

Selective Licensing

Response to Consultation

Background

Islington Council's Residential Licensing team has undertaken a public consultation on proposals for a new selective licensing scheme. Respondents were asked to consider the proposals laid out in the Full Consultation Document and summarised in the Summary Consultation Document.

The proposed scheme would, in essence, require landlords and lettings agents to hold licences for all rented properties in the new wards of Finsbury Park, Hillrise and Tollington. Currently, only the old ward of Finsbury Park is subject to selective licensing. In all other wards a licence is only required for Houses of Multiple Occupation (HMOs).

We would like to thank respondents who took the time to share their views, all of which have been carefully considered in the drafting of this response. This document will set out the consultation process, the key points raised by respondents and the council's response.

The consultation process

Process

Islington Council launched a public consultation on its proposed selective licensing scheme, in accordance with requirements in The Housing Act 2004, and sought to gather local views on the proposals, including the proposed licensing conditions, fees, and alternatives that the council could consider.

The consultation ran for just over 13 weeks and ran from 23 December 2021 and closed on 27 March 2022, and well exceeded the minimum consultation period of 10 weeks. The consultation was circulated to key stakeholders including landlords, tenants, local faith groups via letters and emails, advertised through council communication channels and published on the Islington Council website.

The consultation mainly took the form of an online, sixteen question survey, including an open final question. Respondents could also write in by email and letter. Alongside the consultation survey, Islington published a Full Consultation Document, a Summary Consultation Document, and a set of FAQs to fully outline the proposed scheme, the evidence and the justification for the scheme. Islington also held three online information sessions, at which officers were present to answer questions and record concerns raised. Although well-advertised, these were not well attended.

Breakdown of responses-key points

Thank you to everyone that took the time to complete the survey and contact us directly. We received a total of 68 responses to the survey as set out in Figure 1, and two separate written responses from landlord organisations, which along with the final open question, are discussed separately. Respondents were asked to complete questions based on whether they were a landlord or a tenant, so some questions are only answered by one particular group only. Some questions allowed respondents to choose more than one answer.

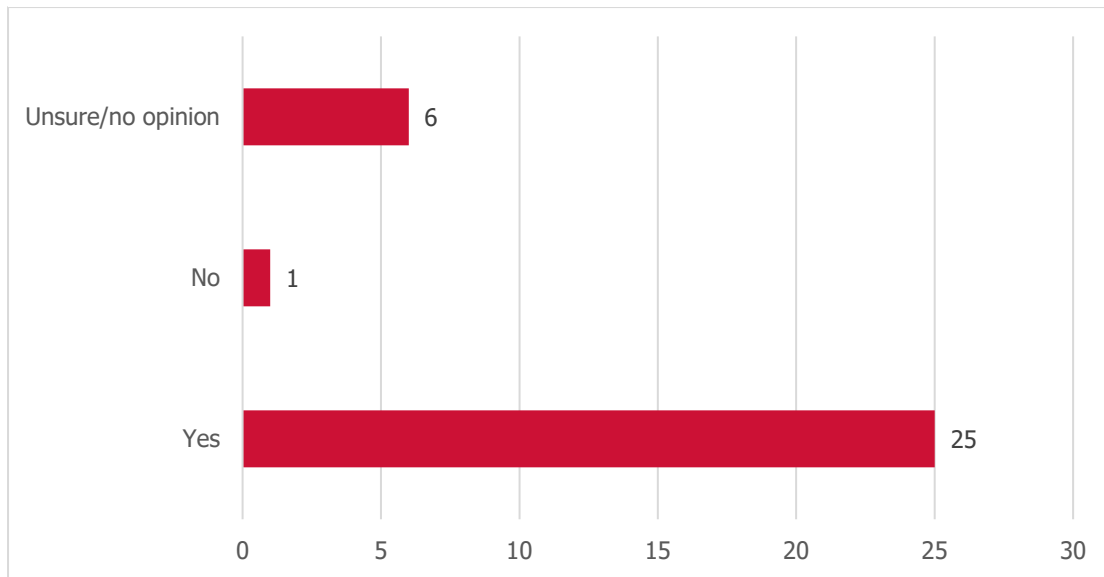
It has to be said that the consultation wasn't well responded to, despite a well-structured press and social media campaign, and letters/emails to the affected stakeholders. This could be due to the fact that the existing property licensing scheme has ensured that stakeholders are much more aware of property licensing as a concept and are accepting of the proposals compared with when the council first consulted on the existing scheme.

