shorthold tenancies are the most common form of contract in the private rented sector and, along with properties let under licence, are licensable under a selective licensing scheme.

The main, documented alternative to assured shorthold tenancies and licences is regulated tenancies; tenancies which were established prior to 1991 and which have not been re-let since, whereby they would default to an assured shorthold tenancy.

Valuation Office records at June 2016 showed 470 properties in Nottingham City were let by private providers/individuals on regulated tenancies, the equivalent of 1% of the private rented stock, indicating that 99% of the private rented sector in Nottingham will be let subject to a tenancy agreement or licence compatible with selective licensing.

Given the very low occurrence of regulated tenancies and their continued phasing out, no adjustment was made to the baseline as a result.

Threshold for “high proportion”

The English Housing Survey 2014/15 established that the private rented sector comprised 19%³⁰ of housing nationally, however this figure did not distinguish between single and multiply occupied properties, as a Selective Licensing scheme must.

The survey’s headline report identified that 14% of all households resided in multi person households³¹, and this is deducted from the overall figure of 19%. Given the likelihood that the majority of multi-person households will reside in the private rented sector this was considered to be a reasonable adjustment

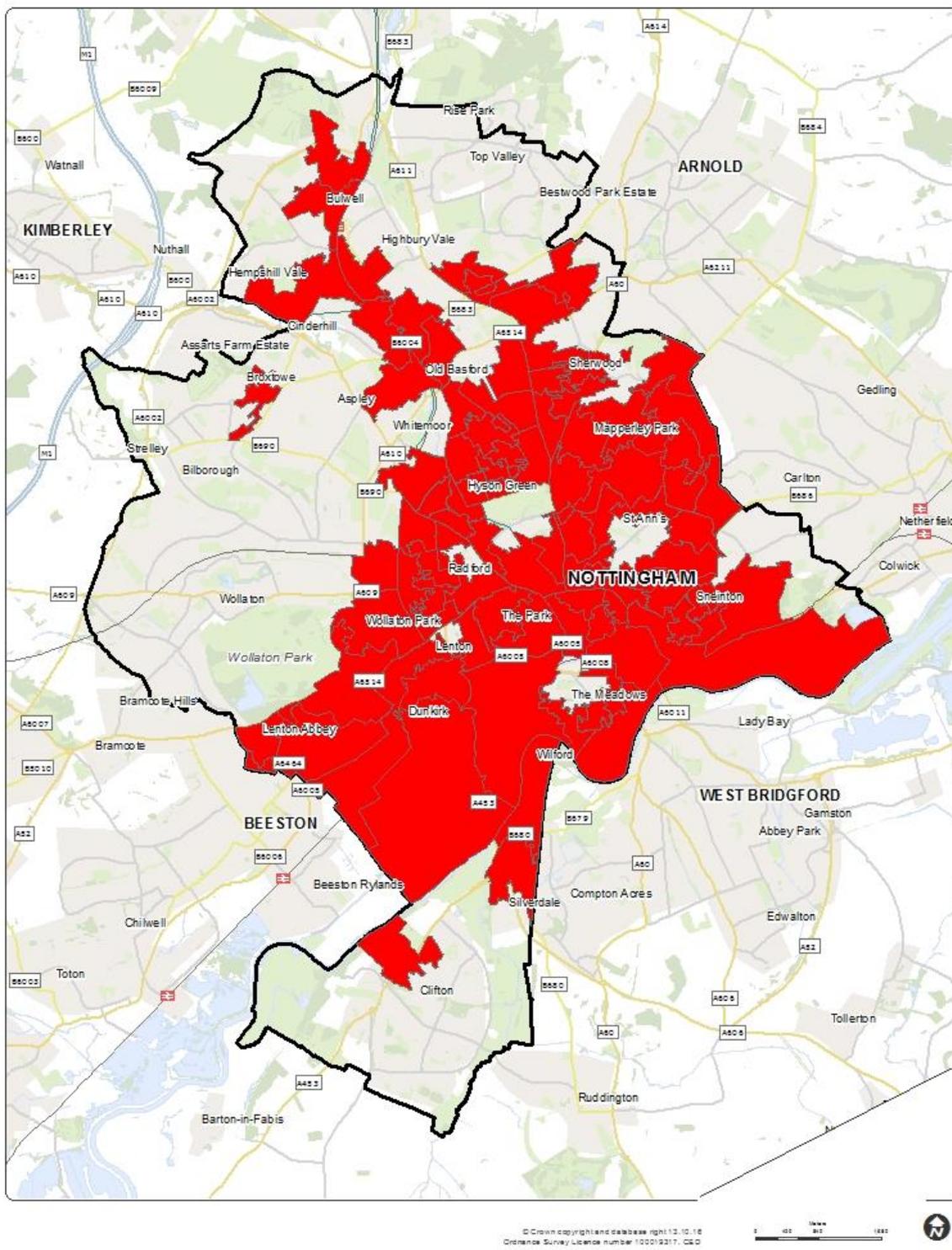
For the purposes of this evidence report therefore, LSOAs where private rented sector properties (excluding HMOs) comprise 16.3% or more of the total residential properties, were considered to have a high proportion of private rented sector property and be eligible for examination against the four statutory conditions outlined previously.

³⁰ English Housing Survey Headline Report 2014-15 Section 1: Tables, Figures and Annex Tables, Annex Table 1.1: Trends in tenure, 1980 to 2014-15

³¹ English Housing Survey Headline Report 2014-15, p.11

88 of Nottingham's 182 LSOAs have a high proportion of private rented sector properties using this methodology as identified on the map below.

Nottingham LSOAs with High Proportion of Private Rented Sector Properties



-  LSOA with 16.3%+ Private Rented Sector excluding HMOs
-  City Boundary



B. Anti-Social Behaviour

Introduction & Method

Local Authorities may include in a selective licensing designation an area that is suffering from a significant and persistent problem caused by anti-social behaviour (ASB), where some or all private sector landlords in the area are failing to take appropriate action to combat it and it is felt that the making of the designation will (together with other measures) lead to a reduction in the problem. This section of the evidence report looks at the geographic coincidence of reported antisocial behaviour against the location of private rented sector property and the correlation between rates of reported ASB and the prevalence of housing tenures.

LSOAs that have an ASB or noise-related ASB rate above the City average for either the Police or Nottingham City Council data sets will be considered as suffering from significant and persistent issue of ASB.

As the residential property baseline (2016) data does not overlap chronologically with either the Police or Council’s ASB datasets, which cover 2013 -15, and the amount of private rented sector property has increased, it is reasonable to assume that the rates of ASB are a conservative representation or even an underrepresentation of current levels.

Police Data:

All ASB

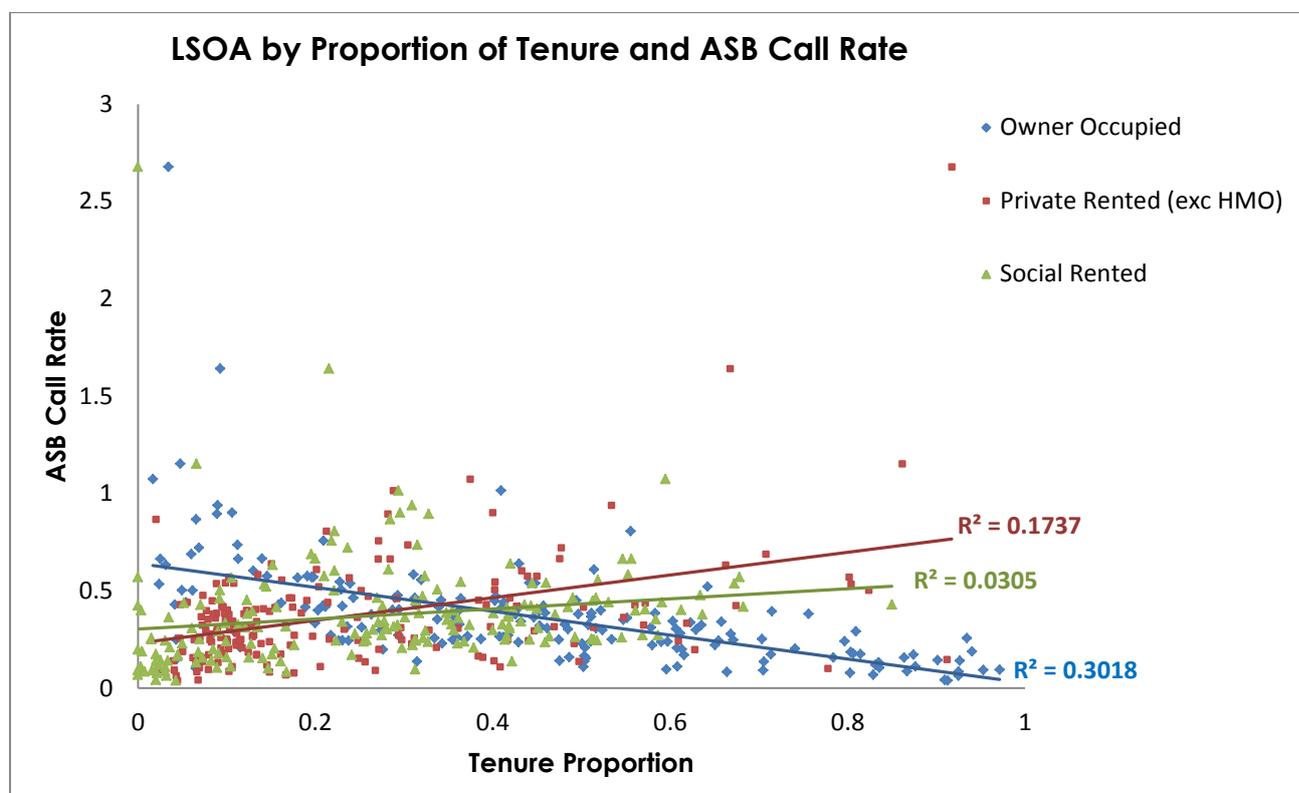
Nottinghamshire Police recorded 51,580 calls regarding ASB in Nottingham between January 2013 and December 2015. Dividing the calls recorded over this period by number of properties (baseline 2016) gives a per property rate of 0.38. On average, this means 1 call per 3 properties.

Splitting the LSOAs between those with a high proportion of Private Rented Sector properties (single occupancy private rented comprises 16.3% or more of total stock) and the remainder with a lower proportion, found that on average for every 2 calls made in an LSOA with a low proportion of PRS, 3 would be recorded in an LSOA with a high proportion of PRS.

	ASB Calls	No. Properties	Rate	Rate Ratio
Nottingham City	51580	135099	0.38	
High Proportion PRS LSOA	32746	71715	0.46	1.53
Low Proportion PRS LSOA	18834	63684	0.30	

A regression analysis of the rate of ASB calls per property over the period and proportion of the three main tenures, showed a positive correlation to be between the rate of ASB calls and the proportion of private rented properties in a LSOA. The strongest correlation overall was negative between the rate of ASB calls and the proportion of owner occupied properties. Both correlations were Statistically Significant.

The analysis showed that 17% of the variance in the rate of ASB calls can be attributed to the proportion of private rented sector property and that for every unit increase in the proportion of private rented properties, ASB would increase by 0.58 units.



Correlation with rate of ASB calls:

Tenure	R squared	Coefficient	Slope	p-value
Private Rented (exc. HMOs)	0.17	0.23	0.58	4.86E-09*
Owner Occupied	0.30	0.63	-0.60	9.73E-16*
Social Rented	0.03	0.30	0.25	0.02

*Statistically significant <0.05

Noise related ASB

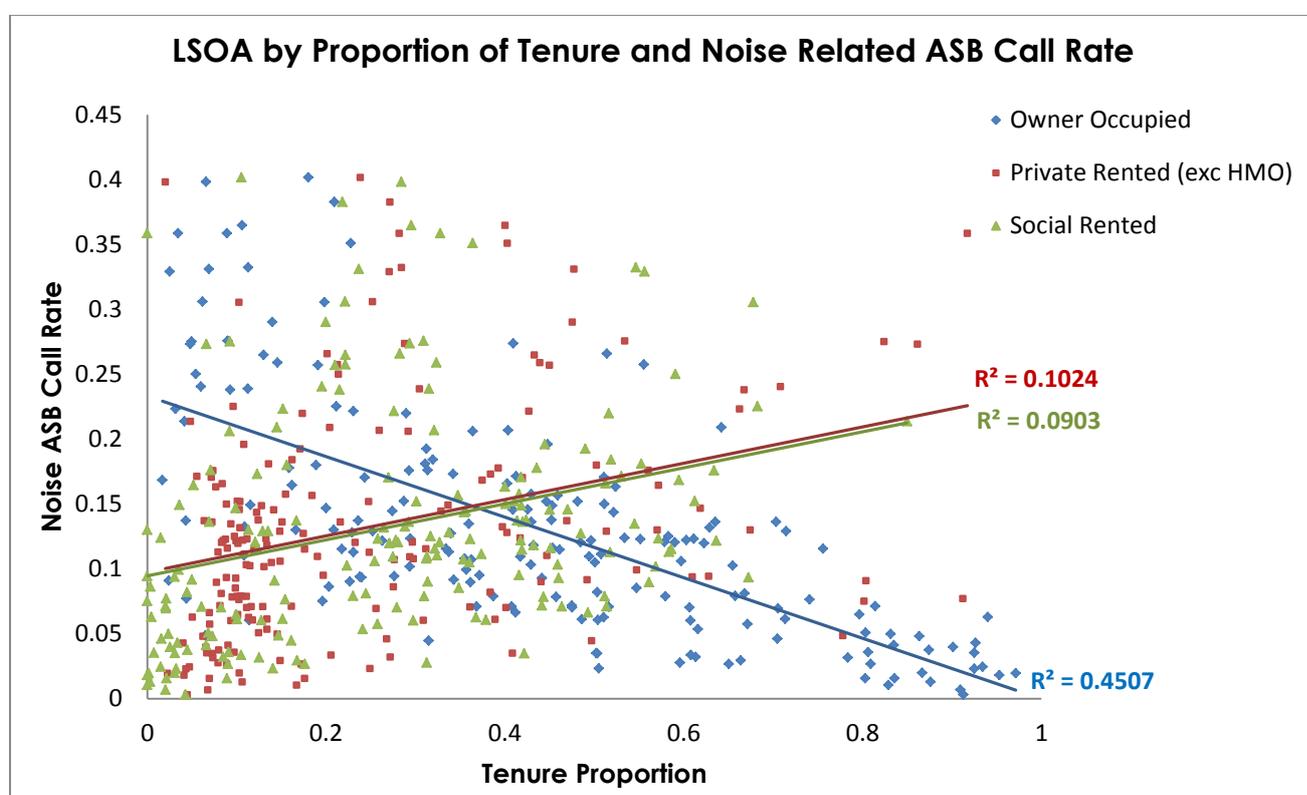
Nottinghamshire Police recorded Nottinghamshire Police recorded 18,350 calls regarding Noise related ASB in Nottingham between January 2013 and December 2015. Dividing the calls recorded over this period by number of properties (baseline 2016) gives a per property rate of 0.14. On average, this means 1 call per 7 properties.

