

# **Page Hall Selective Licensing Area - 4 Years On**

*1st April 2018*

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## **Report on Page Hall Selective Licensing Area – 4 Years On**

### **1 Purpose of Report**

- 1.1 The purpose of the report is to outline the key outcomes of the work undertaken by Private Housing Standards (PHS) as at 1<sup>st</sup> April 2018, during the 4 years since the declaration of the selective licensing area.
- 1.2 Detailed in the report is information on the licensing process, the inspection programme undertaken together with some key facts and figures which are also included in an appended summary table. The report details some of the consequences that may arise when the scheme automatically comes to an end after 5 years on the 21<sup>st</sup> April 2019 and makes recommendations

### **2 Background.**

- 2.1 The Page Hall Selective Licensing Area was declared following a Cabinet report and came in to operation on the 22 April 2014. The following is a link to the report.  
<http://www.sheffield.gov.uk/content/sheffield/home/housing/selective-licensing-page-hall.html>
- 2.2 The area is predominantly residential and mainly comprises of single family small terrace houses, with a limited number of mixed usage residential/commercial properties. There is a high proportion of private renting in the area which accounted for over 350 homes at the time of the declaration.

### **3 Licensing Process**

- 3.1 Private rented dwellings in the area are required to be licensed and supporting information has to be included in an application, this includes a fee, an outline plan, gas safety certificate, electrical certificate and an energy performance certificate (EPC).
- 3.2 Considerable time was absorbed at the start of the scheme in dealing with incomplete or incorrect applications, lack of supporting documentation, failure to pay licensing fees and claims of exemptions from the scheme.

- 3.3** When supporting documentation was provided a substantial number of certificates had recent dates indicating that dwellings had previously been let without current gas safety certificates or electrical safety reports having been done and consequently tenants had been potential put at risk. In addition the indication was that tenancies had been created without prospective tenants being provided with EPCs and consequently had therefore been unable to make informed decisions about the likely energy costs of heating and lighting the homes. The insistence that these certificates were provided meant that landlords were being made by the licensing process to meet their already existing legal obligation.
- 3.4** Consideration of a licensing application also includes an assessment as to whether the intended licence holder is a “fit & proper” person to manage a private rented dwelling. Criminal convictions, including ones for harassment or illegal conviction or offences relating to failure to meet property standards are examples where applicants could be deemed to be not “fit & proper”.
- 3.5** 3 managing agents and 5 individual landlords have been determined not to be “fit & proper” to manage the houses and consequence owners had to submit other acceptable proposals for the houses to be managed.
- 3.6** 313 houses have now been licensed, 27 of which were subject to multiple licence applications due to ownership changes. The licences were issued with conditions including specifying the management standards to be achieved and the permitted occupancy levels. Advice was also included on the property standards that would be expected to be achieved under the Housing Act 2004 relating to hazards to health.

## **4 Inspection Programme**

- 4.1** The first 6 months of the Selective Licensing (SL) scheme was almost entirely dedicated to verifying on-site incomplete information in applications, checking for failures to submit licence applications and verifying exemption claims. The licence application process and checks on-site assisted in confirming which houses were privately rented in the area and who the responsible property manager/landlord was.
- 4.2** An inspection programme was then developed and commenced for the purpose of checking for unlicensed houses, checking for compliance with licensing conditions and assessing for hazards under the Housing Act 2004. This was developed on a risk based approach so that homes thought to present higher risk were inspected in the early part of the programme.

- 4.3** It is important to note that we could only carry out such an intense inspection programme with so many dedicated officers, due to the funding subsidy from the Government's Migration Impact Fund and the Rogue Landlord fund.
- 4.4** Inspections were usually carried out by prior arrangement and preferably with both the landlord and tenants being present. This enabled a clear dialogue to be held with both the landlord and tenant to explain the scheme, the licensing conditions including the allowed occupancy levels and the nature of any works required to comply with the Housing Act 2004 relating to hazards together with the time scales for compliance.
- 4.5** 311 homes have now been fully inspected, in order to achieve this large a number of visits had to be made – most properties required multiple visits. Problems were experienced with gaining access made more difficult as a result of language problems and cultural issues particularly wariness of people in authority.
- 4.6** A large number of inspections had to be arranged with interpreters being present. Sections of the community particularly the eastern Europeans were particularly transient either returning to their home country for long periods or suddenly ceasing tenancies and moving elsewhere. In the area the households are comprised from a range of different ethnic background with Slovak being the most prevalent forming 57% of the households at the time of inspection.
- 4.7** 301 licensed houses now fully comply with the licensing standards. To achieve this result a substantial number of visits and checks to ensure compliance were required particularly in relation to the licensing conditions relating to occupancy levels.
- 4.8** Action has been taken in 74 cases where occupancy levels were being exceeded and this has resulted in 107 occupants moving to other accommodation.
- 4.9** 287 houses have had serious/Category 1 hazards resolved. The Housing Act 2004 creates a duty for local authorities to take action where serious hazards are present. The most common Category 1 hazards found were "Fire" and "Falls on Stairs". Houses in the area are small and internal staircase commonly descend in to kitchens which form the only route of escape in case of fire, arrangements compounded in many cases by lack of fire doors and smoke alarms.
- 4.10** The above figure includes 58 houses occupied by tenants who were more at risk because of their health vulnerability and who are now living in homes free of Category 1 hazards.

