

Sandwell Metropolitan Borough Council

Additional Licensing Scheme Expansion – Consultation proposal

Foreword

Sandwell is a metropolitan borough of the West Midlands county in England. The borough is named after the Sandwell Priory, and spans a densely populated part of the West Midlands conurbation.

Sandwell was formed in 1974. The Borough comprises of 6 towns – Oldbury, Rowley Regis, Smethwick, Tipton, Wednesbury and West Bromwich. Bordering Sandwell is the City of Birmingham to the east, the Metropolitan Borough of Dudley to the south and west, the Metropolitan Borough of Walsall to the north, and the City of Wolverhampton to the north-west. Spanning the borough are the parliamentary constituencies of West Bromwich West, West Bromwich East, Warley, and part of Halesowen and Rowley Regis, which crosses into the Dudley borough.

Our residents come from many different cultures and we are proud of our diverse communities, many of whom have chosen to settle and remain in Sandwell.

Sandwell is a place of great opportunity. Growth is at the heart of our ambition and we recognise that the changes affecting the borough provide both exciting opportunities and significant challenges.

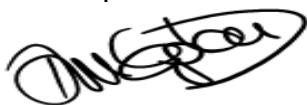
Demand for housing is at an all-time high and Sandwell needs a wide range of homes, in terms of size, type and tenure to meet the diversity of current and future needs. Rather than compromise the housing standards and conditions of both new and existing housing to meet the ever-increasing demand, we want to ensure that all who live in our borough have access to decent, secure housing.

We need more homes, but those homes need to be of a high quality. We believe that a safe, warm and well-maintained home should be available to all and not influenced by the person's level of income or background. We want the private sector, which makes up a quarter of Sandwell's housing, to thrive and be part of that offer.

Equally we need to improve peoples' surroundings and their local environment by reducing crime and anti-social behaviour. This includes modern slavery, fly-tipping, rubbish left on the highway and front gardens. All blight communities and become a barrier to creating homes and communities where people choose to live. This type of anti-social behaviour contributes to a perception of an area being unsafe which can subsequently encourage further disorder and crime.

We consider that expanding the additional licensing scheme boroughwide is the best tool available to tackle problems of poor housing management practices and conditions within HMOs. Licensing will become part of a wider strategic approach to drive up living standards for all, improve the environment and make Sandwell a thriving, optimistic and resilient community to live in.

Dean Epton



Interim Director of Housing

Background

The private rented sector plays an important part in providing accommodation in the borough. The sector in Sandwell has grown from 5% in 2001 to 18.6% reported in the data from the 2021 census.

Whilst the 2021 census data suggests a private sector of 18.6%, additional data from the Building Research Management limited (BRE) report carried out on behalf of the council in 2018 estimated 34,386 properties in the sector, equating to 26%. This would suggest that the prevalence of PRS within Sandwell is greater than 18.6%.

The borough has faced a major increase in private rented accommodation in some areas and it is recognised that there are landlords and agents who do not provide adequate accommodation or management of their properties. This poor management of properties has a significant impact on people's lives and on Council and partner resources in tackling issues such as anti-social behaviour, fly tipping of domestic waste, concerns about property condition and harassment and illegal eviction.

The Council has implemented a range of powers and approaches to seek to address many of these issues including Additional Licensing within parts of West Bromwich, but the on-going pressures are such that an expansion of this approach is considered necessary. Many privately rented properties are Houses in Multiple Occupation (HMO), typically shared dwellings, or properties converted into flats. It is estimated that approximately 4200 privately rented homes are occupied by more than one household, and these multi occupied homes are found across the whole borough.

Existing powers available and alternative action

Existing powers available to the council are largely reactive with officers responding to tenants' complaints. Many tenants are reluctant to complain through fear of retaliation or lack of awareness. Although current enforcement activity has been successful in resolving problems in individual properties, it is not felt to have raised the standard of the private rented sector generally. Responding to complaints often involves numerous departments, using various pieces of legislation. This is time consuming and often means that problems are not resolved quickly.

Through our existing mandatory licensing scheme, we know where our large private rented multi occupied properties are and more importantly who the landlord or managing agent is. This means that we can be proactive in checking that properties are up to standard and that important safety measures, such as adequate fire precautions and up to date gas safety certificates, are in place.