Splitting the LSOAs between those with a high proportion of Private Rented Sector properties and the remainder with a lower proportion, found that on average for every 3 calls made in an LSOA with a low proportion of PRS, 5 would be recorded in an LSOA with a high proportion of PRS.

	Noise ASB Calls	No. Properties	Rate	Rate Ratio
Nottingham City	18,350	135,399	0.14	
High Proportion PRS LSOA	11,559	71,715	0.17	1.70
Low Proportion PRS LSOA	6,791	63,684	0.10	

A regression analysis of the rate of noise related ASB calls per property over the period and proportion of the three main tenures, showed a positive correlation between the rate of noise related ASB calls and the proportion of private rented properties in a LSOA. The strongest correlation is negative one between the rate of noise related ASB calls and the proportion of owner occupied properties. Both correlations were statistically significant.

The analysis showed that 10% of the variance in the rate of ASB calls can be attributed to the proportion of private rented sector property and that for every unit increase in the proportion of private rented properties, noise related ASB would increase by 0.14 units.



Correlation with rate of noise related ASB calls:

Tenure	R squared	Coefficient	Slope	p-value
Private Rented (exc. HMOs)	0.10	0.10	0.14	1.07E-05*
Owner Occupied	0.45	0.23	-0.23	3.37E-25*
Social Rented	0.09	0.09	0.14	3.78E-05*

*Statistically significant <0.05

Crime and Drugs Partnership Report³²

A 2016 Nottingham CDP report concluded “that a positive correlation exists between the proportion of households in the private rented sector and the rate of crime and antisocial behaviour”

The report looked at the rate of calls made to Nottinghamshire Police regarding ASB over the 36 months of January 2013 to December 2015, but is instead broken down to Output Area (OA) and correlated with the proportion of private rented sector households per the 2011 Census. The report defined high proportion of private rented as 16.6% of households (excluding HMOs)

The report found that:

- The crime and antisocial behaviour rate was significantly higher in output areas with a proportion of private rented households above the City average compared to other output areas
- A one percentage increase in private rented households (excluding HMOs) is expected to increase anti-social behaviour by 7%.
- The rate of noise related ASB calls for outputs areas with a high proportion of private rented households was 1.31 times higher than the remaining output areas.

ASB reported to Nottingham City Council:

All ASB

Nottingham City Council recorded 22,743 reports of ASB in Nottingham between January 2013 and December 2015; a combination of FLARE,³³ Nottingham City Homes and Community Protection Notices and Warnings. Dividing the reports recorded over this period by number of properties (baseline 2016) gives a report per property rate of 0.17, equivalent to 1 report per 6 properties.

Splitting the LSOAs between those with a high proportion of Private Rented Sector properties and the remainder with a lower proportion, found that on average for every 2 reports made in an LSOA with a low proportion of PRS, 3 would be recorded in an LSOA with a high proportion of PRS.

	ASB Reports	No. Properties	Rate	Rate Ratio
Nottingham City	22,743	135,399	0.17	
High Proportion PRS LSOA	14,259	71,715	0.20	1.53
Low Proportion PRS LSOA	8,484	63,654	0.13	

A regression analysis of the overall rate of ASB reports and proportion of private rented sector property (excluding HMOs), showed a positive correlation indicating that for every unit increase in private rented sector properties, ASB increased by 0.13 units.

³² Keenan. C , Exploring the role of private rented households on rate of crime and anti-social behaviour in Nottingham, May 2016

³³ Flare is the Council's database that supports a range of services provided by Environmental Health and Safer Housing including service requests made by citizens and online applications for licences

Tenure	R squared	Coefficient	Slope	p-value
Private Rented (exc. HMOs)	0.07	0.12	0.13	0.0002

*Statistically significant <0.05

Of these reports, 11,377 pertained to private, single occupancy properties³⁴, a per property rate of 0.12.

Splitting the LSOAs between those with a high proportion of private rented sector properties and the remainder with a lower proportion found that on average, for every 3 reports made in a LSOA with a low proportion of private rented property, 5 would be made in a LSOA with a high proportion.

	ASB Reports	No. Properties	Rate	Rate Ratio
Nottingham City	11,377	92,032	0.12	
High Proportion PRS LSOA	7,463	49,825	0.15	1.67
Low Proportion PRS LSOA	3,914	42,207	0.09	

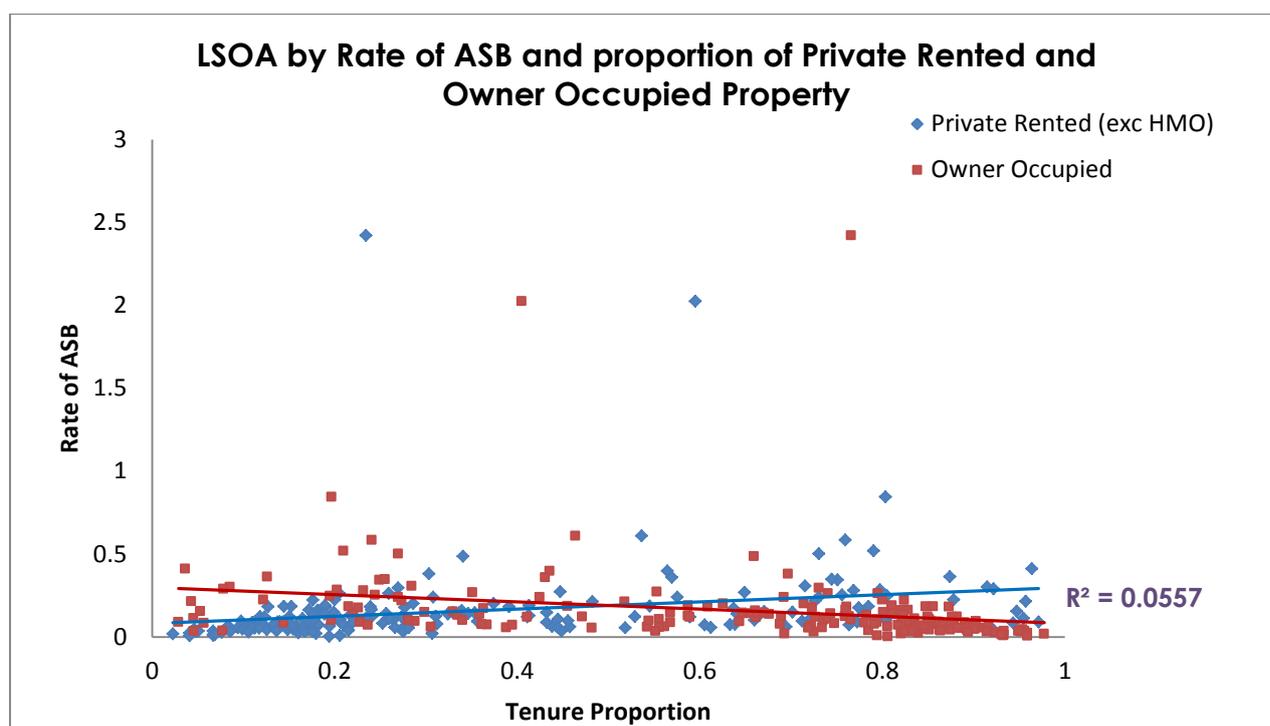
A simple regression analysis comparing the rate of ASB pertaining to single, private occupancy properties to the relative proportions of owner occupied and private rented (excluding HMO) property in a LSOA, showed that for every unit increase in the proportion of private rented property and owner occupation, ASB would increase or decrease by 0.22 unit respectively.

Correlation with rate of ASB reports:

Tenure	R squared	Coefficient	Slope	p-value
Private Rented (exc. HMOs)	0.06	0.08	+/- 0.22	0.001*
Owner Occupied		0.27		

*Statistically significant <0.05

³⁴ Data available at address point. Private sector (owner occupied and private rented) derived by removing social rented and HMO addresses.



Noise related ASB

Of the 22,743 recorded reports of ASB, 10636 (48%) were noise related. Dividing the reports recorded over this period by number of properties (baseline 2016) gives a per property rate of 0.08. On average, this means 1 report per 13 properties.

Splitting the LSOAs between those with a high proportion of Private Rented Sector properties and the remainder with a lower proportion, found that on average for every 3 reports made in an LSOA with a low proportion of PRS, 4 would be recorded in an LSOA with a high proportion of PRS.

	Noise ASB Reports*	No. Properties*	Rate	Rate Ratio
Nottingham City	10636	135399	0.08	
High Proportion PRS LSOA	6170	71715	0.09	1.28
Low Proportion PRS LSOA	4466	63864	0.07	

A simple regression analysis of the overall rate of noise related ASB reports and proportion of private rented sector property (excluding HMOs), showed a positive correlation indicating that for every unit increase in private rented sector properties, ASB increased by 0.04 units.

Tenure	R squared	Coefficient	Slope	p-value
Private Rented (exc. HMOs)	0.06	0.07	0.04	0.0004

*Statistically significant <0.05

Of the 10,636 reports of noise related ASB, 5,541 pertained to private, single occupancy properties³⁵, a per property rate of 0.06

³⁵ Data available at address point. Private sector (owner occupied and private rented) derived by removing social rented and HMO addresses.

Splitting the LSOAs between those with a high proportion of private rented sector properties and the remainder with a lower proportion found that on average, for every 5 reports made in a LSOA with a low proportion of private rented property, 6 would be made in a LSOA with a high proportion.

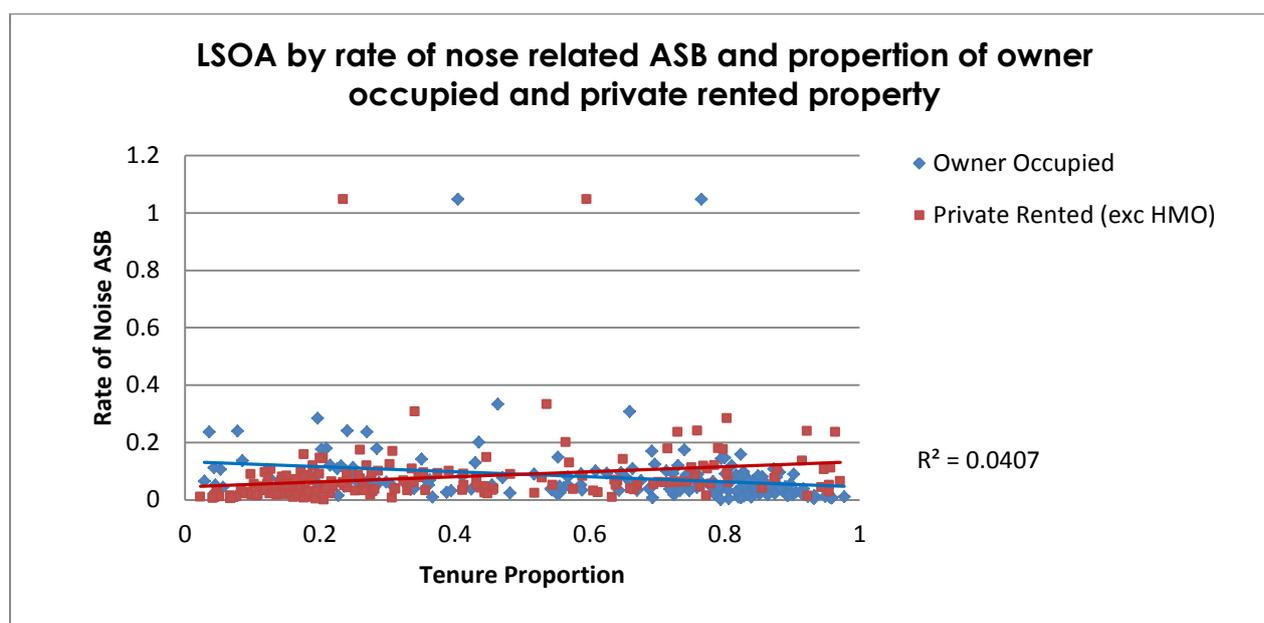
	ASB Reports	No. Properties	Rate	Rate Ratio
Nottingham City	5,541	92,032	0.06	
High Proportion PRS LSOA	3,345	49,825	0.07	1.2
Low Proportion PRS LSOA	2,106	42,207	0.05	

A simple regression analysis comparing the rate of Noise related ASB pertaining to single, private occupancy properties to the relative proportions of owner occupied and private rented (excluding HMO) property in a LSOA, showed that for every unit increase in the proportion of private rented property and owner occupation, ASB would increase or decrease by 0.08 unit respectively.