- 4.11** Officers have worked with landlords in the area and the majority of landlords have complied with licensing standards and carried out works to remove hazards without further enforcement action being necessary. The majority of landlords have also complied with the legal obligations to licence the private rented houses.
- 4.12** However where this is not the case enforcement action has been taken. 30 Improvement Notices were served and 2 Prohibitions Notices were served prohibiting part of a house. In one case because of under size rooms and in the second case where a roof space poorly converted to form a children's bedroom could only be accessed by a vertical ladder which was hazardous to use and the room formed had very low ceiling heights.
- 4.13** 19 landlords (1 landlord on 2 occasions) and 1 managing agent were successfully prosecuted for 35 offences relating to failure to licence involving 35 houses. The fines for the offences total £14,425 and the costs awarded total £11,945 making an overall total of £26,400 for fines and awarded costs

## **5 Landlord Support & Engagement.**

- 5.1** 109 enquiries on landlord and tenancy issues were received and tenancy relations officers have given advice to tenants on their rights and landlords have been advised concerning their legal obligations. The advice and support to landlords is aimed at reducing potential harassment and ensuring that landlords follow correct procedures when they wish to bring tenancies to an end and thereby avoid committing an offence of illegal eviction with consequent risk that tenants become homeless.
- 5.2** A licensing condition is that landlords and agents managing licensed houses attend a landlord's training course. The Council commissioned the RLA (Residential Landlord Association) to provide the course which includes information on selective licensing, landlords and tenant law together with advice on a range of matters including the legal obligations of landlords. 255 landlords and agents have attended the course. The feedback from attendees has overall been very positive with good satisfaction rates and comments that attendance had been very worthwhile.
- 5.3** The close contact with landlords during application process and during house inspections has resulted in an increase in landlords seeking advice from officers. This was not only in relation to houses they own within the licensing area but outside the area with landlords using knowledge gained about hazards particularly fire standards to improving homes outside the area. The work undertaken in Page Hall has therefore resulted in secondary outcomes outside the SL area.

**5.4** Where landlords have failed to comply with the licensing condition to attend a training course Civil Penalty Notices will be served, currently this is intended in 4 cases. Civil Penalties procedures allow the Council to levy a financial penalty of up to £30,000 were an offence is considered to have been committed.

## **6 Resident & Tenant Engagement.**

**6.1** The number of complaints received about housing standards in the area has been low, being 199 over a four year period. However this figure does not reflect all the issues instigated and addressed by officers when in direct contact with residents when visiting the area.

**6.2** Inspecting officers have been dedicated to working in the area since its declaration and over that period have met a substantial number of tenants both during house inspections and in street contact when in the area. During this contact a lot of enquires were made about Council services because tenants and other residents were unable due to language barriers to navigate through the normal routes to access Council services, officers frequently sign posted in such cases or made direct referral and thereby helped residents to access other Council services.

**6.3** Concern has been raised from residents about tenant/ resident behaviour particularly about rubbish in the streets and rubbish accumulation in yards and gardens. These matters are about resident/ tenant behaviour and the designation of the area as SL area does not give any additional powers to control these matters.

## **7 Partner & Inter Agency Working**

**7.1** The inspecting officers in the area have worked with a range of partners and agencies including

- Environmental & Regulatory Services (ERS) - regarding refuse problems, pest and rodent control
- South Yorkshire Fire & Rescue – fire safety issues
- Social Services / Mast – vulnerable children and adults at risk.
- Education Services - children missing from education
- Health Visitors – where conditions in the home are having an impact on health vulnerable individuals.
- Local community support groups – who provide support to residents and tenants

- 7.2** During inspections a large number of incidents have been found of energy meters being by-passed resulting in meters not recording the gas or electricity being used. The tampering with gas and electrical services and meters is potentially dangerous with risk of electrocution or gas explosion. 133 instances of meter by-pass have been reported to UK RPA (UK Revenue Protection Association). These mainly related to separate cases with 6 instances of multiple referrals concerning the same address.