Figure 1: Respondent by type



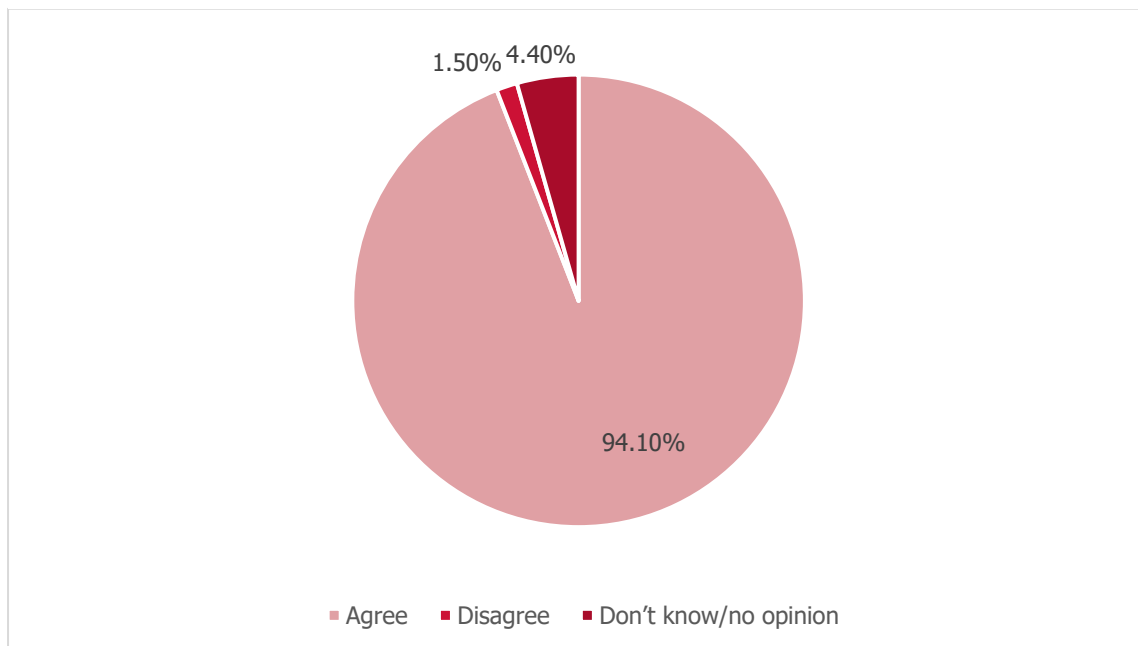
One important finding was that the response from landlords and managing agents was significantly higher than any other group and accounted for over half of the respondents combined (54%). This has meant that the results of this consultation are skewed by the over representation of this group.

Figure 2: Is there a link between housing and poor health?



Most tenants who answered the question (78.1%) agreed that there is a link between poor housing and health (Figure 3).

Figure 3: Should landlords and managing agents manage their properties responsibly?



Despite the different types of respondents (landlords, tenants, owner occupiers etc.), there was overwhelming agreement (94.1%) that landlords and managing agents should manage rented properties responsibly (Figure 2).

Figure 4: Which of the following issues do you think a Selective Licensing Scheme should address?