Correlation with rate of ASB reports:

Tenure	R squared	Coefficient	Slope	p-value
Private Rented (exc. HMOs)	0.04	0.05	+/- 0.08	0.006*
Owner Occupied		0.13		

*Statistically significant <0.05



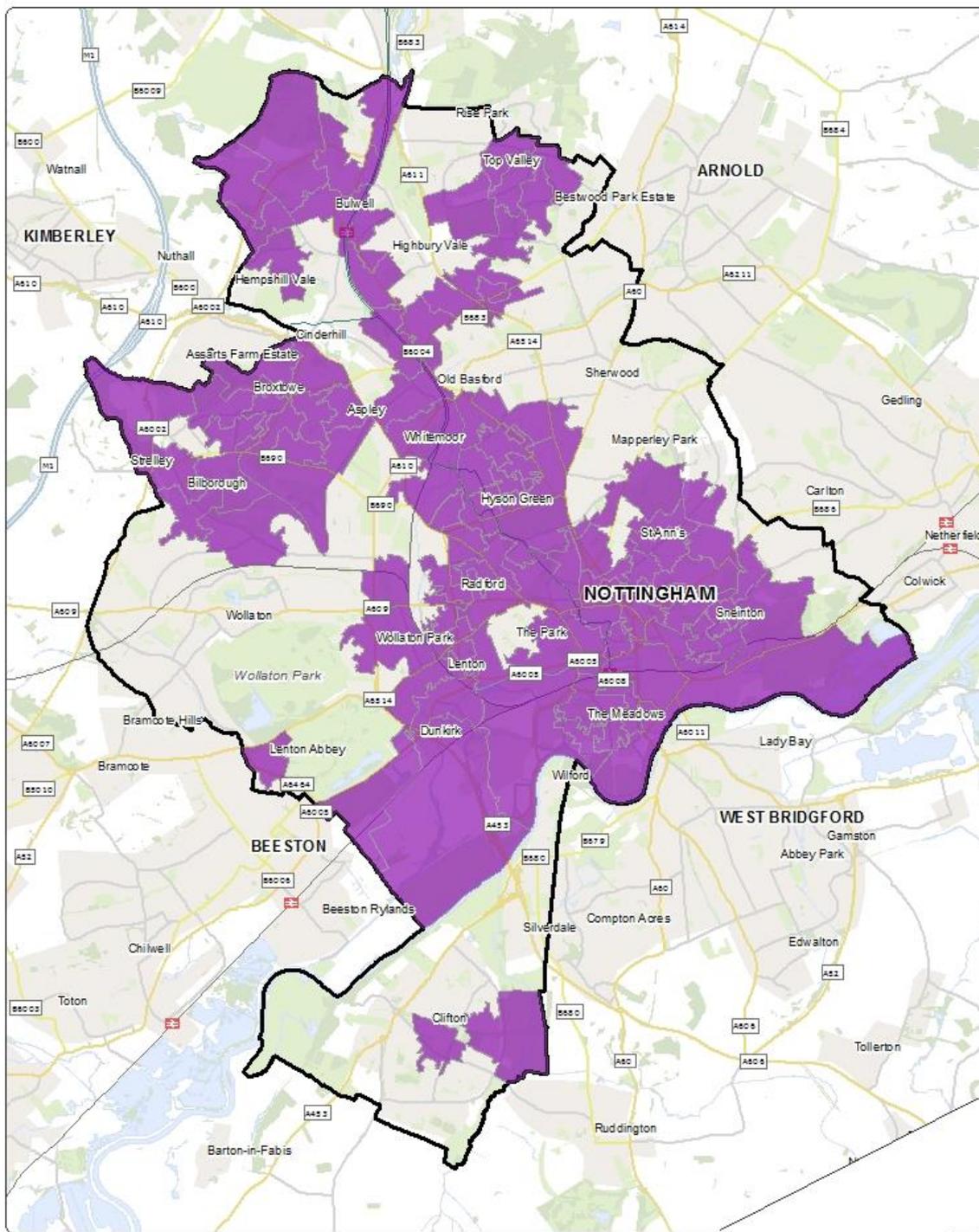
LSOAs meeting Criteria:

102 LSOAs experienced an above City average rate of ASB or noise related ASB according to either or both of the Nottingham City Council and Nottinghamshire Police data sets.

Above Nottingham Average Rate for:	No. LSOA with High Proportion PRS
Nottingham City Data:	
<i>ASB</i>	76
<i>Noise ASB</i>	24
Nottinghamshire Police Data:	
<i>ASB</i>	72
<i>Noise ASB</i>	63

Of the 38 LSOAs with an above average rate of ASB but without a high proportion of private rented property, the private rented sector (excluding HMOs) comprises between 2% and 16.2% of the overall housing stock. For 3 of the included LSOAs, the private rented sector levels excluding HMOs is low because HMOs comprise 55%, 88% and 97% of the LSOAs' private rented stock.

Nottingham LSOAs with above average ASB



- LSOA with above average ASB
- City Boundary



C. Poor Property Conditions

Introduction & Method

Local Authorities may include in a selective licensing designation an area that has a high proportion of private rented sector property and where a review of housing conditions has indicated that it would be appropriate to inspect a significant number of properties for Category 1 and 2 Housing Health and Safety Rating System (HHSRS hereafter) hazards, and that a selective licensing scheme would significantly assist the undertaking of these inspections and the pursuit of subsequent enforcement action.

This section of the evidence report has looked at the geographic coincidence of reported property disrepair, poor conditions and hazards against the location of private rented sector property and the correlation between incidence rates and the prevalence of private rented sector using both Nottingham City records and survey information from Nottingham's Stock Condition Survey.³⁶

The guidance indicates that in the context of the statutory test a "significant number" means more than a small number although it does not have to be a majority of the private rented property. Therefore LSOAs that have a high proportion of private rented properties (excluding HMOs) and a the rate of property condition problems or deficiencies in the private rented sector that exceeds the rate for the City's stock overall will be considered as suffering from poor property conditions and considered worthy of inspection.

Poor Property Conditions reported to Nottingham City Council:

Nottingham City Council received 7,106 service requests regarding property disrepair or poor/sub standards between 2009 and 2015, of which two-thirds (4,717) were attributed to private, residential properties that were not HMOs.

Properties with a recorded usage as a HMO, category of complaint pertaining to HMOs or non-residential premises were excluded. No social or registered provider addresses were contained in the reports.

Requests concerned disrepair, urgent disrepair, general conditions and damp and mould and were collated by LSOA then divided by the number of private residential properties in that LSOA (excluding HMOs) to give a rate of 0.05 or 1 report per 20 properties.

These requests provide an indication that a property would require an inspection as to the presence of category 1 and 2 HHSRS hazards.

Comparing LSOAs with a high proportion of private rented sector property against those with an average or low proportion showed that for every 2 requests made in the latter, 3 would be made in the former.

³⁶ BRE PSSCS 2016

	Service user requests	No. Properties	Rate	Rate Ratio
Nottingham City	4,717	92,032	0.05	
High Proportion PRS LSOA	3,223	49,825	0.06	1.5
Low Proportion PRS LSOA	1,494	42,207	0.04	

A simple regression analysis comparing the rate of service requests pertaining to single, private occupancy properties to the relative proportions of owner occupied and private rented (excluding HMO) property in a LSOA, showed that for every unit increase in the proportion of private rented property and owner occupation, disrepair reports would increase or decrease by 0.07 unit respectively.

Correlation with rate of Poor Property Condition service requests:

Tenure	R squared	Coefficient	Slope	p-value
Private Rented (exc. HMOs)	0.12	0.03	+/- 0.07	1.41E-06
Owner Occupied		0.10		

*Statistically significant <0.05

BRE Report

The survey data from the BRE Report detailed the incidence or projected incidence of All Category 1 HHSRS Hazards, Category 1 HHSRS Fall Hazards, Category 1 HHSRS Excess Cold Hazards and Disrepair.

The data and report provides the City with its most recent review of property conditions and will focus efforts to address HHSRS hazards and disrepair and support a risk-based inspection programme.

Disrepair was determined as properties projected; on account of their age and building (walls, roofs) or utility (heating) components; to fail Decent Homes Standard criteria and therefore not be in a reasonable state of repair.

The Private Rented Sector, at 32% of the overall housing stock, has a disproportionate incidence of all the aforementioned deficiencies and rate of incidence per property is also highest in the Private Rented Sector.

Distribution of incidence by tenure:

	Owner Occupied	Private Rented	Social Rented
% Tenure	42%	32%	26%
% All Category 1 Hazards	45%	41%	14%
% Category 1 Hazards Falls	46%	41%	12%
% Category 1 Hazards Excess Cold	43%	46%	11%
% Disrepair	33%	57%	10%

Rate of incidence by Tenure:

	All Stock	Owner Occupied	Private Rented	Social Rented
All Category 1 Hazards	0.17	0.18	0.21	0.09
Category 1 Hazards Falls	0.12	0.14	0.16	0.05
Category 1 Hazards Excess Cold	0.03	0.03	0.04	0.01
Disrepair	0.08	0.06	0.14	0.03

The data showed that for every HHSRS or HHSRS fall hazard occurring in owner occupied properties 1.18 would occur in private rented properties, roughly equivalent to 5 hazards for every 6 respectively.

The data also showed that properties in the private rented sector were more than twice as likely to experience disrepair as those in owner occupation at a rate of 1:2.33, meaning that for every 3 owner occupied properties experiencing disrepair, 7 would be in disrepair in the private rented sector.

Comparing the overall incidence of the 4 indicators with LSOAs with a high proportion of Private Rented Sector Property (excluding HMOs) and the remainder, showed that properties in LSOAs with a high proportion of private rented sector property are more than twice as likely to experience issues of disrepair than LSOAs with a lower proportion and 1.5 times as likely to experience Excess Cold.

LSOA comparison rate of incidence in all stock:

	High Proportion PRS LSOA	Low Proportion PRS LSOA	Rate Ratio
All Category 1 Hazards	0.19	0.14	1.36
Category 1 Hazards Falls	0.14	0.11	1.27
Category 1 Hazards Excess Cold	0.03	0.02	1.5
Disrepair	0.11	0.05	2.2

Conducting the same comparison but for private rented sector properties only (i.e. the rate for the private rented stock only) however, showed a less variation in per property rate with the exception of Excess Cold.

This suggests that private rented sector properties are more likely to experience housing condition issues or problems as a result of tenure not as a result of tenure concentration, though incidence at LSOA level is positively correlated to the proportion of private rented sector property in that area.

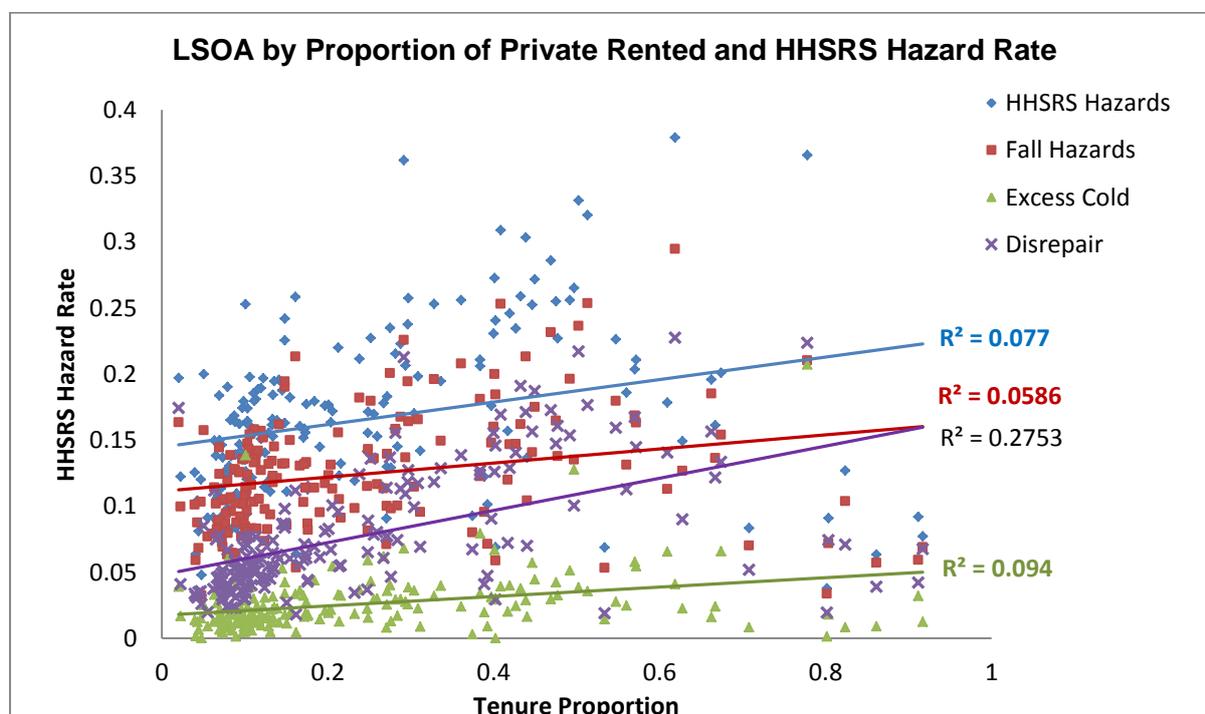
LSOA comparison rate of incidence in private rented sector:

	High Proportion PRS LSOA	Low Proportion PRS LSOA	Rate Ratio
All Category 1 Hazards	0.22	0.20	1.1
Category 1 Hazards Falls	0.16	0.16	1
Category 1 Hazards Excess Cold	0.04	0.02	2
Disrepair	0.14	0.11	1.27

Correlation between Proportion of Private Rented Sector Property and Incidence of property conditions problems:

	R square	Coefficient	Slope	p-value*
All Category 1 Hazards	0.08	0.14	0.09	0.00015
Category 1 Hazards Falls	0.06	0.11	0.05	0.00099
Category 1 Hazards Excess Cold	0.09	0.02	0.04	2.56E-05
Disrepair	0.28	0.04	0.12	2.89E-14