## **8 Empty Homes & House Prices**

- 8.1** At the commencement of the selective licensing area there were 78 empty homes in the area.
- 8.2** At that time some landlords decided to sell their houses in the area, and there was an increase in the number of empty homes. However other landlords were not deterred by the Selective Licensing declaration. They bought houses in the area, applied for licences, carried out all necessary work to bring houses up to standards and successfully let the houses.
- 8.3** A number of landlords had acquired houses at a time when nationally house prices were high. As they had taken out quite high loan to value mortgages - when house prices fell they consequently found they were in negative equity. Unable to fund the works to meet the legal standard or to sell because of the financial loss a number of houses were kept empty by landlords.
- 8.4** Current void rates are now lower with 42 houses being empty; house sales are now on the increase leading to an increase in the number of licensing applications where new owners intend to use the houses for private renting.
- 8.5** The Council has acquired 16 houses in the area for social housing purposes. Most needed work to make them suitable to be let by Council Housing Services and in some cases the works were substantial. In 2 cases the houses were particularly difficult to let taking over 6 months but the majority were let within 1 or 2 months from completion of required works.
- 8.6** Landlords and owners were concerned at the inception of the scheme that the scheme declaration would depress house prices in the area. The housing market has changed in the areas as evidenced by the % of private renting as opposed to owner occupation, and this can affect the attractiveness or otherwise for buyers.
- 8.7** House prices are generally low with terrace house prices being around £45,000. The Landlords are able to charge relatively high rents in the area which can range from £425 to £600/ month which can give a good rate of return on investment.



**8.8** Page Hall is in the East of the city an area where house prices are generally lower and any comparison needs to be made relative to that area. At the inception of the scheme there was a pre-existing trend from 2011 of a reduction in average house prices with an average £12,000 decrease from 2011 to 2015. However from 2015 to 2017 there was an equivalent rise in average terrace house prices with a recovery to the 2011 average. The same changes and overall trends were also evident for the average house price in Sheffield 4 postal area. This supports a conclusion that any change in house prices at the inception of the scheme were only transitional and that the overall changes in house prices in the area are a reflection of a wider trend in the housing market. (See appendix for further information on the comparison).

## **9 Selective Licensing Area Status**

**9.1** Page Hall Selective Licensing area will come to an end in April 2019. There are no legislative provisions that enable the Selective Licensing area to be automatically extended. Where local authorities wish to consider subjecting an area to a further period under a licensing scheme they have to follow the same intensive legislative procedure including a public consultation process and Cabinet approval as though it was a completely new scheme.

**9.2** The declaration of a licensing area allows local authorities to set licensing conditions. However, such conditions are now more limited in extent following a recent Appeal Court decision. Many local authorities are having to consider this decision in relation to their schemes. In Page Hall the underlying property conditions especially the high number of houses with Category 1 hazards meant that in addition to carrying out licensing compliance checks including management issues, officers would carry out property conditions inspections and take action with regard to Category 1 and high Category 2 hazards. As previously mentioned – this additional work was funded by Government subsidy.

**9.3** It's clear from the regulatory guidance that on the declaration of a licensing area, there is an expectation that the area will not only become the focus for the local authority service area responsible for the standards of private housing, but also for the other local authority service areas and partner organisations

**9.4** The prime responsibility placed on the PHS department was to administer the licensing scheme and to separately address the local authority duty to deal with Category 1 hazards. As this report has set out, PHS has achieved both outcomes with over 95% of private rented homes complying with licensing standards, 287 homes being free of Category 1 hazards, occupancy levels being reduced and landlords/agents being refused Fit and Proper status.

**9.5** With the ending of the scheme the licensing fee income that funded the licensing officers will end. The Government funding ended two years ago. PHS will not have the staff resources for funding dedicated enforcement officers to work in the area; in any event the licensing status which gave rise to specific additional regulatory powers will also end.

## **10 Consequences / Risks**

**10.1** The ending of the Selective Licensing and the cessation of PHS officers closely working in the area will over time have an effect and there are risks and consequences associated with the change, some of the principle ones are included below;

- Landlords previously/currently judged not to be fit & proper will be able to manage homes in the area again – with concerns about standards of management and management practices.
- Over time landlords may fail to comply with other essential certification relating to EPCs, gas safety certification and electrical safety certification.
- Occupancy levels may rise.
- The by-pass of gas and electricity energy meters will go undetected and unreported with consequent safety concerns.
- ‘On the ground’ knowledge about the issues arising in the area will diminish - resulting in less referrals to other council services, Education, Environmental Regulation, Social Care and referrals and partnership working with Police/ Fire Service and other agencies.
- Tenant reporting of housing issues will diminish and housing conditions may deteriorate.

## **11 Recommendations / Risk Mitigations**

**11.1** PHS activity in the licensing area will reduce to that of a reactive service and complaints will be dealt with on the same basis as the majority of the rest of the City. This means that PHS will triage service request, providing advice as appropriate and only carry out inspections where it is considered the Council has a statutory duty to deal with serious housing conditions. Landlords and tenants will be advised on tenancy relations matters and any allegations of harassment and illegal evictions will be investigated.