The Council has considered whether it could take any other course of action. This included:

Do nothing and continue with existing legal powers - Existing powers available to the Council are largely reactive with officers responding to tenants' complaints.

Voluntary Accreditation - Voluntary accreditation schemes rely on the willingness of landlords to sign up to it. This will not address the problem of rogue landlords or inexperienced landlords as they are unlikely to sign up.

The Council has implemented a range of powers and approaches to seek to address many of these issues which have included:

- Housing Market Renewal Area Funding awarded in 2006 to regenerate some of the region's most deprived areas through the Housing Market Renewal programme.
- Focused intervention within the Cape Hill Smethwick & Carters Green area of West Bromwich in 2016 focusing on property conditions.
- Controlled Migration Funding awarded in 2017 to raise awareness of housing standards, deal with issues surrounding modern slavery and human trafficking, support resident communities to become more resilient and proactive in reporting rogue landlords, strengthen current networks within the third sector to promote housing champions.
- Additional HMO Licensing within parts of West Bromwich in 2022.

However, the on-going pressures are such that an expansion of this approach is considered necessary.

What is property licensing?

The Housing Act 2004 (the Act) sets out details for licensing private rented properties. Currently local authorities have powers to introduce additional and selective licensing of privately rented homes in order to tackle problems in their areas, or any part or parts of them, caused by low housing demand and/or significant anti-social behaviour, to combat problems in an area experiencing poor property conditions, an influx of migration, a high level of deprivation or high levels of crime.

There are three types of licensing schemes councils can use to help improve private rented properties in their boroughs. Two of the schemes relate to Houses in Multiple Occupation – often referred to as HMOs. A HMO usually has a shared kitchen, bathroom and sometimes a shared living room (known as amenities).

Mandatory Licensing – Since 2004 (and amended in 2018), all councils have had to run a licensing scheme for large HMOs. Any HMO that has five or more people living as two or more households and sharing amenities must be licensed. NB: Since 1 October 2018, the requirement for the property to have 3 or more storeys has been removed.

Additional Licensing – Councils can introduce Additional Licensing to cover any other type of HMO within a designated area.

Selective Licensing - this type of scheme covers **all other** privately rented properties within a designated area.

The Council's proposal

The Council is proposing to expand additional licensing borough-wide:

Additional Licensing – A scheme that will require all HMOs within the designated areas to be licensed. This will include the category of HMO which is often referred to as a section 257 HMO. Section 257 HMOs are where the building was converted into self-contained flats before the 1991 Building Regulations came into force on 1st June 1992 and have not been subsequently improved to at least the 1991 standards.

Updated Licensing Conditions – The conditions are a set of standards that landlords must follow for the way the property is managed and maintained within the additional licensing scheme. Most of the conditions contain standards that landlords should already be following – things such as: issuing a tenancy agreement at the start of the tenancy and ensuring that annual gas safety checks are carried out.

Please see proposed schedule of conditions for the Additional Licensing Scheme via the licensing conditions document in supporting information.

Standards and Amenities Guide for Houses in Multiple Occupation (HMO)

This guide has been produced to assist owners, agents and occupiers in relation to the standards / amenities expected in houses in multiple occupation (HMOs) in Sandwell. The draft guide can be found in supporting information.

Why is Sandwell proposing to expand additional licensing borough wide?

The Council seeks to ensure health and safety standards in the private rented sector, working with landlords to drive up compliance with appropriate legislation and professionalism within the sector, whilst using the full range of our legal powers against those who choose not to respond to formal approaches. The Council seeks to target poor conditions in all HMOs through intelligence led interventions and enforcement. A key element of this approach will be to consider the expansion of an additional licensing scheme.

The implementation of additional licensing schemes allows for these properties and their operation to be subject to proactive licensing requirements that would not otherwise be available. A fee is charged by the Council to the landlord for the duration of the licence which has clearly defined conditions which the landlord must satisfy. The introduction of additional licensing can contribute to:

- higher standards of HMO accommodation and ensuring effective management through more extensive control;

- protecting the health, safety and well-being of tenants and communities;
- neighbourhood improvement and the prevention and control of anti-social behaviour;
- easier identification of rogue landlords and enabling action to be taken to respond to this behaviour;
- completing a full suite of private sector licensing schemes, allowing for a consistent and robust approach to raising standards. We want to improve the standard and safety of private rented housing and address poor property condition, deprivation, crime and anti-social behaviour this will benefit private tenants, landlords and greatly improve the generally appearance of the borough.