*Statistically significant <0.05

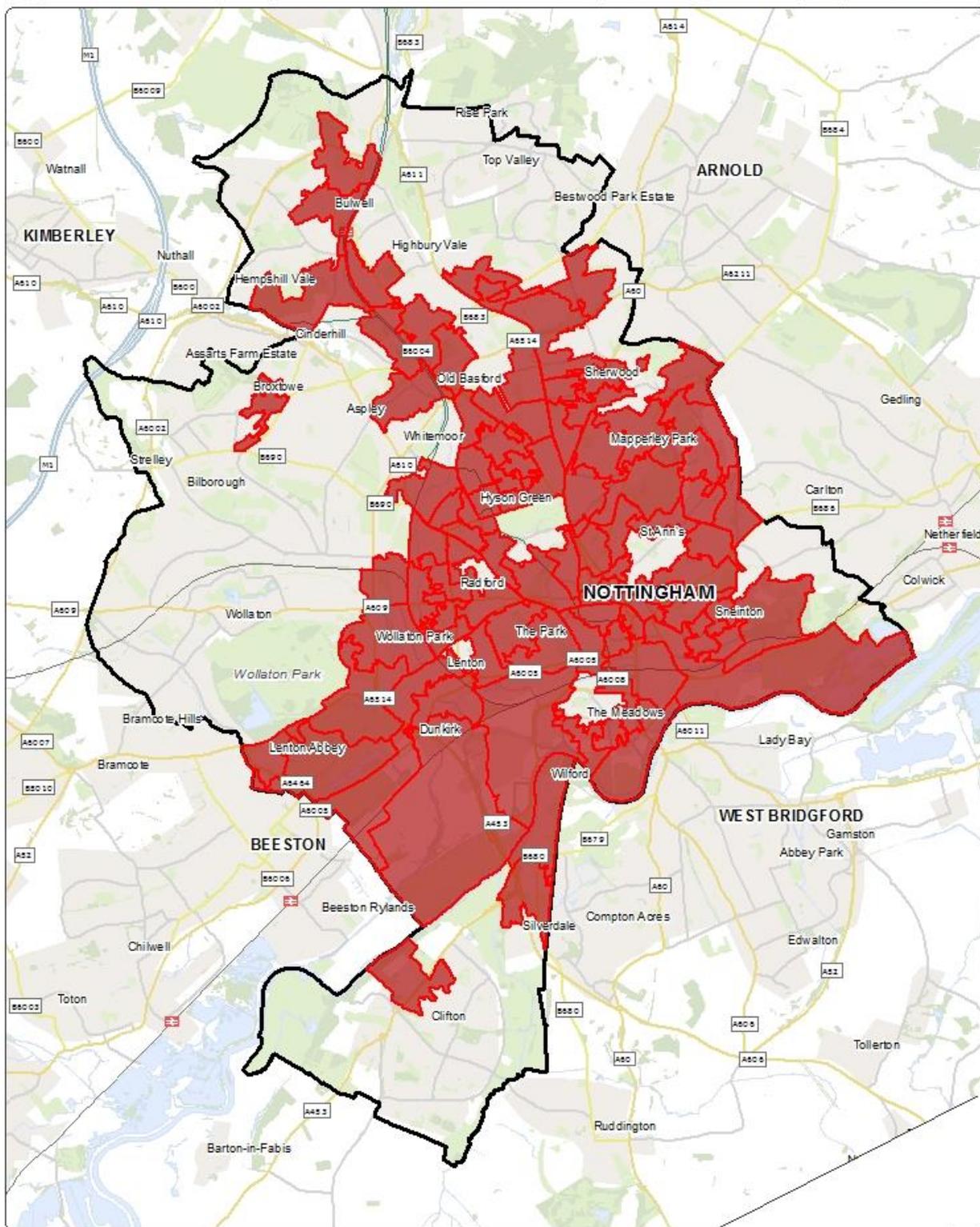


LSOAs meeting criteria:

Of the 88 LSOAs with a high proportion of private rented sector property, all have demonstrated an above Nottingham average rate for one or more of the aspects of poor property condition (i.e. HHSRS hazards or disrepair) and all contain a significant number of properties that will be inspected as to the presence of these hazards under the risk-based inspection programme.

Above Nottingham Average Rate for:	No. LSOA with High Proportion PRS
All Category 1 Hazards	63
Category 1 Hazards Falls	64
Category 1 Hazards Excess Cold	47
Disrepair	88

Nottingham LSOAs with High Proportion of Private Rented Sector Properties & Significant Property Condition Issues



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- LSOA with 16.3%+ Private Rented Sector excluding HMOs
- LSOA with 16.3%+ Private Rented Sector and significant property condition issues
- City Boundary



D. High Levels of Crime

Introduction & Method

Local Authorities may include in a Selective Licensing designation an area that has a high proportion of private rented sector housing and is suffering from high levels of crime that affect those living in those private rented properties as well as other households or businesses in the area. There is no statutory definition of what constitutes a “high level of crime”.

The Guidance indicates that in assessing whether an area with a high proportion of private rented sector properties is suffering from high levels of crime, comparison to local or national rates of crime be explored.

Therefore, LSOAs that had a high proportion of private rented sector property and a rate for all crime, burglary, criminal damage or violence that exceeds the Nottingham average have been considered as suffering from high levels of crime, as have LSOAs with a high proportion of private rented sector property that have an Indices of Multiple Deprivation rank below the City average for the Crime domain.

As the residential property baseline (2016) data does not overlap chronologically with the Police’s Crime dataset (2013 -15) and the amount of private rented sector property has increased, it is reasonable to assume that the rates of crime are a conservative representation or even underrepresentation of current levels.

Police Data:

All Crime:

There were 38,230,083 crimes recorded in England and Wales between January 2013 and December 2015³⁷ and 24.9 million properties according to the most recent dwelling stock estimates for both^{38 39}, giving a rate of 1.3 crimes per property. Over the same period, there were 92,183 crimes (excluding ASB) recorded in Nottingham and 135,399 properties, giving a rate over this period of 0.68 crimes per property.

Splitting the LSOAs between those with a high proportion of Private Rented Sector properties and the remainder with a lower proportion, found that LSOAs with a high proportion were almost twice as likely to experience crime as the remainder.

48 of the 88 LSOAs with a high proportion of private rented sector property had a per property crime rate in excess of the Nottingham average, with 5 also exceeding the national average.

³⁷ Police recorded crime 2013 - 2015

³⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/519475/Dwelling_Stock_Estimates_2015_England.pdf

³⁹ <http://gov.wales/docs/statistics/2016/160420-dwelling-stock-estimates-2014-15-en.pdf>

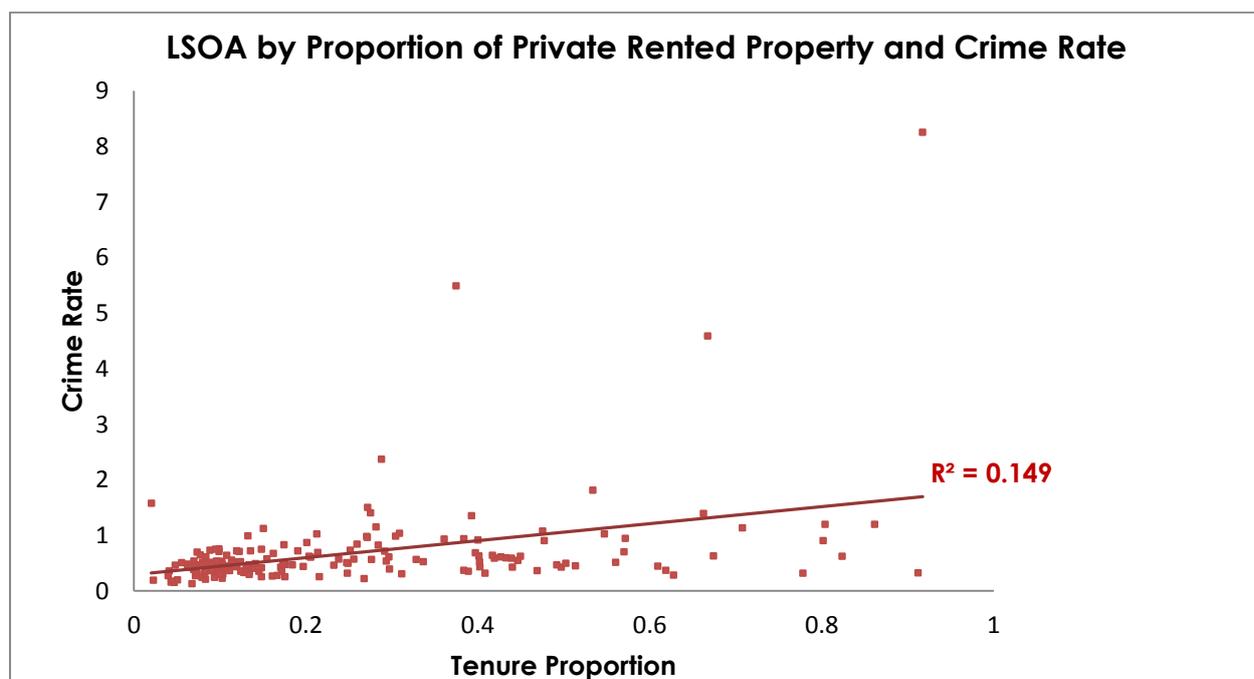
	Crimes	No. Properties	Rate	Rate Ratio
National (England & Wales)	32,230,083	24,900,000	1.53	
Nottingham City	92,183	135,399	0.68	
High Proportion PRS LSOA	62,090	71,715	0.87	1.89
Low Proportion PRS LSOA	29,593	63,684	0.46	

A regression analysis of the rate of all crime and proportion of private rented sector property in an LSOA showed a positive correlation between the two; as the proportion of private rented property increase so does the rate of crime and for every unit increase in private rented sector property the crime rate would be expected to increase by 1.53 units and 15% of the variance in crime rate could be attributed to the proportion of private rented sector property.

Correlation with All Crime Rate:

Tenure	R squared	Coefficient	Slope	p-value
Private Rented (exc. HMOs)	0.15	0.29	1.53	7.34E-08*

*Statistically significant <0.05



Burglary, Criminal Damage and Violent Crime:

There were 41,632 incidences of burglary, criminal damage and violence in Nottingham between January 2013 and December 2015 and LSOAs with a high proportion have a higher rate of incidence for all three types of crime compared to Nottingham overall and the remainder of LSOAs with a lower proportion of private rented sector property.

Burglary		No. Properties	Rate	Rate Ratio
Nottingham City	9,641	135,399	0.07	
High Proportion PRS LSOA	5,647	71,715	0.07	1.17
Low Proportion PRS LSOA	3,994	63,684	0.06	
Criminal Damage		No. Properties	Rate	Rate Ratio
Nottingham City	11,881	135,399	0.09	
High Proportion PRS LSOA	6,643	71,715	0.09	1.16
Low Proportion PRS LSOA	5,238	63,684	0.08	
Violence		No. Properties	Rate	Rate Ratio
Nottingham City	20,110	135,399	0.15	
High Proportion PRS LSOA	13,044	71,715	0.18	1.64
Low Proportion PRS LSOA	7,066	63,684	0.11	

A simple regression analysis between the proportion of private rented sector property in a LSOA and the incidence rate for the three crimes showed a positive correlation, that is where the proportion of private rented property increases so does the incidence of burglary, criminal damage and violence.

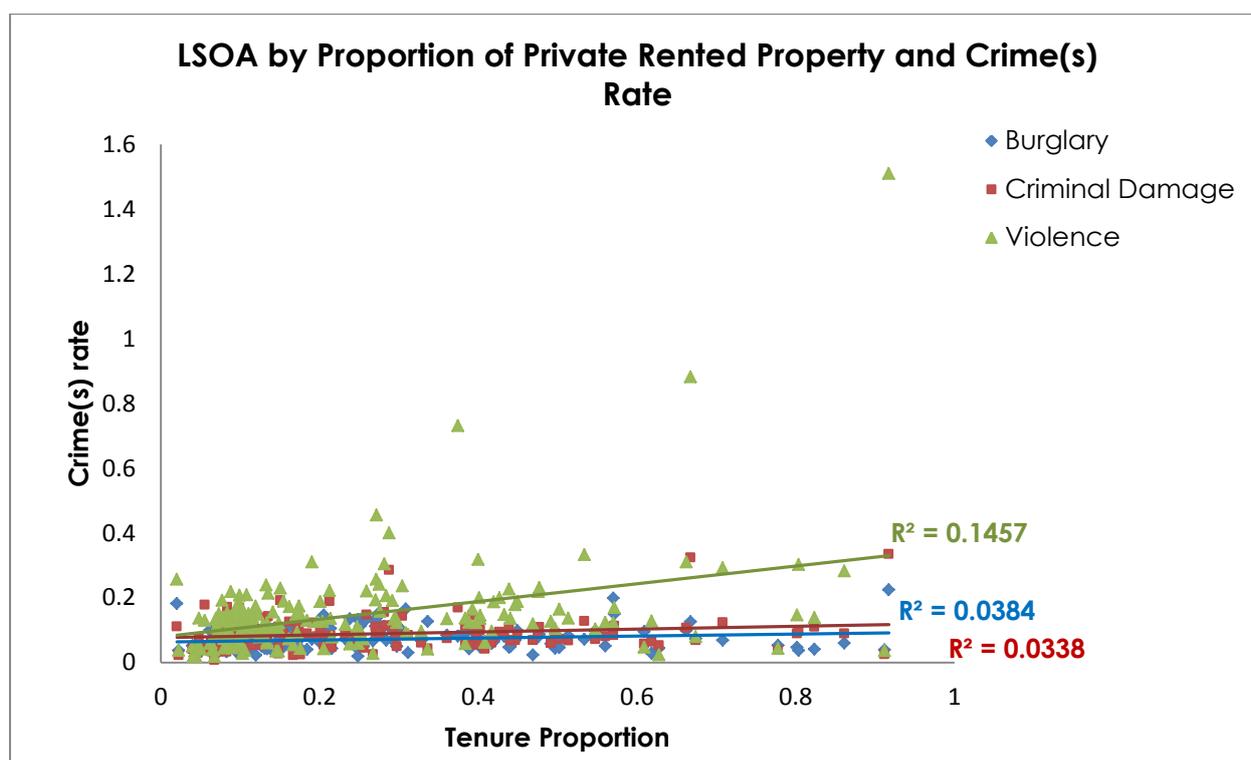
Correlation with proportion of Private Rented Property:

Crime	R squared	Coefficient	Slope	P-value
Burglary	0.03	0.06	0.03	0.01
Criminal Damage	0.04	0.08	0.04	0.008
Violence	0.15	0.08	0.27	1.06E-07

*Statistically significant <0.05

For every unit increase in private rented sector property in an LSOA, burglary, criminal damage and violence will increase with 6%, 8% and 8% of a unit respectively.

3% of the variation in burglary rates, 4% in criminal damage rates and 15% in violence rates can be attributed to the proportion of private rented sector property.



Crime and Drugs Partnership Report

A 2016 Nottingham CDP report concluded “that a positive correlation exists between the proportion of households in the private rented sector and the rate of crime and antisocial behaviour”

The report looked at the rate of calls made to Nottinghamshire Police regarding crime over the 36 months of January 2013 to December 2015, but is instead broken down to Output Area (OA) and correlated with the proportion of private rented sector households per the 2011 Census. The report defined high proportion of private rented as 16.6% of households (excluding HMOs)

The report found that:

- The crime and antisocial behaviour rate was significantly higher in output areas with a proportion of private rented households above the City average compared to other output areas
- A one percentage increase in private rented households (excluding HMOs) is expected to increase crime by 2%”.
- The rate of crime and specific crimes recorded for output areas with a high proportion of private rented households was higher than that for the remaining output areas.

