

Equality Impact Assessment Form (Page 1 of 10)

screen tip-section A

Title of EIA/ DDM: Implementation of a scheme of Selective Licensing of Private Rented Sector Houses
Name of Author: Graham Demax/Lisa Ball/David Hobbs
Department: Development & Growth and Commercial and Operations
Director: David Bishop and Andy Vaughan
Service Area: Housing Strategy and Partnerships and Housing Licensing and Compliance
Strategic Budget EIA Y/N (please underline)
Author (assigned to Covalent): Graham De Max

screen tip-section B

Selective licensing is a regulatory tool provided by the Housing Act 2004. Part 3 of the Housing Act 2004 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.

In early 2017 the Council consulted on a selective licensing scheme in a designated area (see map at the end of EIA). In October 2017 the designation was submitted for confirmation to the Secretary of State for Housing, Communities and Local Government. The designation was confirmed in February 2018, and becomes effective from August 1 2018.

Under the designation, all privately rented houses 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 in October 2016 prior to consultation on the Council's proposed scheme. A further EIA was undertaken in June 2017 following the Council's consideration of the outcomes of the Consultation. This is a final EIA to consider the equalities impacts of the scheme and their mitigation prior to implementation.

screen tip-section C

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 properties in the Private Rented Sector (PRS) and areas with a high concentration of bad health, age group, black and minority ethnic (BAME) population and disability.

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 BME 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 requested in the Council's on line survey and the demographic make-up of the responses has been analysed. Learning from the existing licensing schemes has also been used.

screentip-sectionD	Could particularly benefit X	May adversely impact X
People from different ethnic groups.	X	X
Men	<input type="checkbox"/>	<input type="checkbox"/>
Women	<input type="checkbox"/>	<input type="checkbox"/>
Trans	<input type="checkbox"/>	<input type="checkbox"/>
Disabled people or carers.	X	X
Pregnancy/ Maternity	<input type="checkbox"/>	<input type="checkbox"/>
People of different faiths/ beliefs and those with none.	X	X
Lesbian, gay or bisexual people.	<input type="checkbox"/>	<input type="checkbox"/>
Older	X	X
Younger	X	X
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/ adults).	<input type="checkbox"/>	<input type="checkbox"/>
<i>Please underline the group(s) /issue more adversely affected or which benefits.</i>		

screentip-sectionE How different groups could be affected (Summary of impacts)	screentip-sectionF Details of actions to reduce negative or increase positive impact (or why action isn't possible)
	1 Actions will need to be uploaded on Covalent.

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

People from different ethnic groups

- There is no data set which links property ownership to ethnic origin, so it is not possible to quantify the impact. It is however acknowledged that there is a high level of ownership amongst the South Asian community, and therefore the Council must have regard to this potential adverse impact. Licence applications 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. However out of 1962 Licence Holders, only 126 declared their ethnicity. The table below shows the breakdown.

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

New online application process to include separate feedback form that includes monitoring information to help to build a better picture of the profile of the landlord community.

Housing Strategy and Environmental Health teams to support and help explain more complex issues in the run up to implementation and in the early stages of the scheme so that all members of the community fully understand what is expected of them and are able to comply with the requirements.

- 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;
 - 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 at 4.4%.
 - 22% of landlords preferred not to state their ethnicity
 - 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.

Potential adverse impact:**(a)Landlords**

Background: Property investment by the South Asian community is the foundation of financial interests. Property portfolios are 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. Community representatives perceived that South Asian landlords 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 were viewed as too expensive and the discount for accredited landlords considered too low. There were suggestions that having to pay in one instalment could mean considerable up front expense, 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

(b)Tenants

The effect of large cohorts of renters in a community was discussed. Different areas of Nottingham have different amenities that attract people 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.

Overcrowding

Overcrowding in the PRS was discussed. People from new and emerging communities may be particularly affected by overcrowding or illegal/substandard conversions. Issues of subletting were identified as a key issue that needs to be addressed.

Unintended consequences

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.

The consultation also highlighted that the scheme may have a negative impact on tenants especially tenants claiming housing benefit which could lead to a greater burden for the Council. Landlords could put up rents which then exceed the local housing allowance, leaving poorer tenants to make up the shortfall, or

The discount was increased after the consultation

Paying by instalments was considered but would not be legally compliant. However, there is now a two-part fee which means that the fee does not all have to be paid up front.

Within the first year of operation of the scheme, the Housing Strategy Team to investigate the use of referral data to agencies including; Housing Aid, Notts Housing Advice etc to review the impact the scheme is having on the groups identified. The Housing Strategy to have established feasibility of data collection by the time the scheme commences in August.

leading to landlords exiting the housing benefit market.

The scheme may cause landlords to withdraw properties from the sector and lead to less homes being available for renters resulting in

- tenants possibly relocating outside of the city due to increase in rents and a decrease in supply and;
- lower income tenants forced to look for alternative accommodation because of higher rents.

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 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 expensive to be paid upfront in one instalment, especially for landlords with multiple properties/large portfolios. It 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

Positive impact can be continually improved by on-going enforcement action against non-compliant landlords.

There is a risk that Selective licensing will result in rent 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

It would be extremely difficult to assess the impact of licensing schemes on rents. In recent years rising demand for privately rented homes has led to rents increasing almost everywhere in the country; The Housing Strategy team monitors rents in the private rented sector and will track what happens after the implementation. However, whether any rent increases which do occur are directly attributable to selective licensing will be very difficult to say with certainty

The Council considered this as part of the consultation. Landlords may pass the cost on to tenants,. Over the five years of the scheme the licence fee equates to a relatively small weekly sum of between £2 and £3 which most landlords should be able to absorb.

Owing to rising costs since the consultation the licence fee has increased by approximately 20%. However, taken over the life of the licence these amount to relatively small amounts of money.

There is a clear risk to landlords ending tenancies in order to exit the local housing allowance (LHA) 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. Certainly, the Council values the role of the PRS in relieving homelessness, and will increasingly be looking to the PRS under the provisions of the Homelessness Reduction Act. The Nottingham Private Rented Assistance Scheme operated by the Council's Housing Aid service offers landlords considerable support in the form of bonds, advice, tenancy support, tenant-finding and tenant references. The Council has used grant funding from the government to boost the NPRAS offer to landlords.

Additional support in the form of discretionary housing payments are available to people who have specific difficulties

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

It is hoped that the scheme will help to tackle ASB issues in the PRS

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

Disabled people or carers

12% of tenants who responded to the on line survey were disabled.

Mapping shows no apparent overlap between areas of high PRS and population experiencing disability. This may be due to the small cohort.

The focus group identified that disabled tenants 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.

Potential benefit: An improvement in property standards which it is believed licensing will bring will have a positive impact on the lives of disabled 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: For religious reasons Muslims cannot receive, '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

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%).

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.

Has consultation been done or planned for this proposal? •Completed X •Planned ☐

[screentip-sectionG](#)

Has human rights legislation been considered in this proposal? •Yes ☐ •No X

[screentip-sectionH](#)

Outcome(s) of equality impact assessment:

•No major change needed X •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:

Review of monitoring information from on line application forms and review of referral data from 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):

Graham de Max
Housing Strategy and Partnership Manager
Graham.demax@nottinghamcity.gov.uk
Tel 0115 8763538

Date sent to equality team for publishing:

23rd March 2018

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://gossweb.nottinghamcity.gov.uk/nccextranet/index.aspx?articleid=9770>
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.