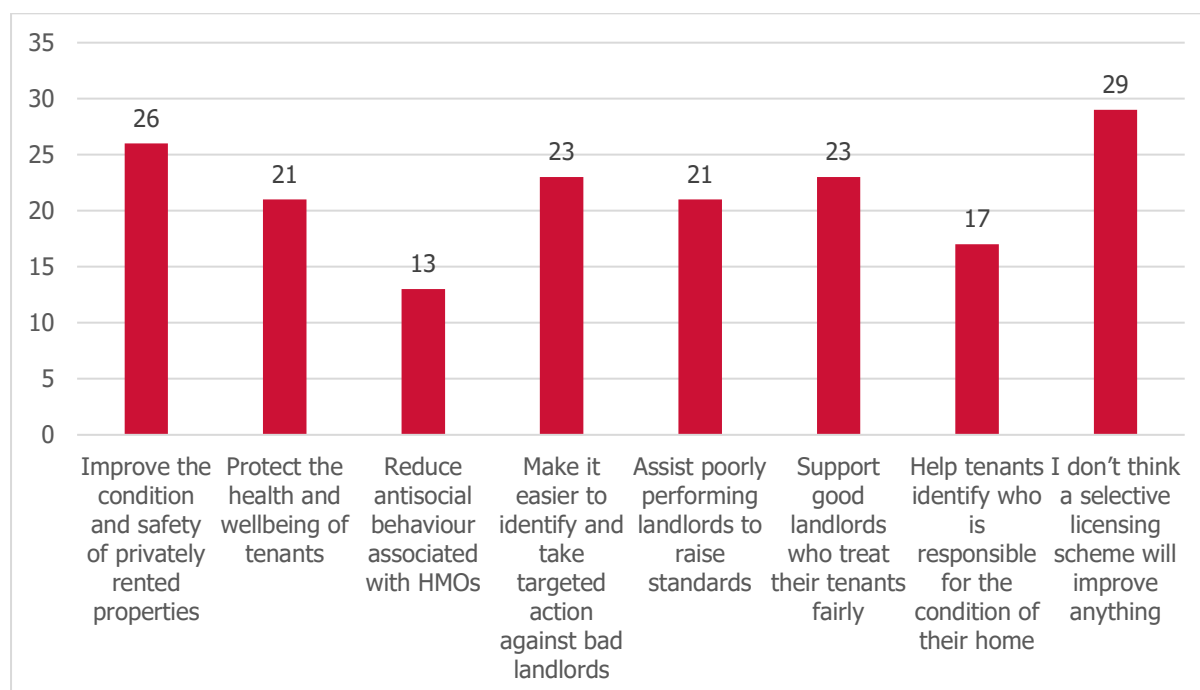
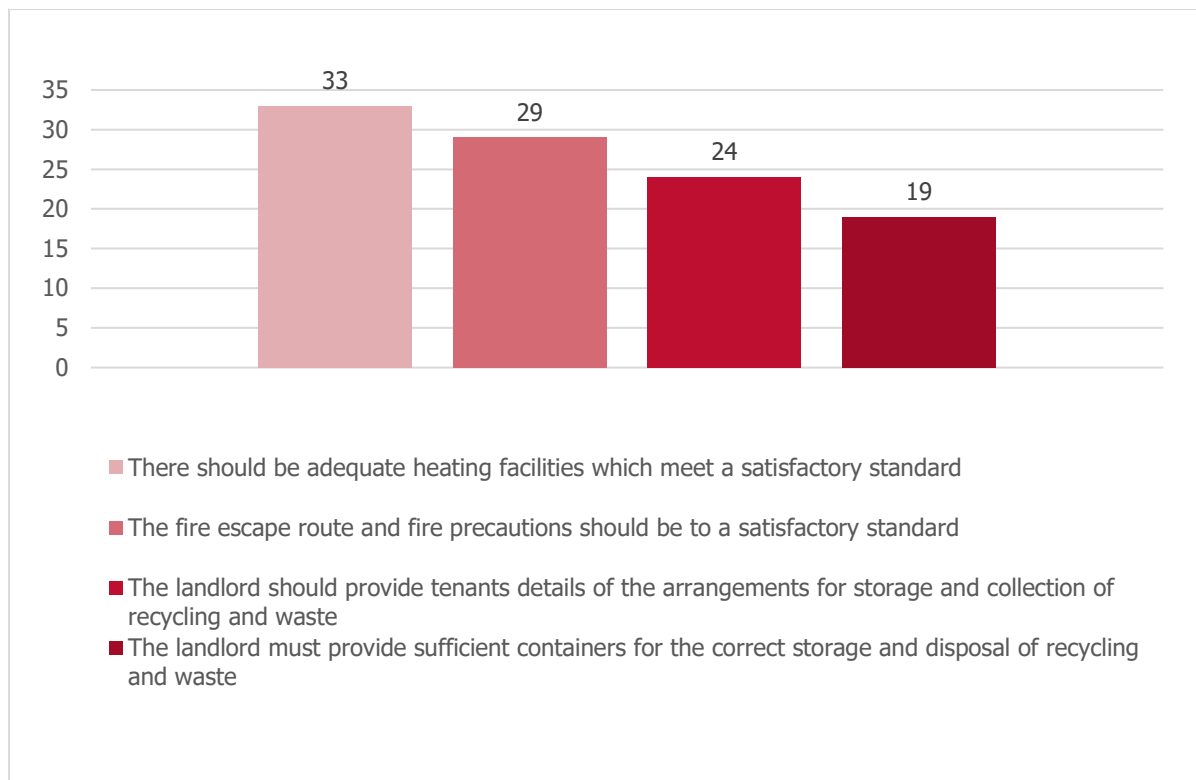