Crime	LSOA High Proportion PRS Households	LSOA Lower Proportion PRS Households	Rate Ratio
All	1.15	0.55	2.09
Burglary	0.09	0.07	1.29
Criminal Damage	0.11	0.09	1.22
Violence	0.23	0.13	1.77

Indices of Multiple Deprivation

The IMD works by ranking all LSOAs in England as to their individual performance in each domain (themed dataset) from 1 – 34,743; the lower the rank the worse the performance. The IMD guidance identifies the data as being able to be used for “comparing small areas”⁴⁰.

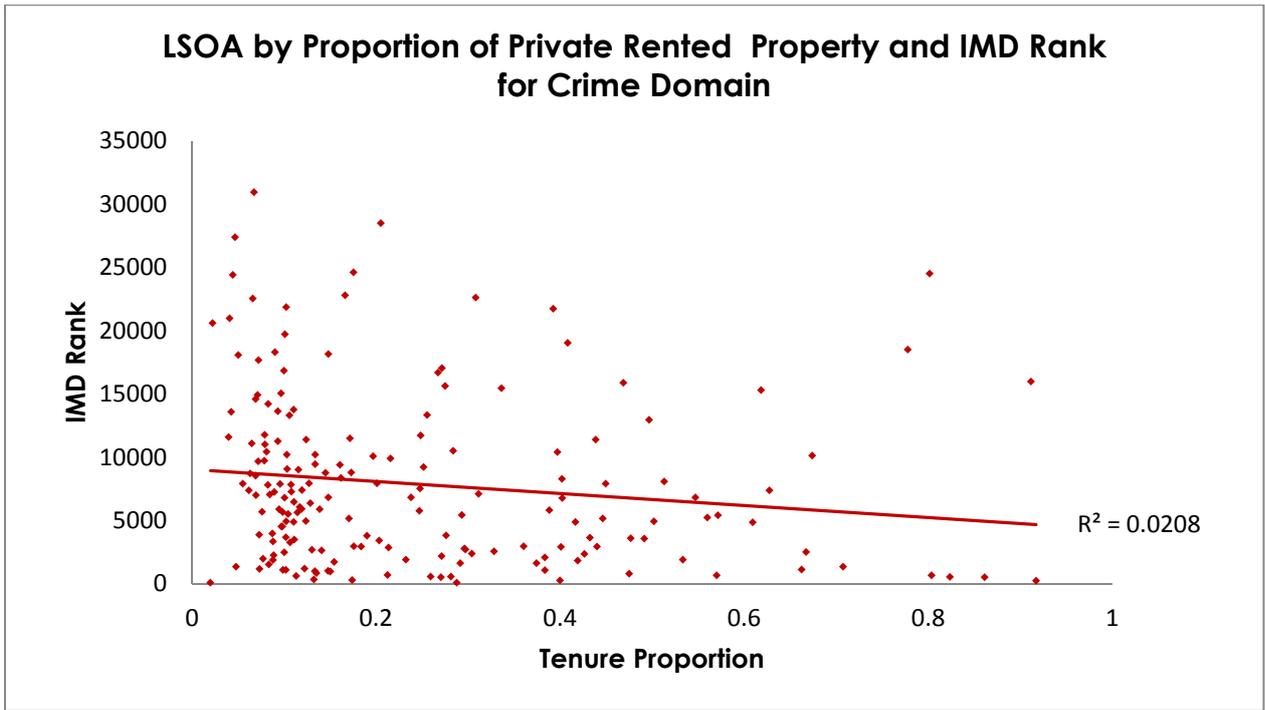
Comparing the average and median rank for the Crime domain of LSOAs with a high proportion of private rented property with the remainder of LSOAs with a lower proportion, showed that the former have a worse overall performance than the latter.

	Average Rank	Median Rank	LSOAs ranked below Nottingham Median
Nottingham City	7897	6404	
High Proportion PRS LSOA	7145	5041	51 (58%)
Low Proportion PRS LSOA	8601	7319	41 (44%)

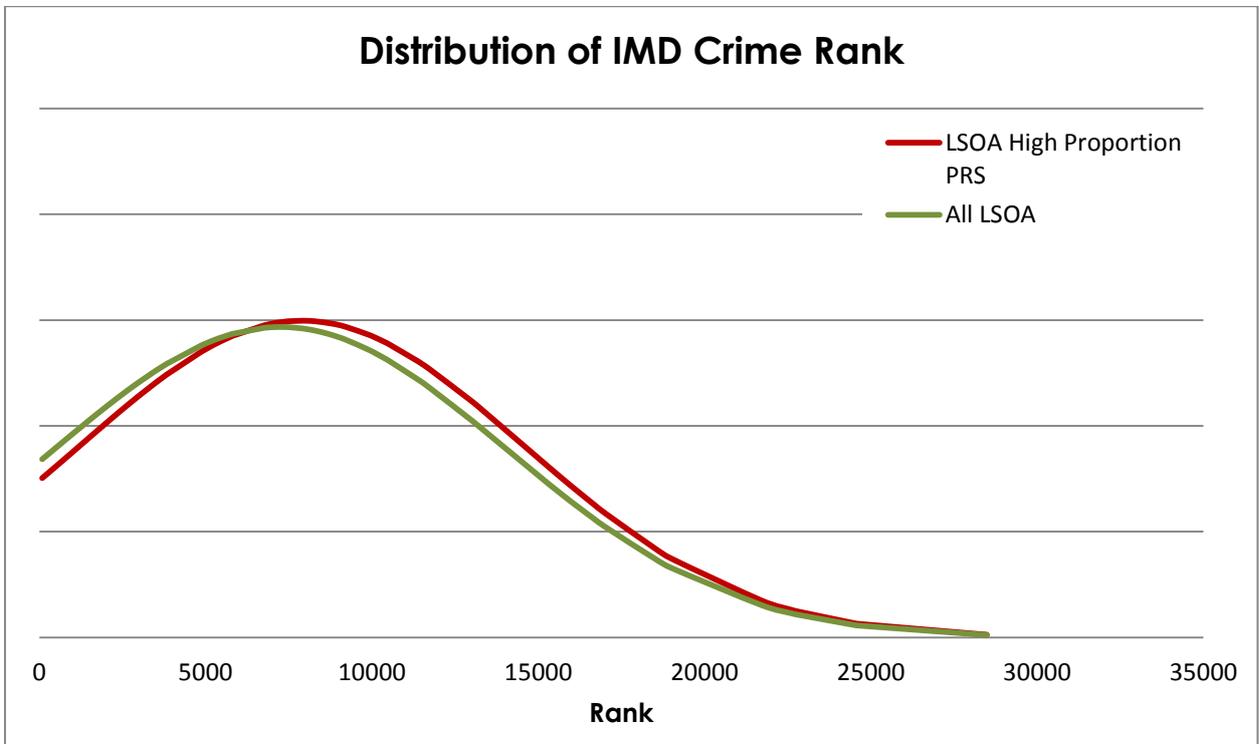
A simple regression analysis showed that there was a negative correlation between the proportion of private rented property (excluding HMOs) and the LSOA rank for Crime domain in the IMD 2015.

⁴⁰

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464431/English_Index_of_Multiple_Deprivation_2015_-_Infographic.pdf



LSOAs with a high proportion of private rented sector property (excluding HMOs) are more distributed towards the lower ranks than LSOAs overall, indicating that perform worse on average.

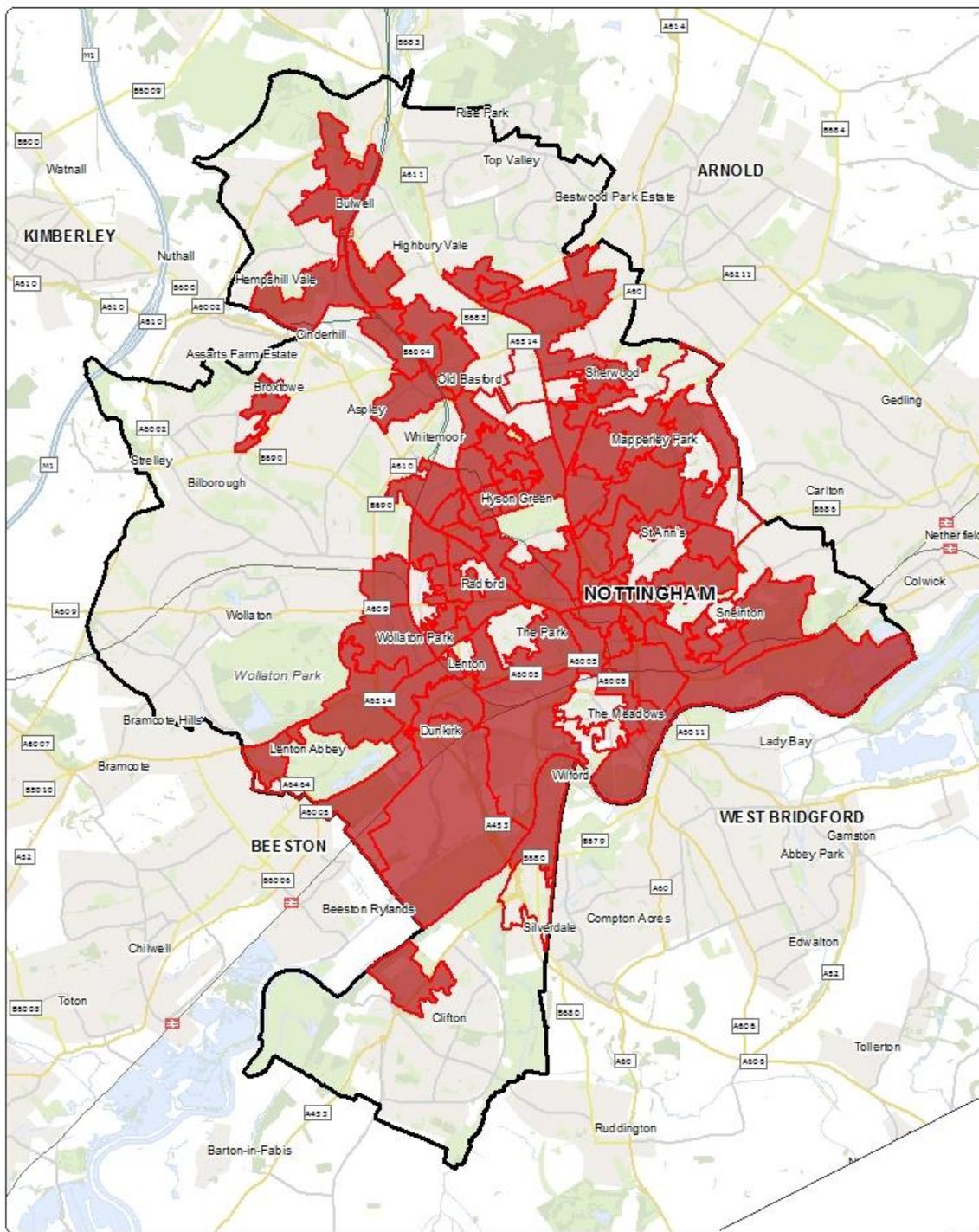


LSOAs meeting criteria

Of the 88 LSOAs with a high proportion of private rented sector property, 74 have an above Nottingham average rate of crime, crimes, or a below Nottingham median rank for the IMD Crime Domain.

Above Nottingham Average Rate for:	No. LSOA with High Proportion PRS
All Crime	44
Burglary	62
Criminal Damage	56
Violence	51
<i>1 crime category</i>	<i>24</i>
<i>2 crime categories</i>	<i>12</i>
<i>3 crime categories</i>	<i>12</i>
<i>4 crime categories</i>	<i>19</i>
IMD Rank	51

Nottingham LSOAs with High Proportion of Private Rented Sector Properties and High Levels of Crime



- LSOA with 16.3%+ Private Rented Sector excluding HMOs
- LSOA with high levels of crime
- City Boundary



E. High Levels of Deprivation

Introduction & Method

Local Authorities may include in a Selective Licensing designation an area that has a high proportion of private rented sector properties that is suffering from a high level of deprivation affecting a significant number of occupiers. There is no statutory definition of what constitutes a “high level of deprivation”. The Guidance recommends that the following criteria are considered:-

- the employment status of adults;
- the average income of households;
- the health of households;
- the availability and ease of access to education, training and other services for households;
- housing conditions;
- the physical environment;
- levels of crime

The domains in the Indices of Multiple Deprivation (IMD), 2015 either reflect these aspects identically or provide a satisfactory proxy for them.

Recommended in Selective Licensing Guidance	Domain in IMD 2015
Employment Status of Adults	Employment
Average Income of Households	Income
Health of Households	Health
Access to Education, Training or Other Services	Education
Housing Conditions	Barriers to Housing and Other Services
Physical Environment	Living Environment
Levels of Crime	Crime

The IMD ranks all LSOAs in England as to their individual performance in each domain from 1 – 34,743; the lower the rank the worse the performance. The IMD guidance identifies the data as being able to be used for “comparing small areas”⁴¹

Therefore, LSOAs that had a high proportion of private rented sector property and a below Nottingham average rank for any of the aforementioned IMD domains will be considered a suffering from high levels of deprivation.

Comparison of Average and Median Rank

LSOAs with a high proportion of PRS have a lower average and median rank for 3 of the 7 IMD domains and between 35% and 80% of these LSOAs have a below median rank in at least one of the IMD domains.

In total, 87 of the 88 LSOAs with a high proportion of private rented properties had a below Nottingham median rank in one or more IMD domains.

