

Equality Impact Assessment Form (Page 1 of 10)

Title of EIA/ DDM: Proposed Designation for Selective Licensing of the Private Rented Sector

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Service Area: Housing Strategy and Partnerships

Strategic

Budget EIA Y/N (please underline)

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Brief description of proposal / policy / service being assessed:

Selective licensing is a regulatory tool provided by the Housing Act 2004. Part 3 of the Housing Act 2004 (the Act) sets out the scheme for licensing private rented properties in a local housing authority area. Under section 80 of the Act a local housing authority can designate the whole or any part or parts of its area as subject to selective licensing. Where a selective licensing designation is made it applies to privately rented property in the area.

The Council is proposing to implement a selective licensing scheme in a designated area – see map at the end of EIA.

Under the proposed designation, all privately rented houses (as defined by the Act) will require a licence; and applications will need to be made to the Council by landlords.

One of the key benefits which licensing is perceived to bring is an improvement in housing standards in a sector of the housing market in which a large number of vulnerable citizens are housed.

An initial EIA was carried out prior to consultation on the Council's proposed scheme. This is an updated EIA following the Council's consideration of the outcomes of the Consultation. A final EIA will be carried out on the final scheme before implementation, should it progress through the various approval stages.

The consultation on the proposed scheme generated a number of responses which have equalities implications. The document below shows these and sets out how, where possible, the Council intends to respond to them in progressing the scheme

Information used to analyse the effects on equality:

The Project Team held an informal focus group discussion in August 2016, as part of the initial EIA and invited representatives from different communities in Nottingham to discuss experiences of living in and renting out properties in Nottingham. The aim of the session was to find out what issues are faced by different equality groups, explore what impact a licensing scheme may have on the city's different communities and equality groups, and explore options for future consultation and engagement. In addition data from the 2011 census was used to map areas with a high proportion of Private Rented Sector (PRS) against areas with a high concentration of bad health, age group, BME and minority ethnic population and disability and a high proportion of PRS.

A wide range of stakeholder groups including representatives of community and voluntary groups, business owners and service

operators, social housing tenants, home owners, private rented tenants, letting/managing agents and private landlords were consulted on the proposals.

As part of the Consultation an event was held in Feb 2017 at Nottingham Community & Voluntary Action Centre. This was a special event arranged to discuss the proposal with Voluntary Organisations and Community/Communities of Interest Groups within the city. In addition the project team attended a BAME Network meeting in Feb 2017 to discuss the proposal with representatives from Community of interest groups, Voluntary Organisations and Community Groups. This was in addition to email communication to various communities of interest networks in January 2017. Protected characteristics were also asked for in the Council's on line survey and the demographic make-up of the responses has been analysed. Learning from the existing licensing schemes and national policy/guidance has also been used.

	Could particularly benefit X	May adversely impact X (although may be only short term)	How different groups could be affected (Summary of impacts)	Details of actions to reduce negative or increase positive impact (or why action isn't possible)
People from different ethnic groups.	X	X	<p>The Focus Group held with representatives from different communities identified potential impacts on different sections of the community. It was acknowledged that Selective Licensing could, along with a wider set of measures, address issues associated with the Private Rented Sector (PRS) such as antisocial behaviour (ASB), poor property conditions, high levels of deprivation and crime. These may have a disproportionate effect on different types of communities. Participants agreed that there should be some form of control over landlords and that they should be accountable for the conditions in their properties</p>	<p>Positive impact can be continually improved by on-going enforcement action against non-compliant landlords.</p> <p>It is hoped that the scheme will help to tackle ASB issues in the PRS</p> <p>It is felt that overall the benefits of selective licensing outweigh the potential disadvantages; it is believed will have a positive impact on disadvantaged groups who are over-represented in many of the communities where it will be implemented</p> <p>Actions will be identified as part of the final EIA, should the scheme be confirmed, to identify specific</p>
Men				
Women				
Trans				
Disabled people or carers.	X	X		
Pregnancy/ Maternity				
People of different faiths/ beliefs and those with none.	X	X		
Lesbian, gay or bisexual people.				
Older	X	X		
Younger	X	X		
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/ adults).	X	X		
<i>Please underline the group(s)</i>				

/issue more adversely affected or which benefits.

People from different ethnic groups

The population of those living in the City's PRS comprises people from a range of different BME communities, Mapping shows that BME citizens are over represented in areas of the city where there is a high concentration of PRS properties; furthermore areas with an above average PRS also have an above average % of the population that are from a BME background Overcrowding is likely to be an issue in some areas and illegal conversions of properties particularly affect new and emerging communities.

Respondents to the on line survey 66% of the respondents were white, landlords and tenants are around 65% white. More landlords than in the other stakeholder groups were from an Asian Indian background with 4.4%. 22% of landlords preferred not to say what their ethnicity was. In the tenants stakeholder group, a significant group was white other at 10%.