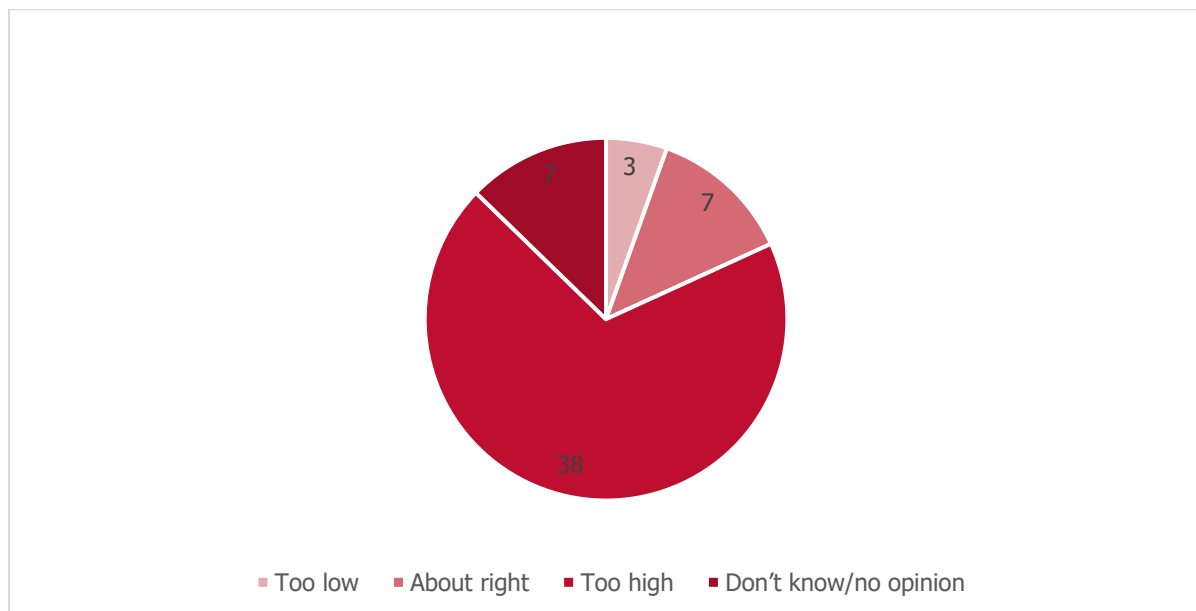
Figure 4 shows the responses to the question about issues the scheme should address. Respondents were asked to tick as many that applied. There was strong support for the scheme to improve the condition and safety of properties (47.3%); Protect the health and wellbeing of tenants (38.2%); Reduce antisocial behaviour (23.6%); Make it easier to identify and take targeted action against bad landlords (41.8%). This was balanced with support for assisting poorly performing landlords to raise standards (38.2%); supporting good landlords who treat their tenants fairly (41.8%); helping tenants identify who is responsible for the condition of their home (30.9%), and a slightly larger response for the scheme not improving anything at all (52.7%).