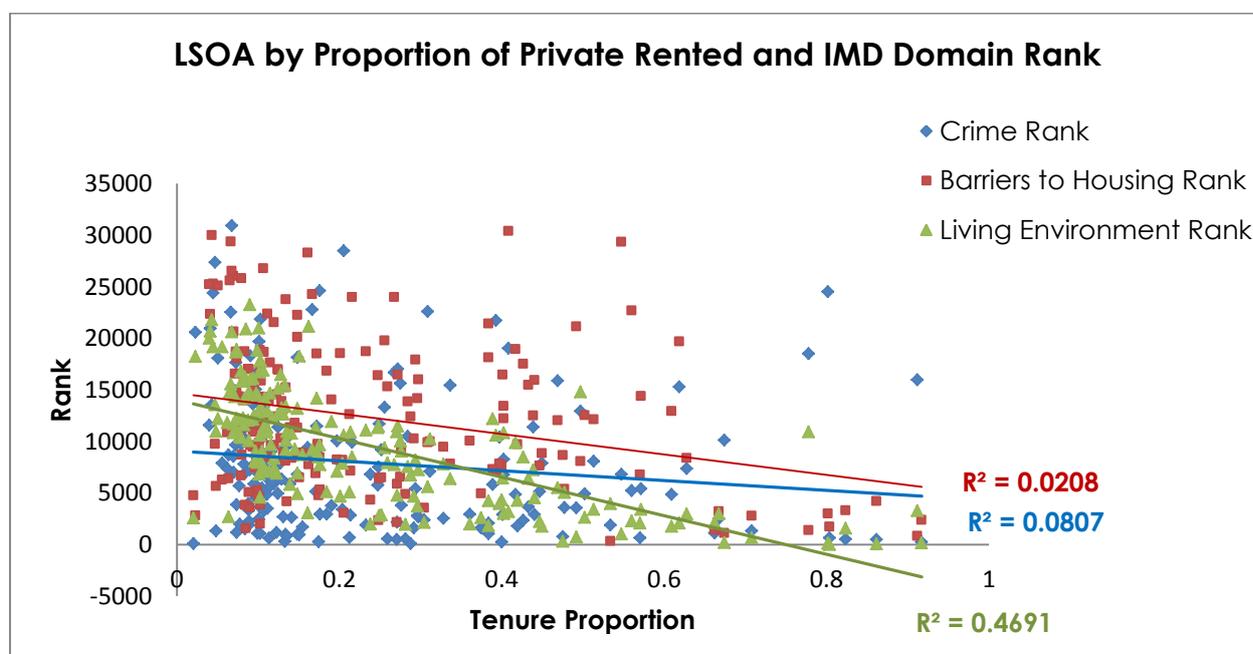
⁴¹

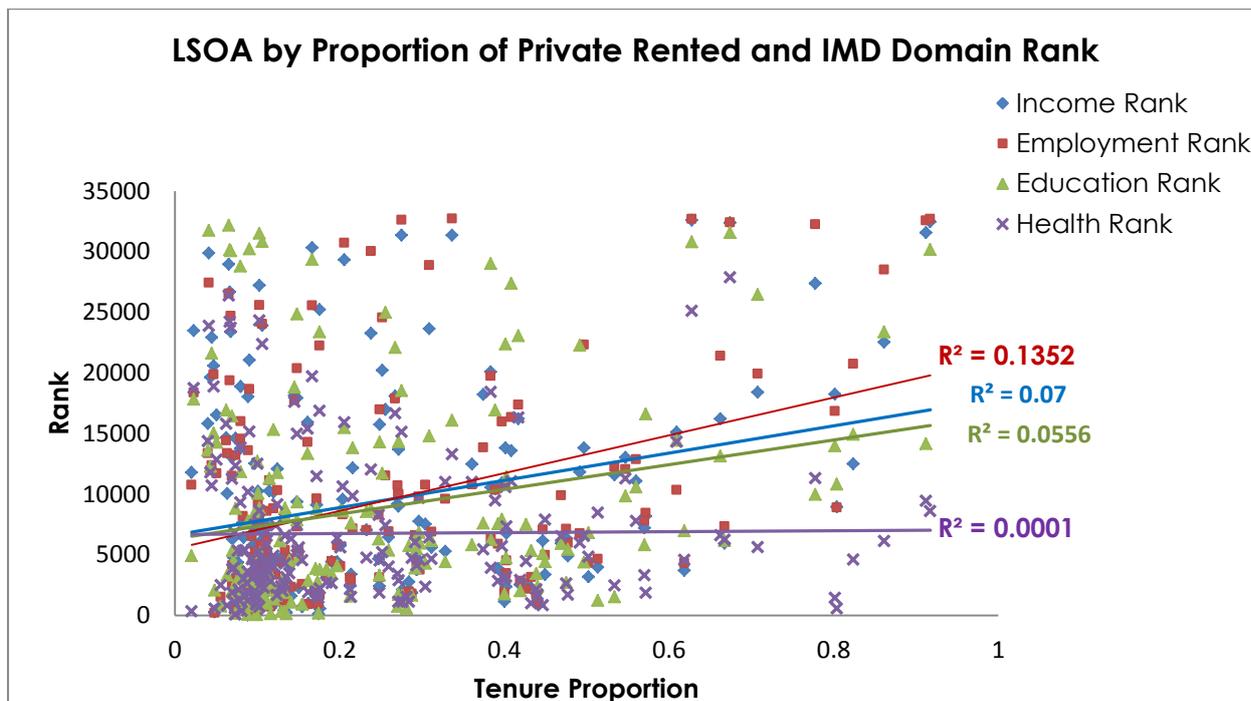
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/464431/English_Index_of_Multiple_Deprivation_2015_-_Infographic.pdf

Domain	Nottingham Rank		LSOA High Proportion PRS		LSOA Low Proportion PRS	
	Average	Median	Average	Median	Average	Median
Income	9372	6829	10923	7960	7920	5170
Employment	9290	6433	11570	8367	7155	4523
Education	8789	5460	10214	7237	7455	3105
Health	6774	4638	6765	5328	6783	4343
Crime	7897	6404	7145	5041	8601	7320
Barriers to Housing	12280	11295	10900	9600	13572	12336
Living Environment	9750	9680	5803	5072	12922	12565

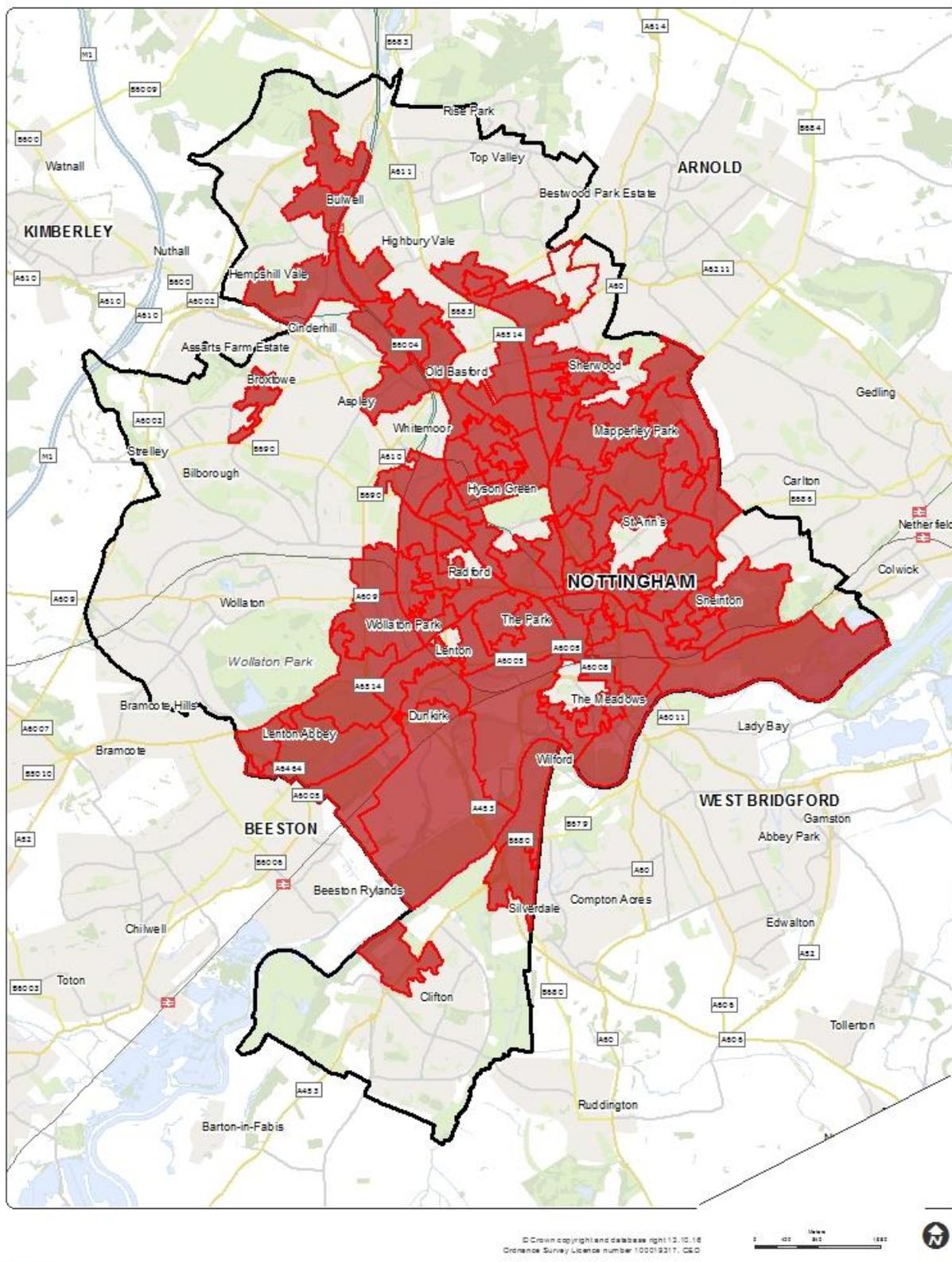
Domain	LSOA with High Proportion PRS & below Nottingham Median Rank	
	No.	%
Income	37	42%
Employment	32	37%
Education	31	35%
Health	39	41%
Crime	51	58%
Barriers to Housing	50	57%
Living Environment	70	70%

A simple regression analysis of the relationship between the proportion of private rented sector property in an LSOA and the rank for each of the IMD domains shows a negative correlation with Crime, Barriers to Housing and Living Environment domain ranks and a positive correlation with Income, Employment and Education domain ranks. There is almost no correlation (slope) between Health domain rank and the proportion of private rented sector property.





Nottingham LSOAs with High Proportion of Private Rented Sector Properties and High Levels of Deprivation



- LSOA with 16.3%+ Private Rented Sector excluding HMOs
- LSOA with high levels of deprivation
- City Boundary



F. Summary of Evidence

Of the 182 LSOAs in Nottingham City, 126 can be considered eligible for inclusion in a selective licensing scheme based on their performance against the criteria outlined in the selective licensing guidance.

Of the 88 LSOAs that had a high proportion of private rented sector property, all have met with at least one of the three restricted (to LSOAs with high proportion Private Rented Sector) criteria of property condition, deprivation, crime or the fourth criteria of ASB.

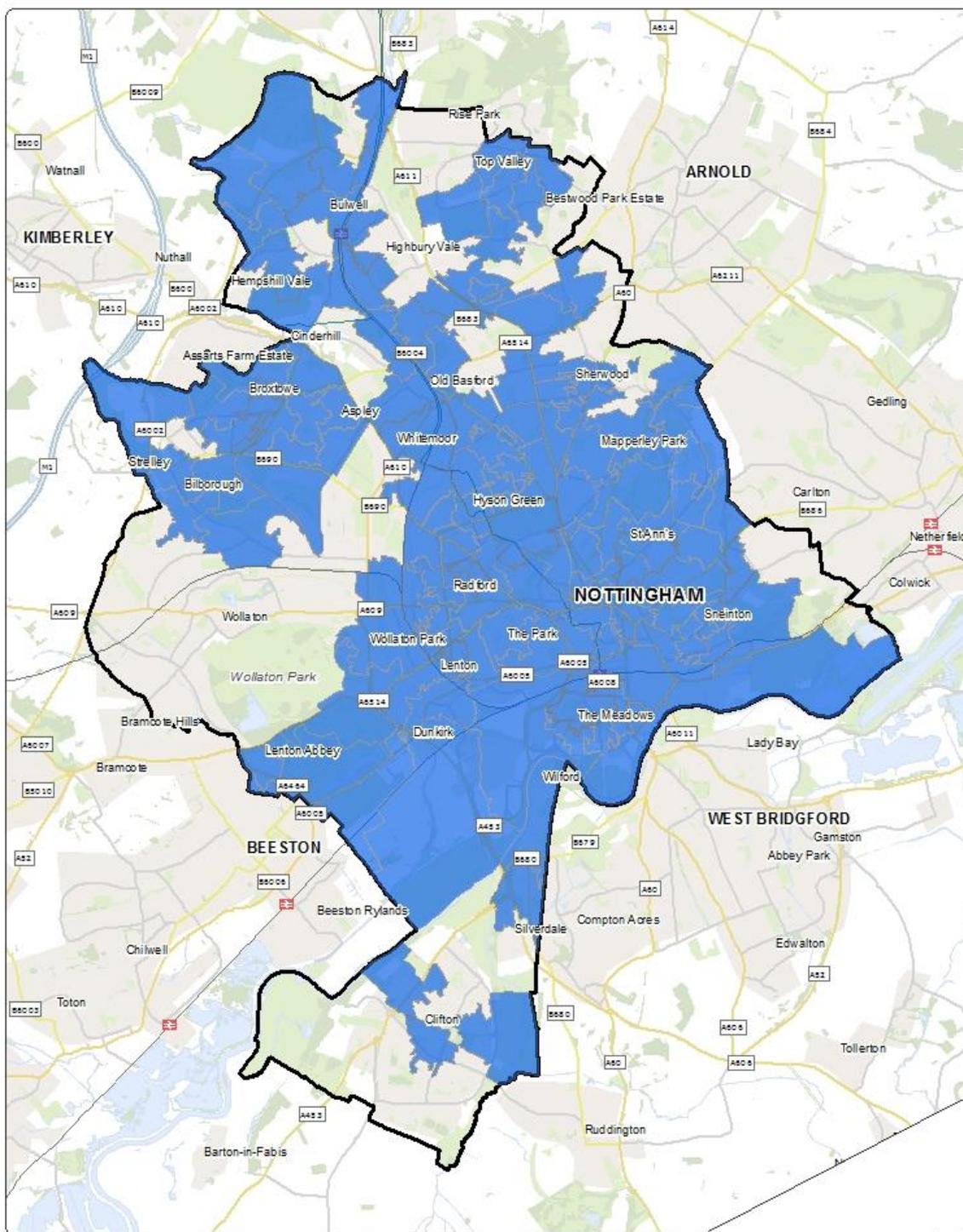
A further 38 LSOAs which do not have a high proportion of private rented sector properties, met the criteria relating to ASB.