**11.2** If additional funding was available then PHS could consider dedicating additional staffing resources or supporting other services with the aim of undertaking,

- Tenancy management, supporting landlords to manage tenancies and supporting tenants to be good neighbours and sustain their tenancies
- Intelligence gathering, to help determine which geographic areas or underlying activities give rise to concerns and which may require targeted interventions.

- Targeting of specific landlords where concerns are raised about activities.
- Checks in areas for evidence of poor housing conditions or issues and carry out early intervention to avoid decline.

Such resources however would not be specifically targeted in the SL area but would generally consider issues in the east of the City and could encompass areas identified as being impacted on by inward migration.

- 11.3** At the onset and during the course of the scheme the underlying cultural differences of the residents were a cause for community tensions, such behaviour as groups congregating on street corners, lack of child attendance in schools, noise, litter, and those pressures are still present. These issues essentially arose as a consequence the increasing influx of eastern European economic migrants in to the area.
- 11.4** These issues were not capable of being address under the SL provisions and responsibility for these matters fell to other service areas and partner organisations. Police – on public order and ASB orders, Environmental Regulation Service (ERS) – noise, rodent/insect problems, garden rubbish, Waste Management Services on refuse collection, street litter, Education – schools attendance officers.
- 11.5** Successful funding bids under to the government’s resulted in the Cohesion & Migration Team being able to appoint community cohesion officers with the aim of building community capacity to address resident behaviours, working through community based organisation local street ambassadors/ wardens have been appointed to have the direct interaction with local residents on a street by street basis.
- 11.6** The same funding resulted in the appointment of officers based in ERS with the role of addressing street litter and refuse accumulations however these officers operate over a wider geographic area affected by migration issues and cannot necessarily provide the level of intervention necessary in the Page Hall area. If additional funding bids were made consideration could be made to increasing the level of resources for the Page Hall and immediately adjoining area.

## **12 Summary**

- 12.1** As a result of the work undertaken in the area by Private Housing Standards under the Selective Licensing Scheme homes are safer and landlords have been supported to manage and create more sustainable tenancies.
- 12.2** There will be no proactive PHS activity after the end of the SL scheme in the Page Hall area.
- 12.3** PHS will continue in its duty to assess private rented housing and provide recommendations for intervention across the city.

**12.4** Community based initiatives in Page Hall with the work of street wardens/ ambassadors together with other migration impact work will need to be a continuing and essentially part of addressing resident concerns and community tensions. This also needs to include capacity building in order to ensure all parts of the diverse community have equality of opportunity to access Council services.

**12.5** A summary table of the above facts and figures together with other additional information is appended

Private Housing Standards Service, Sheffield City Council,

Date 1<sup>st</sup> April 2018

Appendix - Summary Table

**Page Hall Outcomes as at April 2018**

No. of applications:	340
No. of houses licenced:	313
No. of properties licenced on 2 or more occasions:	27
No. of houses inspected:	311 (difference due to access)
No. of houses that comply with SL standards:	301 (difference due to empty properties & works ongoing)
No. of houses free from Cat 1 hazards:	287
No. of homes of health vulnerable made safer by removal of Cat 1 hazards:	58
No. of Improvement Notices served:	30
No. of Prohibition Orders issued:	2
No. of Building Act Notices served:	22
No. of successful prosecution case:	20
No landlords	19 (1 prosecuted twice)
No agents	1
Total fines & costs awarded:	£26,400 (fines £14,425 costs £11,945)
No. of overcrowded properties resolved:	74
No. of people displaced through action on overcrowding:	107
No. of empty properties (March 2018):	42 (78 at scheme commencement)
No. of landlords who have failed Fit & Proper status:	5
No. of managing agents who have failed Fit & Proper status:	3
No of complaints about housing standards:	199
No. of referrals to Tenancy Relations Officers:	109
No. of landlords / Licence Managers who have completed training:	255
No. of by-passed meters referred to UK RPA:	133
Ethnicity (tenants) at time of inspection	
	%
British	10.40
Slovak	57.72
Hungarian	1.01
Polish	3.69
Asian	7.38
Afro-Caribbean	3.69
Yemini	2.01
Empty	14.09

**Comparison between  
Page Hall Selective Licensing Area & Terrace  
Properties in S4  
Average House Prices - Source Land Registry**

	<b>Page Hall SL Area</b>	<b>S4 Terrace</b>
<b>2011</b>	£51,962	£67,694
<b>2012</b>	£46,459	£67,613
<b>2013</b>	£43,448	£60,944
<b>2014</b>	£41,565	£56,319
<b>2015</b>	£40,469	£57,151
<b>2016</b>	£43,632	£63,587
<b>2017</b>	£51,419	£64,878
<b>2018</b>	£47,071	£62,411