Potential benefit: Improved quality and safety of accommodation for BME tenants in the rental market due to the compliance with licensing conditions. Life chances/opportunities are affected by housing. As accommodation improves outcomes should improve. May also improve health and wellbeing as homes are improved.

mitigatinons against potential negative impacts of the scheme.

There is no data set which links property ownership to ethnic origin, so it is not possible to quantify this impact. It is however acknowledged that there is a high level of ownership amongst the Asian community, and therefore the Council must have regard to this potential adverse impact. Licence applications will provide an opportunity to capture ethnic monitoring data and provide better data on ownership of PRS. This was introduced as part of the Additional Licensing scheme. Out of 1962 Licence Holders, only 126 declared their ethnicity. The table below shows the breakdown, which is of limited value, due to such low numbers completing this information.

Ethnicity	%
Asian Indian	17
Asian Pakistani	36
Asian other	2
Black Caribbean	1
Black other	1
White and Black Caribbean	2
White and Asian	1
Chinese	2
White British	36
White Irish	1

Potential adverse impact:

(a) Landlords

Background: Property investment by the Asian community is the foundation of their financial interests. Property portfolios seen as 'pension schemes' and a means to support families (within the UK and back in Pakistan and India), communities and faith institutions. Life savings are often invested in property. Great concern that the proposals will seriously damage property portfolios having a 'knock-on' effect of reducing 'yields' and lowering income that can be used to support families, the community etc. Representatives of this community perceive that landlords in their community have already been disproportionately affected by the additional licensing scheme and another scheme may have a big impact on their portfolios

One of the strong themes that emerged from the consultation was around fees. The estimated licence fees are too expensive and differential for accreditation is not enough and /or that the fees are too expensive to be paid upfront in one instalment, especially for landlords with multiple properties/large portfolios. Both these considerations could have an adverse impact on landlords whose income is low and profits from lettings are marginal. BME communities, particularly the Asian community, may be more affected by this as it is acknowledged that there is a high

It is also acknowledged that this is a highly complex issue which will require a lot of support and explanation to certain sections of the community so that they fully understand what is expected of them and are able to comply with the requirements. Such a role should be carried out by the Housing Strategy and Environmental Health teams.

Overall, the additional costs to landlords over five years is considered to be small, although it is acknowledged that those with larger portfolios needing to pay multiple licence fees will have a large upfront outlay.

It is intended that accredited landlords will receive a discount on the fee.

In comparison to fees charged by other authorities those estimated by the Council are not the highest in the country. The fee reflects the costs of administering the licensing scheme. The Council has used the updated version of the Local Government Association (LGA) toolkit available for precisely this process, which is how the fee has been set. The Council is not allowed to make a profit from the licence fee.

The Council wants to ensure a sustainable solution and some of

level of ownership amongst the Asian community

the work required for both accredited and non-accredited landlords is the same. The savings for accredited landlords are partly based on fewer inspections and checks of accredited landlords as they should be up to a good standard already and may also have been recently inspected by an accreditation partner. It is also anticipated that there shall be fewer issues to resolve following any inspection, which again, keeps the costs lower. The discount offered needs to reflect the saving to the Council of landlords being accredited

The Council acknowledges that fees could be too expensive to be paid upfront in one instalment, especially for landlords with multiple properties/large portfolios. It has considered fee payment models following comments in the consultation, which could include payment by instalment. However there are potential issues with this: legally it needs to be clarified whether a licence can be held if a fee has only been paid in part; also the additional administrative cost of payment by instalment could make it prohibitive

(b) Tenants

The effect of large cohorts of renters in a community was discussed.