Criteria	LSOAs	High Proportion PRS	Lower Proportion PRS
Property Condition	88	88	
Deprivation	87	87	
Crime	74	74	
ASB	102	64	38

This equates to 70% of LSOAs, 67% of Nottingham geographic area and 90% of the private rented sector properties (excluding HMOs).

When the maps are overlaid it is clear that the vast majority of the City meets one or more of the conditions. On this basis it is logical, reasonable and appropriate to designate the entire district of Nottingham City Council for the purposes of selective licensing giving a coherent scheme which is easily defined for landlords and tenants alike.

Nottingham LSOAs meeting Selective Licensing Criteria



- LSOA meeting SL Criteria
- LSOA with 16.3%+ Private Rented Sector excluding HMOs
- City Boundary

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G. Qualitative Evidence to support the Proposal:

The Project Team attended the monthly Neighbourhood Action Team (NAT) Meetings held for 18 of the City’s 19 wards over the period June to July 2016. The meetings involved representatives from the Police, Community Protection, Nottingham City Homes (NCH) Housing Patch Managers and Family Services from NCC. The meeting were chaired by the local Neighbourhood Development Officer.

The aims of the attending the meetings were:

- To find out what issues are faced in different areas of the City in relation to the Private rented sector
- What impacts these issues have on neighbourhoods
- Look at how these issues could be addressed
- Explore what impact a licensing scheme could have on these areas, the City’s private rented sector and the City in general.

In addition, an online survey was circulated to NAT attendees and their partners working in the area.

Reponses to the survey were received from 12 out of the 19 wards and of those that responded 85% reported that they have experienced problems or issues with the Private Rented Sector in their ward. The most frequently cited issues with the Private Rented Sector were related to ASB and poor property conditions.

Respondents were asked to “select all that apply” from a list of issues, with ASB being the most selected. 85% of respondents who reported at least one issue with the private rented sector in their area:

Issue	% of respondents indicating issue
Noise, rowdy or nuisance behaviour	64%
Litter and waste	48%
Intimidation and harassment	40%
Poor property condition	60%

Other specific problems reported were fly tipping and untidy gardens.

These issues are putting pressure on already stretched services with a number of different service areas - NCH, Community Protection, Police and other Nottingham City Council teams - having to deploy significant resources to resolve the issue.

The responses to the survey echoed the discussion at the NAT meetings, where the primary issue raised by attendees was poor property conditions. Landlords’ not undertaking repairs is seen as a key issue and is felt to be having a significant impact on communities. Poor housing conditions are considered to have a disproportionate effect on those who are already vulnerable and whose accommodation in poorly maintained private rented sector properties reflects existing issues of deprivation and poverty. I.e. the low rents that can be afforded entail low property standards.

Properties in the private rented sector that are in a poor state of repair or empty for a long period of time contributed to the area looking unkempt and were felt to

exacerbate existing levels of ASB and Crime, something that is often compounded by increased incidences of fly tipping, untidy gardens and rubbish dumping in neighbourhoods.

NCH staff reported that in one ward, poor property conditions are increasing the pressure on the social housing waiting list as tenants are requesting to be rehoused. The area of the ward in which this issue is occurring comprises 2 LSOAs, both of which have a high proportion of private rented sector property and high levels of ASB, crime, poor property conditions and deprivation.

Significant problems with ASB associated with private rented sector property were reported both in the on line survey and in the discussions at the NAT meetings. Whilst the biggest issue reported in the online survey was noise and rowdy behaviour affecting people living in or visiting the vicinity, the single biggest issue brought up at the NAT meetings was rubbish and waste, such as problems with fly tipping, the accumulation of rubbish around properties or in shared alleyways between properties and overflowing bins being left on the street.

The City Council offers a free bulky waste service to help combat these problems, but this simple and free solution is not being utilised due to tenants leaving the responsibility to landlords and/or landlords not taking responsibility for their properties. This issue was most significant when properties came vacant and it was felt that this was quite a difficult issue to resolve on account of the tenant having left and the landlord being difficult to trace and contact. Neighbourhood Development Officers reported significant problems with trying to establish who was responsible for a property and getting landlords to take action.

71% of respondents to the on line survey said it was difficult to identify if properties are privately rented or owner occupied and NATs found issues associated with the PRS particularly difficult to solve compared to other tenures. This discussion further highlighted the difficulty officer had in establishing responsibility for private rented sector properties and all survey respondents said they used their local community contacts to try and establish tenure and ownership.

Another barrier to resolving issues in the private rented sector that was identified had to deal with both landlords and tenants - who often held the other responsible. Tenants often lacked information or were not sufficiently empowered to take action themselves, whereas landlords were often reluctant to take ownership of what they see as their tenants' problem. There was also felt to be a general lack of cooperation from some landlords. Officers also cited language barriers or fear of intimidation/retaliation as causing problems when speaking to tenants.

Discussions also highlighted that officers are seeing an increasing number of vulnerable people being housed in the private rented sector, who are not being supported in the ways they would be in social housing. This in turn, is increasing the amount of ASB and therefore the requirement for Police and Community Protection to address it. Housing Patch Managers are also called upon to deal with ASB when tenants in the private rented tenants are causing problems for NCH tenants.

A number of wards highlighted the changing nature of communities and the transitions in tenure from social rented and owner occupied to private rented, transitions that are putting pressures on services. A predominantly owner occupied ward had pockets of private rented with problems of deprivation that is largely hidden

from the rest of the community. Another ward that was once predominantly social housing but became owner occupied through right to buy is seeing an increase in PRS due to the improvement of transport links.

All respondents felt that a register of landlords and the ability to establish tenure would help in resolving problems much more efficiently and effectively. The need for standards and improved conditions in the sector was also identified, as was the enforcement to ensure that landlords of problem properties take responsibility.

Conclusion

The feedback gathered through the survey and NAT meetings offers a finer grain and more tangible level of detail regarding the experience of issues with the private rented sector in the City. It also offers an insight into the exponential or exacerbating effects that unresolved issues can have, as well as the difficulties entailed with resolution and the pressures that these issues put on services.

The qualitative evidence supports and complements the correlations established in the quantitative evidence and also highlights some direct examples of where selective licensing would enable issues in the private rented sector to be more effectively and efficiently remedied. This in turn would reduce pressure on services, release precious resources, and allow improved standards to be maintained.

v. The Proposed scheme, how it will help to tackle problems, and the outcomes we seek.

Proposed operating model and business plan

Highlight Summary

- Proposed online applications, with presumption to issue licences, unless valid reasons to refuse
- Proposed fee of £600 for non-accredited and £460 for accredited landlords
- Requires landlords to be proactive in managing their properties
- Estimate 35,000 properties will be licensable
- Team of 74 staff (5 year average) to successfully deliver the scheme, including licensing, enforcement and tenant and landlord liaison staff
- Other fees for applicants and landlords who cause extra work ensuring maximum cost recovery
- Signposting for benefits beyond licensing i.e. fuel poverty

Operation of the proposed scheme

The introduction of selective licensing will bring an estimated 35,000 privately rented properties into the licensing framework over the 5 year licence period. The operational delivery of HMO licensing is delivered by the Community Protection Environmental Health and Safer Housing team.

The principles of the operation of the scheme once applications are received is to :

- Assess if the landlord is fit and proper
- Issue the licence with the standard conditions. The licence conditions are the key to achieving improvements in property conditions and management that will be the major driver to achieve the scheme outcomes
- Refuse licences or reduce the licence period if there are concerns about the proposed licence holder and or manager not being fit and proper, or property conditions and management
- Encourage and require landlords to adhere to the property conditions
- Carry out compliance checks and hazards safety assessment
- Advise and support landlords and tenants
- Take enforcement action as appropriate
- Work with partners and stakeholders to add value and benefit

The scheme is for 5 years and there will be a cycle of activity through the 5 year period

Proposed Scheme Annual Priorities

Year	Promote	Process	Engage	Enforcement	Compliance	Review
1	X	X	X	X (6 months after start)		
2		X	X	X	X	X
3			X	X	X	
4			X	X	X	X
5			X	X	X	

The proposed scheme will operate on the basis of issuing licences based mainly on the information contained in the application form and the applicant's self-declaration. This will require the landlord to provide a fee and good quality application containing all required information and documents, including certificates (e.g. gas safety, electrical safety, energy performance certificate) and annotated property plans. This will be supported by the Council undertaking a desk top assessment, putting the onus on the landlord to provide the appropriate information necessary to issue or refuse the licence. The objective is to issue licences efficiently so licence conditions are in place as it is compliance with licence conditions that will secure improved housing standards and management. Where it appropriate inspection may be made before application

The Council will write to tenants to make them aware when a licence has been granted (and annually thereafter) about how to make a complaint should there be concerns that the landlord is not addressing. Licence holders will be required to provide a copy of the licence to the tenants detailing the conditions the licence holder has to comply with.

Licence holders will be notified that they should be proactive in managing their properties and should assess their house, taking action to remove hazards to an acceptable level. The licence conditions will require landlords to be proactive in managing their properties and will require them to have written procedures and processes in place, as well as safety certificates where required to ensure safety and adequate management.

Processing licences efficiently and effectively coupled with appropriate enforcement of the licence conditions through risk based compliance inspections and enforcement against those not applying are vital to the success of the scheme. This will allow the Council to focus resource on non-compliant and criminal / rogue landlords that can be investigated to ensure that appropriate action is taken. Properties operated by these landlords are likely to be the worst managed and maintained properties, posing the greatest risks to the tenants. This will ensure a robust scheme that should be supported by those good landlords who want to see the whole sector improve.

Accreditation of private rented sector properties has been in place in the City for a number of years and is now branded as the 'Nottingham Standard' accreditation scheme. Numbers of accredited properties increased when the additional licensing scheme was introduced. The accreditation schemes are managed outside of the Council and form a voluntary and market driven approach for improving housing standards. It is anticipated that applications for properties that are accredited will take a reduced time to process and it is proposed this is reflected in the licence fee.

A review of the mandatory and additional licensing scheme can be found in Appendix iii "Review of Nottingham City Council's Existing Licensing Schemes". These reviews and the lessons learnt from implementing and operating the schemes will be used to ensure the selective licensing scheme is successful.

Success of the scheme

To ensure the scheme is successful the following will be undertaken:

- 1. Communication and engagement**
- 2. Effective licensing process**
 - a. Applications processed in a reasonable time**
 - b. Licence conditions**
- 3. Enforcement**
 - a. Risk based compliance inspections and checks**
 - b. Proactive action**
- 4. Scheme outcomes**
 - a. Reduction in crime and ASB**
 - b. Improved housing standards and management**
 - c. Reduced deprivation and health inequality**

1. Communication and engagement

The Council will develop an effective communications and marketing strategy and work with partners to ensure maximum awareness and publicity opportunities. This will include working with a range of partners, but in particular our accreditation providers, managing agents, landlords' groups and current holders of HMO licences. The Council will continue to support the Nottingham Standard accreditation scheme which assists landlords who want to provide a higher quality of property standards than the legal minimum. The Council will also ensure suitable information will be available to landlords, managing agents, tenants, and other interested parties.

2. Effective licensing process

a. Applications processed in a reasonable time

The proposed staffing structure in Table 2 and budget plan will enable applications to be processed in a reasonable time. The Council will aim to determine licence applications within 6 months of a valid application being received. Depending on volume and rate of applications received this may be challenging. The staffing and recruitment plan needs to be flexible to accommodate this with a phased approach to staff recruitment and staff on both permanent and temporary contracts.

Staffing levels will be monitored to ensure applications will be processed in a reasonable time. Table 2 is based on an average 5250 applications being received and processed each year. It is anticipated that there will be an initial spike in the number of applications received. Plans will be drawn up to consider how best to resource and facilitate a team based on the experience of implementing the additional licensing scheme. If there is a spike in applications early on staff numbers will have to increase to ensure adequate resource available to process these and then reduce down over the latter parts of the 5 year scheme to balance this out. There will be a budget impact on overheads etc. that is incorporated into the 5 year budget plan.

b. Licence conditions

To ensure the scheme meets the aims it is set out to achieve the licence conditions proposed in the appendix ii “Proposed licence conditions for privately rented houses” will be used. Some of these are statutory conditions required by the Housing Act 2004 and others are proposed conditions that have been developed to ensure improved housing standards and landlord competency, pro-active management, and to reduce anti-social behaviour. The conditions also include reference to other guidance and information directing licence holders to relevant duties and obligations imposed by other relevant legislation. The conditions will be subject to review during the course of the scheme.

3. Enforcement

a. Risk based compliance inspections and checks

Once licences are granted then a risk based inspection programme and desk based assessment system will be used to check compliance with the licence conditions. This risk based inspection will consider targeting resources at areas with highest levels of ASB, crime, deprivation and poor property conditions. Where standards fall below the appropriate level, enforcement action may be taken. Where licence holders fail to comply with licence conditions and it is necessary for a further inspection a charge will be made to cover the officer time. During the compliance check a hazard assessment under part 1 of the Housing Act 2004 is likely to be undertaken. The Council will move automatically to enforcement action where landlords are found to be letting properties that are unsafe and contain serious hazards affecting the health, safety or welfare of the occupants. This may also lead to licence revocation or reduction in licence length. Undertaking inspections as part of the licensing process will help improve property conditions and ensure that the properties are safer for the occupants. The Council will expect works to be completed following service of a legal notice or order, in a reasonable time. Where there is non-compliance the Council will seek to undertake works in default and or prosecution. Some costs for inspection, compliance and enforcement are covered in the fee, some are not and are borne by the Council or are charged back to the landlord as detailed in Table 1, below. Costs to the Council are as detailed in Table 1 in the Executive Board Report. The scheme priorities are as shown in the proposed scheme annual priorities as shown in the above table.

b. Proactive action

Appropriate enforcement will be taken against those not licensing their properties. A team will be put in place to support enforcement of the scheme and undertake proactive, risk based investigations, working with partners to target unlicensed properties. Where properties containing category 1 or 2 hazards are identified appropriate enforcement action using Part 1 of the Housing Act 2004 will also be undertaken. This will help ensure a robust scheme is developed and act as a deterrent for those rogue landlords that fail to co-operate. This will include staff as shown in Table 2.

