

Private Rented Property Licensing in Southwark

Evidence for consultation 2021



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1. Glossary

| Term | Meaning |
|---|---|
| Socially rented | Homes rented from the council or a housing association |
| Privately rented | Homes rented from a private landlord |
| Private rented sector (PRS) | The portion of housing in the borough that is rented from private landlords |
| Category 1 hazard (Cat 1 hazard) | A serious or immediate risk to a person's health and safety that is related to housing |
| Category 2 hazard | A less serious or less urgent risk that can still be regarded as placing the occupiers' health, safety and welfare at risk |
| Housing Health and Safety Rating System (HHSRS) | A government prescribed system that rates housing hazards based on their risk to occupiers' health, safety and welfare |
| Designation | A geographical area chosen for licensing based on evidence |
| Deprivation | Living on low income and not having the money to pay for some basic requirements. |
| Indices of Multiple Deprivation | A dataset produced by the government to give a relative value to how deprived an area is, compared to the rest of the country. |
| Barriers to housing and services | One of the government's measures of deprivation. It combines measures relating to housing affordability, overcrowding and homelessness. |
| Antisocial behaviour (ASB) | Behaviour related to a rented property that causes annoyance and irritation to neighbours and the community. Most commonly noise, litter and waste. |
| Selective Licensing | A local scheme which requires landlords to have a licence to legally let their property to a family or two sharers |
| Additional HMO Licensing | A local scheme which requires landlords to have a licence to legally let their property to three or four sharers |
| Mandatory HMO Licensing | A national scheme which requires landlords to have a licence to legally let their property to five or more unrelated sharers. |

2. Executive Summary

The growth of the private rented sector (PRS) in Southwark has been accompanied by an increase in related housing problems. Rising rents have had a huge impact on affordability and this in turn has led to overcrowding, tenants being made homeless and a deterioration in property conditions. This situation has been made much worse by the pandemic, with overcrowding responsible for increases in the rate of virus transmission and a huge increase in homeless referrals due to financial issues.

The council is committed to improving the management and condition of privately rented properties in the borough. The recently revised Housing Strategy lays out some of the plans the council has to support residents with their housing needs, including those in the PRS. Around 43,000 homes in the borough are privately rented. Whilst the majority of these are well maintained and safe, there is a growing minority that are sub-standard and dangerous. Even well-meaning landlords may not always be up to date with the latest legal and safety requirements. These properties not only endanger the health, safety and wellbeing of tenants, but cause issues with neighbours and end up requiring many interventions from already stretched council teams. The council needs to use all the tools it has to improve the situation for tenants renting properties in this sector. Licensing is a vital part of this.

The council wants to build on the successes of its previous licensing schemes to help as many tenants renting in the private sector as possible. The evidence for these schemes was gathered in late 2019 and the consultation was due to have been carried out in early 2020. Due to the pandemic, this had to be paused. Despite this small delay the evidence is still relevant as it reflects:

- the relative proportions of rented properties; this will not have changed significantly over the period
- the condition of rented properties; this has only been made worse by the pandemic, due in part to landlords not being able to access their properties and also to more people being confined to their homes during lockdowns
- trends in deprivation; these have not got better over this period and have become even more relevant since the pandemic
- incidences of ASB; reports have increased hugely across all wards since the pandemic.

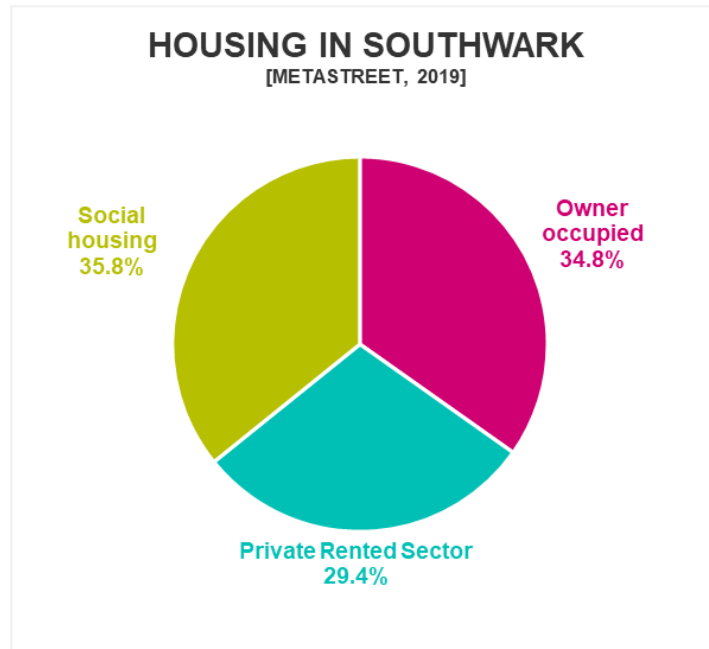
The pause during the first lockdown gave council had the opportunity to reflect on the changing needs of the sector and formulate an approach that will help to target improvements where they are needed across the borough. The best way to do this is by renewing the borough-wide additional HMO scheme and increasing the geographical area of the selective scheme.

The council would first like to introduce selective licensing to two small areas to deal with ASB and poor property conditions. Depending on the feedback from this consultation, these two designations could be implemented later this year and will allow the council to deal with some of the most urgent housing issues in the borough. This first phase will act as a pilot, and, if successful, two further areas could be added. This larger area would need to be confirmed by the Secretary of State at MHCLG as the scheme would then cover over 20% of the privately rented homes in the borough.