Different areas of Nottingham have different amenities that attract people

There is a risk that Selective licensing will result in rent

			<p>from different ethnic groups. This leads to a concentration of particular ethnic groups in an area. This can put pressure on services in that area as the community is less diverse. It can also mean tension between different communities.</p> <p>Overcrowding in the PRS was discussed. People from new and emerging communities may be particularly affected by overcrowding or illegal/substandard conversions</p> <p>Issues of subletting were identified as a key issue that needs to be addressed. This is a particular problem amongst new and emerging communities.</p> <p>Concern that landlords will inevitably increase rents to cover licensing costs and costs of works to comply with licensing conditions. One of the unintended consequences of a scheme may be to push tenants further into food and fuel poverty. People from BME communities more likely to earn less than non BME communities.</p> <p>One of the themes from the consultation was Costs will be passed on to tenants in the form of inflated rents. This was particularly the case with groups representing the BME community. Tenants on low incomes will be faced with higher rents and may not be able to afford them.</p> <p>The consultation also highlighted that the scheme may have a negative impact on tenants especially tenants claiming housing benefit which could</p>	<p>increases, but this impact would not be fully understood until the scheme had been implemented. Consideration has been given to the potential impact of the cost of licensing being passed on to tenants through higher rents. It is felt that over the five year term of the scheme the proposed licence fee will not constitute more than a few pounds per week. 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. It is therefore a risk that the Council should be aware of, but one which is based on speculation.</p> <p>The Council considered this as part of the consultation. Landlords may pass the cost on to tenants, but the Council believes they should not do so. Over the five years of the scheme the licence fee equates to a relatively small sum which most landlords should be able to absorb.</p> <p>There is a clear risk to landlords ending tenancies in order to exit the</p>
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			<p>lead to a greater burden for the Council. Landlords put up rents which then exceed the local housing allowance, leaving poorer tenants to make up the shortfall, or leading to landlords exiting the housing benefit market.</p> <p>The scheme may cause landlords to withdraw properties from the sector and lead to less homes being available for renters. This was reflected in the consultation comments received that tenants will have to relocate outside of the city due to increase in rents and decrease in supply and lower income tenants are forced to look for alternative accommodation because of higher rents. Landlords may exit the LHA market or the PRS altogether, reducing the supply of homes for people on lower incomes.</p> <p>Poor standards of accommodation are often at the lower end of the market and landlords may have to do more to their properties at this end to meet the standards required.</p> <p>BME groups may be affected more because BME citizens are over represented in areas of the city where there is a high concentration of PRS properties; furthermore areas with an above average PRS also have an above average % of the population that are from a BME background</p>	<p>HB market, as there is no guarantee that they will be able to relet their properties to other groups. It could be that the regular and reliable income from letting to LHA tenants makes it worthwhile them absorbing the costs of the licence fee.</p> <p>Additional support in the form of discretionary housing payments are available to tenants who have specific difficulties</p> <p>The Council does not believe that standards of accommodation should be compromised in the interests of greater affordability. These are standards that the Council believes landlords should already be meeting</p>
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Disabled people or carers

Mapping shows no apparent overlap between areas of high PRS and areas where disabled people live This may be due to the small cohort.

Focus group identified that tenants who are disabled often face particular problems when renting properties.

They may have problems with security of tenure. Landlords are reluctant to facilitate property adaptations and getting these agreed with landlords was highlighted as a particular difficulty. Tenants with health issues are also much more likely to be affected by problems with damp and housing disrepair issues.

They may face problems with getting repairs done quickly. Disabled tenants are much more impacted by the cold and issues such as no heating or hot water affect them more.

Disabled tenants have also highlighted problems renting properties when they have assistance dogs, as these are seen as pets and they are not pets. Also 12% of tenants who responded to the on line survey were disabled.

Potential benefit: An improvement in property standards which it is believed licensing will bring will have a positive impact on the lives of such people

Potential adverse impact:
Tenants in this equality strand could be affected by rent rises and other

adjustments to the PRS market that might result from licensing changes.

People from different faith groups

Potential adverse impact: Issues already stated regarding Asian landlords could apply to this equality strand. It should be noted that the Muslim community cannot receive, for religious reason, 'interest' from investments and therefore property is a preferred investment, hence this makes this community sensitive to any matters that could affect property prices or yields.

Older or younger people

Although the proposals are not believed to specifically have an adverse impact on these groups, the risk already mentioned of rent increases could have an impact on all sections of the community. Most of the tenants who responded to the online survey were younger, with 43% being in the 25 to 24 age group. Most landlords were older and fell into either the 45 to 54 or the 55 to 64 age groups (47%).

Outcome(s) of equality impact assessment:

- No major change needed
- Adjust the policy/proposal
- Adverse impact but continue
- Stop and remove the policy/proposal

Arrangements for future monitoring of equality impact of this proposal / policy / service:

If the proposal proceeds to a final decision to implement by the Council, following approval by DCLG, a further review of this EIA will take place. It may be possible to use referral data to agencies such as Housing Aid, Notts Housing Advice etc to see what specific impacts the scheme is having if it is implemented.

Approved by (manager signature):

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Date sent to equality team for publishing:

Send document or link to:

equalityanddiversityteam@nottinghamcity.gov.uk

Before you send your EIA to the Equality and Community Relations Team for scrutiny, have you:

1. Read the guidance and good practice EIA's
<http://www.nottinghamcity.gov.uk/article/25573/Equality-Impact-Assessment>
2. Clearly summarised your proposal/ policy/ service to be assessed.
3. Hyperlinked to the appropriate documents.
4. Written in clear user friendly language, free from all jargon (spelling out acronyms).
5. Included appropriate data.
6. Consulted the relevant groups or citizens or stated clearly when this is going to happen.
7. Clearly cross referenced your impacts with SMART actions.