Figure 5: Opinion on proposed licence conditions



As noted in Figure 5, most respondents thought that adequate heating (33) and satisfactory fire precautions (29) should be on the licence conditions with adequate waste receptacles scoring less (19).

Figure 6: Licence fee



Unsurprisingly, most landlords overwhelmingly (69.1%) thought that the proposed licence fee was too high (Figure 6)

Table 1: Opinion on the proposed scheme by stakeholder type

	Private Landlord or Managing Agent with properties in the new Finsbury Park, Tollington and Hillrise wards	Private Landlord or Managing Agent with properties elsewhere in Islington	Private Tenant living in the new Finsbury Park, Tollington and Hillrise wards	Private Tenant living elsewhere in Islington	Owner occupier or other resident in Islington	Interested voluntary, community or faith sector organisation (not a landlord)	Other, please specify
Strongly agree	0.0%	5.0%	40.0%	33.3%	33.3%	50.0%	20.0%
Agree	7.1%	15.0%	40.0%	33.3%	0.0%	50.0%	0.0%
Neither agree nor disagree	21.4%	10.0%	0.0%	16.7%	33.3%	0.0%	0.0%
Disagree	7.1%	10.0%	0.0%	0.0%	0.0%	0.0%	20.0%
Strongly disagree	64.3%	60.0%	20.0%	16.0%	33.3%	0.0%	60.0%

Table 1 shows the breakdown of opinion about the proposed scheme by the stakeholder type. Unsurprisingly landlords are overwhelmingly not in favour of the scheme, 64.3% and 60% for landlords within the proposed new wards and elsewhere in Islington, respectively. It was also interesting to note that owner occupiers were split equally between strongly agreeing (33.3%), neither agreeing or disagreeing (33.3%) or strongly disagreeing (33.3%). Overwhelming, interested voluntary, community or faith sector organisations that were not landlords, either strongly agreed (50%) or agreed (50%). When considered alongside tenants in the proposed scheme or elsewhere in the borough their combined strongly agreed and agreed responses (80%) and (66.6%) respectively, this supports the wider opinion that the proposed scheme will be well received by those that need it most: tenants.

Issues raised by respondents

The key issues raised in the open question survey responses, along with the two separate written responses are detailed below, alongside Islington Council's response. This was an important part of the survey, and we welcomed those individual responses. They have been grouped, for ease of reply.

Issue 1: Respondents expressed concern that the cost of a licence could lead to increased rents and, alongside increased service charges, could potentially mean being a landlord financially unviable. Some were concerned that the scheme penalises good landlords and should get 'bad landlords' to pay for the scheme.

LBI Response: The cost of a selective licence for a single-family home (or two individual sharers) will be £800. This equates to £14.00 per month for the term of the five-year licence. We anticipate that this cost can be easily absorbed as part of the business model for landlords. Rents are generally market driven and do not tend to be influenced by licensing costs. Local housing market areas tend to cross borough boundaries and several of Islington's neighbours have already introduced discretionary licensing schemes and although the likelihood is low, any impact of such schemes on rent costs are likely to have already impacted Islington. We are not aware of any issues with rent increases due to licensing fees in the existing Finsbury Park scheme.

Issue 2: Several questions were asked about how the council intends to use the licence fee, whether the fee will contribute towards general council funding and how enforcement will be funded.

LBI Response: The fees charged will cover the costs associated with running the licensing scheme, including enforcement of the scheme for those landlords that have failed to apply for a licence.