4. Scheme outcomes

a. Reduction in crime and ASB

Any scheme implemented will be reviewed during its proposed 5 year life span and evidence gathered to consider how it has impacted on ASB and crime. With the appropriate conditions on licences, risk based compliance checks and the engagement that will be undertaken there will be a positive impact on crime and ASB reduction linked to private rented sector homes.

b. Improved housing standards and management

The inspections for hazards, the conditions placed on licence holders to ensure good property conditions, the empowerment of tenants, the landlord training and the partnership approaches to encourage and create opportunity for improvement will all contribute to improved housing standards and management. This will again be monitored over the 5 year period.

c. Reduced deprivation and health inequality

In terms of deprivation, Nottingham scores particularly poorly on income, health, crime, and living environment. Introducing licensing with its relevant conditions and inspection regime, signposting for wider benefit and proposals for joint working and opportunistic approach for supportive funding for improvement such as energy initiatives will assist with matters such as reducing fuel poverty, increased health and wellbeing, less sickness absence from work and school all of which will support increased household income and health.

Assessing the resources and fee

The proposed fee structure and is laid out in Table 1. The Council proposes to set the fee at a level that ensures full cost recovery for the scheme and is a balance between a reasonable cost for landlords, whilst also seeking to ensure the scheme is successful, properly funded and appropriately resourced. The fee has been calculated using a bespoke spreadsheet which is a streamlined version of the original toolkit created by the Local Government Association (LGA) in 2006 (used for additional and mandatory licensing) and stands up to an assessment of value for money. This spreadsheet calculates the following elements as suggested by the LGA in their November 2015 publication 'Open for Business: LGA Guidance on locally set fees' and is based on the number of licensable houses. They include the following:

- **Administration** – the actual costs of producing the licence; staff costs, photocopying, paper, postage
- **Visits** – time spent inspecting the premises including travel to and from
- **On costs** – e.g. accommodation, heating, lighting, supplies and services, IT services and equipment, Finance and Legal Support
- **Local democracy costs** – committee meetings and production of associated papers
- **Fee setting and review** – attending courses, reading, understanding and interpreting guidance and legislation and at least an Annual Review
- **Enforcement & compliance costs** – number of staff to be recruited to undertake compliance/enforcement

Previous evidence (from our existing Additional Licensing scheme has shown that an estimated 75% of known properties will apply from the designated area if implemented. This percentage forms part of the estimated income which is found in Table 2. The allowable costs that are being recovered through the fee include costs to establish an enforcement team to ensure the scheme is effectively enforced and 2 colleagues to work proactively to engage with landlords and tenants in tackling ASB. The fee may go up or down before implementation due to various influencing factors. So, whilst the fee is indicative, any changes in the fee are likely to be no more than 20% of fee proposed.

It is proposed that a moratorium of 6 months be established from the start of the scheme to ensure as many landlords as possible apply prior to the enforcement team proactively targeting unlicensed properties. This would also allow staggering of recruitment to this phase of the work too.

Following the consultation and subject to Secretary of State approval resources will be required to establish these teams as detailed within the fee structure plan as set out in Table 1. This will include costs for set up, marketing and communication in the initial phases of the scheme, before income is received. The number of Nottingham Standard accredited properties in Nottingham is approximately 2500, which makes up approximately 6% of the private rented sector properties. The majority of accredited landlords are HMO landlords and already fall within the mandatory or additional licensing schemes operating in Nottingham. It is therefore estimated that a relatively low number (approximately 600) of non-HMO properties will be eligible for the reduced accredited fee. There is on-going work to understand how the Council and partners can continue to increase the engagement with good landlords who want to provide a quality private rented sector. The fee income and staffing resource required is based on standard fee for all applications. The number of accredited landlords may vary and this may impact on the income and therefore budget and will be monitored to ensure staffing resources reflect this.

Table 1: Proposed fees

	Fee	Comments
Standard fee	£600	For non-accredited landlords
Accreditation fee	£460	The proposed licence holder is accredited with either Unipol or DASH (the Nottingham Standard)
Paper application form	Additional £100	A paper form, rather than submitting online.
Missed inspections	£50	Failure to attend an agreed inspection a charge shall be levied
Re-inspection charge	£150	If a second inspection is needed due to non compliance as additional staffing resource is required
Charge for a Caution	£350	An administrative charge where a caution is given as an alternative to being prosecution.
Finder's fee	£150	Where the Council has to do more than the normal amount of work to ensure a licence application/renewal is made.
Part 1 Housing Act 2004	£350	Not all costs can be recovered from the licence fee. Under Part 1 of the Housing Act 2004 (section 49) the Council can charge for relevant costs linked to enforcement work. NB Once an invoice is issued, this charge becomes a local land charge on the property.
Application to vary a licence	No charge	Includes applications to change the manager, address, number of occupants.
Extra correspondence	£30	Where the Council has to e.g. do more than normal to obtain further information to secure a valid licence application or provide copies of documents requested.

The Council will only give a refund if:

- a duplicate application has been made
- an application has been made for an exempted property by mistake

It is estimated that the staffing requirement will be for an average of 74 staff to undertake licence processing and compliance work, enforcement and support for landlords and tenants over the 5 year period. The team will comprise of a number of different posts as detailed in Table 2. The staffing level currently shown in this report is based on an average of 5250 licence applications being made each year, however, depending on the profile and quality of applications made staffing is likely to significantly increase and decrease as the scheme moves forward. Extra work is required to ensure those landlords comply with their legal requirements.

Where licences are issued, they shall not be issued beyond the date of the end of the scheme, which is no more than 5 years once the scheme comes into force. This will ensure there is no benefit gained by those applying late and will run in line with the length of the scheme.

Table 2: Officers required and total costs

	Number of staff Per year	Salaries including on costs (£m)	Overhead costs (£m)	Set up costs * ² (£m)	Total (£m)* ³
Processing and compliance Licensing Support Officers / Supervisors, Enforcement & Environmental Health Officers, Licensing Support Team Leader Principal Environmental Health Officers Operations Manager	62 * ¹	9.885	2.930	0.639	13.454
Enforcement Support Officers Enforcement Officers, Environmental Health Officers, Principal Environmental Health Officer, Police Constable, Solicitor	10	1.790	0.475	0.103	2.368
Support Landlord and Tenant Liaison	2	0.390	0.095	0.020	0.505
Totals	74				

*¹ average number of staff based on the standard Fee £600

*² Set up costs within the fee include support from HR for recruitment, support from Facilities Management, publicising the scheme, outlay for new starters and exit costs

*³ these costs are based on 75% of licence recovery. Should there be a higher recovery, additional resources will be provided and will be covered by the increase in income above the 75% recovery rate.

The income will not be received uniformly throughout the 5 year period. An earmarked reserve will be created to be drawn down on as required.

Potential legislative changes in 2017

In April 2016 the Housing and Planning Act received royal assent. There are possible changes that may impact on licensing schemes such as:

- requirements for DBS checks for licence holders,
- changes to the licence application process,

- extending the definition of mandatory licensable HMOs to include large HMOs, regardless of the number of floors, (as HMOs are not included within this scheme this is not expected to have an effect).
- a national register / black list of rogue / criminal landlords,
- civil enforcement notices for certain Housing Act 2004 offences.

Should the above or other changes come into force in the coming months before or during the selective licensing scheme being implemented, the proposed licence application fee and operation of the scheme may need to change to reflect these.

vi. Conclusion

Why making a selective licensing designation will significantly assist the Council to achieve its objectives

Section ii Introduction - The background to the private rented sector in Nottingham shows that whilst Nottingham is a vibrant, attractive and thriving multi-cultural City with a growing population and strengthening economy it suffers disproportionately from issues of deprivation and low income, crime and ASB. The issues of low income are reflected in Nottingham's significant low levels of home ownership, which mean that a scheme that is aimed at tackling these issues in the private rented sector is of strategic significance to the City as a whole.

The evidence to support the proposal demonstrates a clear link showing that tenure type is strongly associated with these issues. The analysis shows there is a relationship between areas of the City with high levels of PRS and poor property conditions, crime and deprivation, and overall a relationship exists between ASB and PRS across the City. Issues within the PRS are often compounded, and the majority of areas with high levels of PRS suffer from issues associated with all 3 of the criteria of ASB, crime and deprivation. Whilst the Council acknowledges that not all areas of the City meet all four conditions, the Council believes there is strong evidence that the vast majority of the City meets one or more of the conditions listed below on which it is seeking to implement a scheme.

- High levels of crime
- A significant and persistent problem caused by anti-social behaviour
- Poor property conditions
- High levels of deprivation

In pursuing a scheme on these grounds the Council seeks to:

- further reduce crime and antisocial behaviour
- Ensure high standards of accommodation for all by driving up standards in the PRS and protect tenants across the City
- Include more of its citizens in its prosperity and reduce the high levels of deprivation in the City.

Crime and antisocial behaviour

The evidence shows that there is a strong correlation between levels of crime and ASB and private rented properties. Selective licensing (through the conditions to be attached to a licence) will make it a requirement for landlords to manage their properties more effectively, particularly by ensuring that tenancy conditions are clear and set out in proper tenancy agreements. Conditions will require landlords to deal with breaches effectively, giving greater assurance to local communities that private rented homes in neighbourhoods are being properly managed. In letting out properties landlords must take responsibility for the potential impact on neighbouring properties. Licensing will bring a far greater onus on landlords to ensure this. From this shift towards greater landlord responsibility for the conduct of their tenants it is hoped to see a significant reduction in antisocial behaviour. Where landlords do not adhere to their conditions the Council will use a proportionate approach to

enforcement to seek to ensure compliance as detailed in its enforcement and compliance guide

It is known from the Council's DCLG-funded rogue landlord initiative that the private rented sector is can be a base for criminal activity, and the data the Council has analysed shows a correlation between crime and the PRS. The requirement for a landlord to be a fit and proper person will ensure that those with criminal background are precluded from letting out properties to rent. As with antisocial behaviour, there will also be an expectation that through more effective enforcement of tenancy conditions, criminal activity involving PRS tenants will reduce. Therefore through licensing the Council expects to see a reduction in the level of crime associated with private rented properties.

Poor Property Conditions

The Council's evidence, obtained through a robust stock condition survey suggests a higher level of disrepair and incidence of HHSRS category one hazards than in both the owner occupied and social rented sectors. The licence conditions which will apply to the scheme will require landlords to be proactive in ensuring that their properties are well maintained. There are powers under the Housing Act 2004 to enforce compliance and tackle poor property conditions, but these rely on reporting, something which tenants are often reluctant to do for fear of retaliatory action by landlords. Licensing gives a clear statement of what is expected, both for landlords and tenants. Through the increased proactivity required by licensing and compliance with licence conditions, the Council hopes to see a significant improvement in property conditions in the PRS, one which matches its ambition for high quality homes for everyone in Nottingham, irrespective of tenure.

The reviews of the implementation of the Council's existing licensing schemes in *Appendix iii, Review of Nottingham City Council's Existing Licensing Schemes. Mandatory and Existing Licensing schemes October 2016* illustrates the effect licensing can have in improving property conditions and demonstrates the track record that the Council has in using licencing schemes as an effective tool to improve property conditions.

The review of both schemes highlights that less than half of landlords (44% mandatory and 45% additional licensing scheme) are not compliant with standards on the first compliance inspections. We know that when the Council inspects properties compliance levels increase and therefore property conditions are improved. This is evidenced through the relatively low level of enforcement actions taken by the Council. The review also highlights that of the licences issued under additional licensing, 72% required additional conditions or had restrictions placed on the licence. This demonstrates how licensing allows the Council to impose additional conditions to address specific problems that are identified with properties. Licensing has also increased the number of properties that are compliant with gas and electrical safety certificates. Through additional licensing the Council found that a number of applications for safety certificate were only done because of the requirement under the licensing scheme (even though it was already a legal requirement), with a number only being issued the day before for a licence application was made. It is not unreasonable to assume that similar improvements in the wider PRS will be likely if selective licensing is introduced.

Deprivation

In large parts of the proposed designation, the Council is relying on the City's high levels of deprivation as a condition for introducing a selective licensing scheme. Selective licensing alone will not improve the City's performance in terms of deprivation, but it can play a part. Poorly maintained and ineffectively managed homes will inevitably have a negative impact on the range of indicators used to measure deprivation. For example, poor housing leading to ill health, or low educational achievement. Having a good quality, stable home helps jobseekers. If housing conditions are improved and the overall quality of housing rises, it will contribute to the Council's overall ambition to reduce deprivation and ensure that all of its citizens can enjoy the City's prosperity.

Closing summary: Selective Licensing - the right thing for Nottingham and its citizens

Generally, it is acknowledged that selective licensing is not a “silver bullet”. It has been shown in the strategic case for licensing above that it needs to be used alongside a number of other tools and within an overall partnership framework.

Whilst the review of existing licensing schemes shows that to date there has not been a significant reduction in complaints that the Council receives that relate to ASB, licensing is a long term strategy and will not provide an instant solution. This is especially the case when dealing with long term issues such as ASB, crime and deprivation. The Council though can clearly demonstrate the effect its existing schemes have had on improving property conditions, where it is easier to effect shorter term improvements, in the HMO sector. The outcomes of this are evidenced through the decrease in complaints relating to housing conditions. The Council believes that these improvements in property conditions will directly lead in the longer term to a reduction in deprivation being experienced not only in the properties that are licensed but in the wider community. Living environment is an important indicator of deprivation and one that Nottingham performs comparatively poorly on. The evidence shows there is correlation with this and the PRS. The Council is able to evidence through the improvements to property in the social rented sector that improvements in property conditions lead to improvement in health. The Council believes that further licensing via the proposed scheme will also enable the Council to improve conditions in the wider PRS where they are clearly needed.

The proposed scheme of selective licensing fits entirely with the Council’s vision that every neighbourhood is safe, clean and a great place to live. It will also make a major contribution to the key objective of:

enabling Nottingham residents to have access to a high standard of accommodation, whether renting or buying.

In summary it is the right approach for Nottingham because:

- There is robust and compelling evidence to show that it is needed
- Its implementation will tackle the problems which the evidence reveals and significantly help the Council to achieve its objective of improving the quality of the PRS
- It is a wholly complementary tool to use alongside the other initiatives the Council has in place to achieve a better private rented sector
- The track record of the City in implementing licensing schemes and getting results shows what can be achieved

Existing initiatives and the exercise of available powers have not brought about the improvement in the City’s PRS which is needed: there is no practical and beneficial alternative to the proposed scheme