To inform the Council’s consideration of the potential expansion of additional licensing, BRE were commissioned in early 2018 to undertake a series of modelling exercises on Sandwell’s housing stock. These modelling exercises utilised sophisticated tools that incorporated local and national data to evaluate the make-up of local households. Due to the BRE data now being five years old, the council has also considered a range of contemporary datasets and updated some of the previous datasets.

All updated data sets are based on Lower Super Output Level (LSOA) which are output areas designed specifically for statistical purposes. There are 186 Lower Super Output Areas in Sandwell and they comprise of between 400 and 1,200 households and have a resident population between 1,000 and 3,000 persons.

When the range of available datasets are considered in relation to Sandwell the borough has sufficient data to support the potential expansion of additional licensing in all of the borough. This section will demonstrate that a number of datasets meet the prevalence criteria set out, however, as alluded to in the evidence base current available data around the exact location of PRS properties and HMOs is not at a sufficiently granular level to allow us to directly correlate and attribute each dataset to private rented accommodation. It is the view of this analysis that all area(s)/ towns meet at least one criteria stated within the Act.

The table below demonstrates a summary of the findings for each dataset by town. The full detail of each dataset and associated maps and findings can be found within the evidence base in supporting information.

Dataset	Town					
	West Brom	Oldbury	Rowley	Tipton	Smethwick	Wednesbury
1 – ASB	Red	Amber	Red	Red	Amber	Amber
2 – Housing Conditions	Amber	Amber	Amber	Amber	Amber	Amber
3 - Crime	Red	Amber	Red	Amber	Amber	Amber
4 – Migration	Amber	Amber	Amber	Amber	Red	Amber
5 – Deprivation	Red	Red	Red	Red	Red	Red

Key: **Red** – Strong Evidence; **Amber** – Some Evidence; **Green** – Weak Evidence

ASB - There were 5183 ASB incidents reported to the police in 2021/22 and 2022/23. The heatmap shows that incidents of ASB were reported across the borough with only a small number of areas with no reports – these tended to be larger open spaces. Areas of higher ASB reports can be attributed to areas of higher population density. In addition to police reported ASB data, the Council holds data on ASB instances reported to the Anti-Social Behaviour Team. Similarly, to the police data, ASB affects all wards and towns within Sandwell. The related heat map correlates with the police data in most areas.

Housing Conditions - The 2018 BRE report estimated (through their Housing Stock Condition model database) that the private rented stock in Sandwell has higher levels of disrepair and fuel poverty (based on the ability of households to meet fuel costs) when compared to social housing and owner-occupied properties. This analysis is further evidenced through the inspection and enforcement activity of the Council's Private Rented Sector and Housing Standards Team. When analysis further breaks down complaints and enquiries received by the service, the Council supported 2252 cases with active intervention between 2013 and 2022. The distribution of cases covered 180 of the 186 LSOAs within Sandwell. The data can be further disaggregated to issues raised with HMO's. There were 716 cases raised for HMO's with the main reasons for casework being logged was due to poor standards and when aggregated accounted for 55% of the caseload.

Crime – Similarly to the police ASB data, the Council reviewed all police reported crime incidents from 1 April 2021 to 31 March 2023. The number of incidents that resulted in an intervention by the police is shown in appendix 1. There were 85,744 incidents reported to the police in 2021/22 and 2022/23. The heatmap shows that incidents were reported across the borough with only a small number of areas with no/few reports – these tended to be larger open spaces. Areas of higher crime reports can be attributed to areas of higher population density.

Other data sets related to PRS

Migration - In Sandwell, the 2021 Census found that almost one in four (23.6%) usual residents were born outside the UK compared to 15.9% in the 2011 census. The 2021 estimate compares with one in six nationally and this proportion puts the borough in the top 50 Local Authorities across England & Wales for this measure. The West Midlands is currently the 4th largest of all 12 UK regions for welcoming asylum seekers and refugees. Individuals and families seeking asylum in Sandwell are living across a number of wards within the Borough, most commonly in the areas of St. Pauls, Smethwick and Soho and Victoria.