Issue 3: Several respondents supported the proposed scheme, claiming that the scheme will help those who do not have the knowledge or confidence to report bad landlords and that lettings agencies and landlords have been getting away with low standards for too long.

LBI Response: Our property licensing scheme will create a clear and level playing field for the private rented sector across Islington. We believe that it should not be down to tenants to report issues with their home.

Issue 4: Some responses questioned the need for the scheme and whether there was evidence that licensing schemes lead to more enforcement action, particularly regarding the existing scheme in Finsbury Park. Several alternative courses of action were suggested:

- Focus on enforcing existing laws and tackle rogue landlords
- Solve the housing crisis by building more high-density flats, rather than licensing.

LBI Response: Whilst the Housing Act allows the council to improve dwellings, this largely relies upon a tenant making a complaint to the council, this not an efficient way to improve the housing conditions for renters and relies heavily on tenants reporting issues to us. The scheme will help us target resources on identifying landlords that evade licensing, and those that need to take action to bring their properties up to standard.

The council already use our existing enforcement powers to tackle rogue landlords, including the service of improvement notices, prohibition orders, civil penalty notices and taking prosecutions against the most serious cases of non-compliance. All enforcement action is proportionate and in line with our enforcement policy.

The council is actively building, as a priority, new council homes and to increase the supply of genuinely affordable, low carbon homes in Islington. More information about the council's housing strategy can be found here: [Housing Strategy 2021-2026 A Home For All \(islington.gov.uk\)](https://www.islington.gov.uk/2021-2026-a-home-for-all)

Issue 5: Respondents called for the scheme to go further to address poor housing conditions. Suggestions included raising licence standards to beyond the legal minimum, stipulating a minimum water pressure in the licence conditions, widening the scheme to the entire borough, and taking more action against converted buildings with illegally small units.

LBI Response: A careful balance must be found between raising standards and making the scheme impossible to comply with. As a local authority, we must be proportionate, reasonable, and fair in everything we do. Extending the property licensing schemes further than what is already proposed would mean that we would need sufficient evidence that a scheme is needed, and we would have to apply to the Secretary of State for Housing for the scheme to be approved, as combined with the current scheme, it will exceed the threshold set out in the legislation.

Issue 6: One respondent asked if a discount could be given to landlords who use an accredited agent.

LBI Response: The council are pleased to announce that there is a reduced fee for landlords that are accredited or managing agents that are accredited, providing they are either a licensee or a manager of the property.

Issue 7: One comment raised the issue of existing Finsbury Park selective licences and whether licence holders will need to reapply for their licence in 2026.

LBI Response: Existing licences will still be valid.

Issue 8: One landlord asked for more support around the requirements and is worried about the risk of accidental non-compliance.

LBI Response: A recognised accreditation scheme will often be a good option for a new or inexperienced landlord. Most accreditation schemes provide up to date training as part of the accreditation fee, and access to legal advice and support from other landlords. The licence fee for an accredited landlord is reduced to from £800 to £725.

Issue 9: Concerns were raised that the delineation between a selective and an additional HMO licence could discourage landlords from renting to couples and friends (e.g., a couple and a friend renting a two-bedroom property).

LBI Response: Currently, HMO licensing applies to the whole of the borough regardless of the size of the HMO and we intend to review our fees for HMO licenses in the next budget cycle.

Issue 10: The NRLA made a general comment about waste management and the PRS and requested for there to be a free or low-cost scheme to remove bulky waste items left behind when tenants vacate at the end of a tenancy.

LBI Response: the council acknowledges most tenancy agreements require tenants to remove all belongings and waste when they vacate a property, and we would encourage landlords to explore options for recouping costs for waste disposal via the Tenancy Deposit Scheme (TDS) dispute resolution service. There are no current plans to reduce the cost of bulky waste collections for landlords.

Issue 11: the NRLA commented that landlords are unable to prevent ASB other than to evict a problematic tenant and that the council already has legislation to combat issues with waste disposal and ASB.