Deprivation – The Indices of Multiple Deprivation (IMD) 2019 shows Sandwell's average deprivation score as ranked 12th most deprived local authority in England, out of a total of 317. Previous IMD results for this measure show that Sandwell's position has declined slightly relative to other districts in England. Sandwell was 13th most deprived local authority in 2015. One in five of Sandwell's LSOAs fall into the most deprived 10% nationally in 2019. A further two-fifths fall into the most deprived 10-20%, so overall 60% of Sandwell's LSOAs fall within the worst 20% nationally, and 97% within the worst 60% nationally, clearly displaying the high levels of deprivation prevalent in large parts of Sandwell.

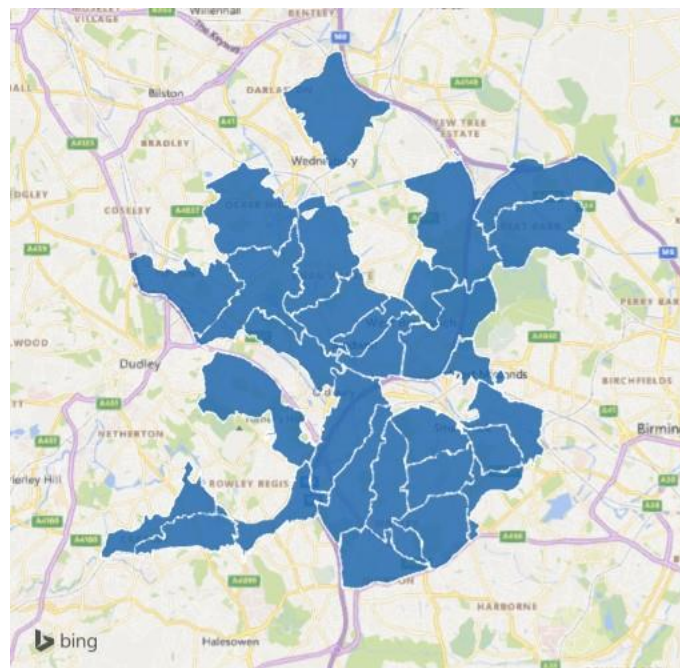
Modern Slavery & Human Trafficking in Sandwell

Modern Slavery and Human Trafficking is a grave violation of human rights. It is complex and can take many forms, however a common feature of all cases is that human beings are treated as commodities for the sake of financial reward or other benefit.

Modern Slavery is a global phenomenon of organised criminality and one which is sadly now recognised as having a footprint within our communities. This is largely because Sandwell is a diverse area, is centrally based and with ease of access from both abroad and from other areas of the UK making us vulnerable in attracting those with the criminal intent to exploit.

We are committed to ensuring that our response to Modern Slavery is robust and informed, and that our central aim is to partnership work with other agencies which include Police, Home Office Immigration, West Midlands Fire Service and Utility providers to disrupt the activity of perpetrators and to make Sandwell a hostile place from which to perpetrate Modern Slavery.

Data has shown West Bromwich & Smethwick areas as hotspots for this form of criminality with over 50% of incidents investigated are linked with the private rented sector.



Modern Slavery location
West Bromwich and Smethwick significant hotspots

What is Sandwell hoping to achieve by extending the Additional licensing area?

Our main reason for proposing to expand our additional licensing scheme is to improve housing conditions. We also want to improve the quality of life for residents by tackling ASB and environmental crime associated with poorly managed private rented properties. Our aim is that over the 5-year period of the proposed licensing schemes, the following outcomes will be achieved:

- Improved housing conditions
- A reduction in cases of Modern Slavery, persistent problems caused by anti-social behaviour, including environmental crimes such as fly tipping.
- An increase in good landlords and an elimination of rogue landlords

We believe that licensing will make a significant contribution to improving the area and provide an added layer of protection for private tenants.

How licensing fits with the Council's wider plans

Our Vision for 2030 is that, Sandwell is a thriving, optimistic and resilient community. The proposed expansion of additional licensing positively contributes to the following Council Vision 2030 ambitions;

The Best Start in Life for Children and Young People

Improved quality of accommodation actively contributes to improved health outcomes. Additional licensing will reduce the impact that poor quality housing has on vulnerable individuals

People Live Well and Age Well

Improved quality of accommodation actively contributes to improved health outcomes. Additional licensing will reduce the impact that poor quality housing has on vulnerable individuals

Strong Resilient Communities

Additional licensing will contribute to reduced levels of anti-social behaviour.

Quality Homes in Thriving Neighbourhoods

The introduction of additional licensing will improve the condition of the private rented properties in the specific areas meaning the area is a more attractive place to live.

Our Housing Strategy Statement 2023 – 2028 includes a number of significant points regarding the private rented sector:

The key objectives for housing in the borough are:

- Providing more affordable homes
- Making best use of the homes
- Quality housing for all

- Supporting People's health through housing
- Addressing climate change and fuel poverty

The third and fourth of these objectives are particularly relevant to the improvement of the private sector.

Sandwell experiences high level of rental activity in many forms. The private rented sector is used for Supported Housing for vulnerable people which is paid for by Special Exempted Housing Benefit. Unfortunately, this scheme is often open to abuse, leaving vulnerable people unsupported, in poor quality HMOs often without the landlords realising this is happening.

Landlords are also often misled by tenants, not realising that their tenants have engaged in 'Rent to Rent' (subletting) or taking in friends who are homeless, thereby creating unregulated HMOs without the landlords' knowledge, permission or required amenities. Through its proactive work the Council is aware of these issues along with modern slavery, which our evidence shows is prevalent in the private rented sector.

Interventions such as licensing can bring about an uplift in the quality of the sector through eliminating poor management practices and property conditions and reducing ASB that can adversely affect a neighbourhood.

Licensing fees

In setting the proposed licence fee, the Council has estimated how much it will cost to run the scheme. The Council cannot make a profit from the scheme (this means that licence fees cannot be used to support any other Council services), but it must charge enough to make sure that all costs are covered.

A licence would normally be granted for a maximum 5-year period from when the scheme is introduced, and no further fees would be payable during that time. A licence cannot be transferred to another person; therefore, a change of licence holder would require a new application for which the full fee would be charged.

The Council will review fees annually and may affect the cost of new applications within the five-year period.

The fees and associated discounts which include being a member of a nationally recognised professional landlords association and multiple applications are detailed in the document in supporting information.

Fee Schedule

Note: Fees are subject to Consumer Price Index (CPI) increases.

Type of licence	Cost	Annual Equivalent	Weekly Equivalent
Additional Licensing fee for a 5-year licence per property – <i>(Discounts not applied)</i>	£938.02	£187.60	£3.61

The fee is payable in 2 parts:

- Stage 1 Fee – Payable at the time of making the application: £601.44
- Stage 2 Fee – Payable once the Council has determined to Grant a Licence: £336.58

Other fees may apply, again these have been calculated to ensure that the scheme is cost neutral. Additional costs could include: Insufficient documentary evidence submitted with the application following repeated requests to supply.

Refund Policy – if the Council refuse a licence application, the landlord will receive a refund for the inspection and associated admin fee.

Duration of the licence – Licences will usually last 5 years. However, a licence may be issued for a shorter period where poor management and property conditions are identified. Where this applies the full fee will be payable.

Factors that will be considered when issuing a licence for a shorter period include:

- landlords who have failed to licence voluntarily
- failing to have planning permission
- providing false information
- for failing to manage their property effectively

This variation will be applied along with any enforcement action that is required and will result in the property requiring re-licensing when that time period has expired.

How will the scheme be delivered?

The Council's overriding priority for proposing the introduction of the schemes is to significantly improve property conditions in the private rented sector.

The Council intends to inspect all licensable properties at least once over the period of the licence.

The Council will provide advice and support to landlords to help to bring property conditions up to the required standards along with ensuring that the landlord's statutory responsibilities are also met.

The administration of the application process, including inspections and providing general advice and support to landlords will be undertaken by officers funded by license fee income.

Our aim is to work with landlords, to secure improvement and support the sector to thrive.

Consultation

The Council is carrying out a consultation for a 10-week period, starting on Monday 8th January 2024 and finishing on Monday 18th March 2024. During that time an on-line questionnaire will be available to complete and a number of drop in sessions will be held throughout the borough. Public meetings will take place and the feedback received through the questionnaire responses and public sessions will be evaluated by an independent agency – M·E·L Research. The results of the consultation exercise will be made available to the public. The final recommendations will be reported back to council once the consultation responses have been collated.

For anyone wishing to complete the survey online, this can be done via the following link <https://consultationhub.sandwell.gov.uk/housing/hmo-additional-licensing-consultation> - you'll also find more information about the public consultation, including the dates and locations of drop in sessions and meetings.