LBI Response: the council already utilises existing legislation to combat issues such as pest control, waste control management. Property licensing allows the council to target resources more efficiently. We would encourage landlords to undertake proper referencing to minimise the risk of renting their property to a problematic tenant.

Issue 12: the NRLA commented that if the scheme is approved, the council should consider providing an annual summary of outcomes to demonstrate improvements to tenants' and landlords' behaviour and the impact of licensing on the designated area over the scheme's lifetime. This would improve transparency overall.

LBI Response: a report is published at the conclusion of the scheme, but we will consider publishing an interim report.

Issue 13: safeagent state that there is no rationale for revoking the existing Finsbury Park selective licensing scheme and extending it and suggest a simple postcode checker to see if a property is within the scheme or not could eliminate the need to redeclare the Finsbury Park scheme once the new ward boundaries are in place.

LBI Response: once the new ward boundaries are introduced in May 2022, the existing designation for Finsbury Park will become contradictory and confusing. The designation as it stands refers to both a boundary marked on a map, which clearly shows the streets in scope, and the designation also states it applies to Finsbury Park ward, which will not have the same boundaries after May 2022. Revocation of the existing scheme and a new designation based on the new boundaries, incorporating the whole of the new Finsbury Park ward in addition to the proposed inclusion of Tollington and Hillrise will eliminate this contradiction and any confusion arising.

Issue 14: safeagent are concerned that there will be an adverse impact for those landlords who have currently applied for a licence in Finsbury Park ward and whose licences will expire before the new scheme finishes.

LBI Response: licences issued under the existing Finsbury Park scheme will remain in force for the period stated on the licence and landlords will not need to reapply for a new licence. Following expiry of a licence and should a selective licensing scheme continue to be in operation, an application for a licence renewal must be made.

Issue 15: safeagent expressed concerns about the evidence base used to justify the scheme, including the use of a housing stock condition survey from 2008.

LBI Response: the council has undertaken an extensive review of all available data, both from within its own organisation and that more widely available, in relation to both the local, regional, and national picture in reaching its conclusion that the proposed selective licensing scheme is the most appropriate course of action to take. Key data sources include 2011 Census data; Office for National Statistics (ONS); Greater London Authority (GLA Datastore); and Islington Council data. Data sets were created and aggregated to provide the worst wards in terms of the criteria specified. The council feels that there is sufficient data to support the scheme and considers that the wards of Tollington, Hillrise and Finsbury Park is where property licensing would have the greatest effect.

Issue 16: safeagent have requested that they be included in the list of accredited bodies, to enable more landlords to benefit from a discounted rate and would like to see a discount for landlords who apply for a licence early.

LBI Response: the council recognises several landlord accreditation bodies and would welcome landlords who are accredited by safeagent for the purposes of benefitting from the reduced license fee. The council considered discounts during the planning stage but opted for discounts for accredited bodies instead. We hope that this move will encourage more landlords to seek accreditation and access to the invaluable information and support services provided by accredited bodies.

Issue 17: safeagent have stated that it is important that the council implement an efficient and streamlined licence application processing system.

LBI Response: the council has invested in a public facing IT system designed to make the application process for landlords as quick and efficient as possible. The IT system provides automation of back-office systems which keeps our admin costs to a minimum and enables us to invest more income on inspection, monitoring, and enforcement. It also allows us to generate inspections and record our findings in one place.

Issue 18: safeagent made some recommendations to the licence conditions including some minor word changes and total removal of some conditions.

LBI Response: The council will carefully consider all comments and suggestions regarding rewording and removing the proposed licence conditions.

Issue 19: safeagent state that it is vital that the council maintains a well-resourced and effective enforcement team to take enforcement action against those landlords and agents that seek to evade the licensing scheme.

LBI Response: the new selective licensing scheme proposal includes a proportion of resources to enforce the scheme against those landlords that fail to apply for a licence. The council intends to train and recruiting more staff, paid for by the scheme, to process licence applications and inspect properties if the proposals go ahead.