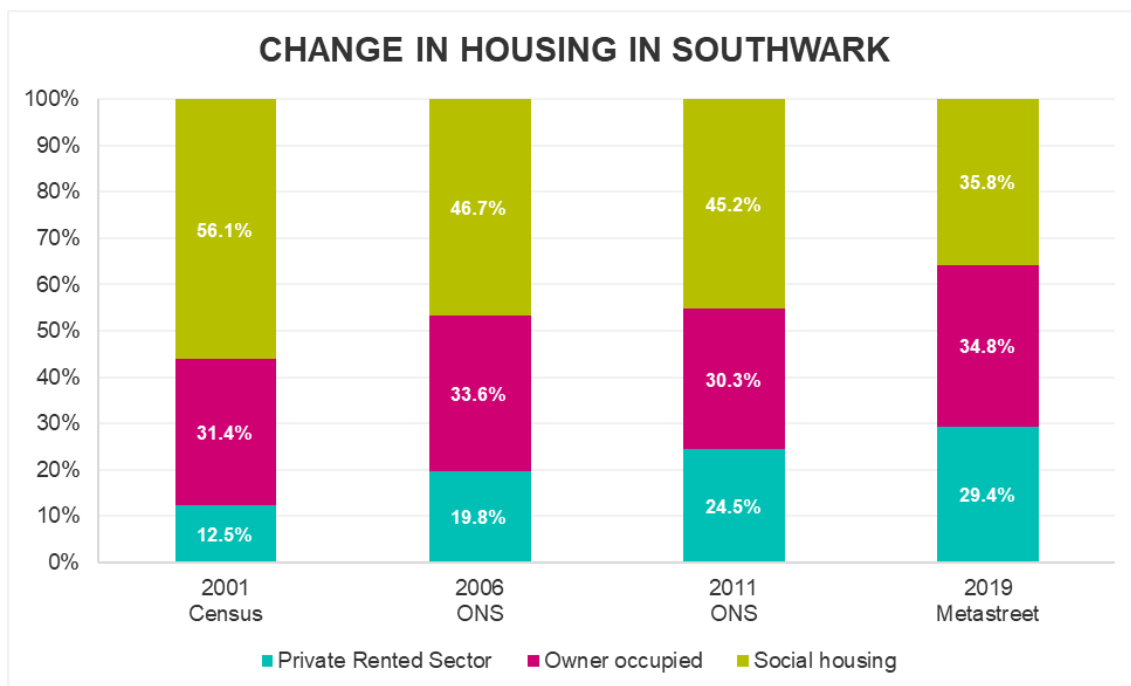
As part of the holistic view of the PRS, the council is also planning to implement a Landlord's Gold and Platinum Standard Charter. It is an opportunity to recognise landlords who already provide a better service than the one required by law, whilst encouraging other landlords to achieve a higher standard. It will also give tenants a better idea of the standard of accommodation that they should be offered. The council also intends to set up a Renters' Union which will provide a collective platform for renters. It will campaign for renters' rights and improved legal protections, ensuring this growing part of the borough's population has a voice.

3. The private rented sector in Southwark

Southwark is a diverse and vibrant borough which has historically provided social housing to many residents. This has changed significantly over the last 20 years and now privately rented properties form nearly a third of all housing in the borough.



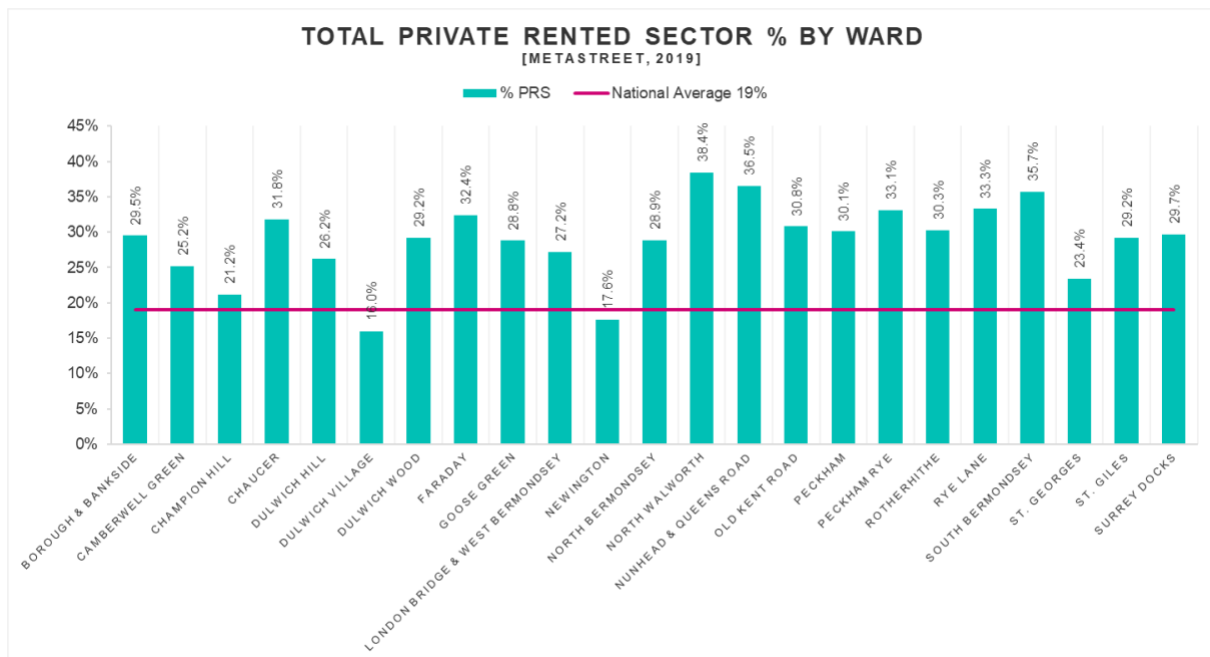
The private rented sector (PRS) in Southwark has grown steadily from 12.5% in 2001¹ to 29.4% in 2019².



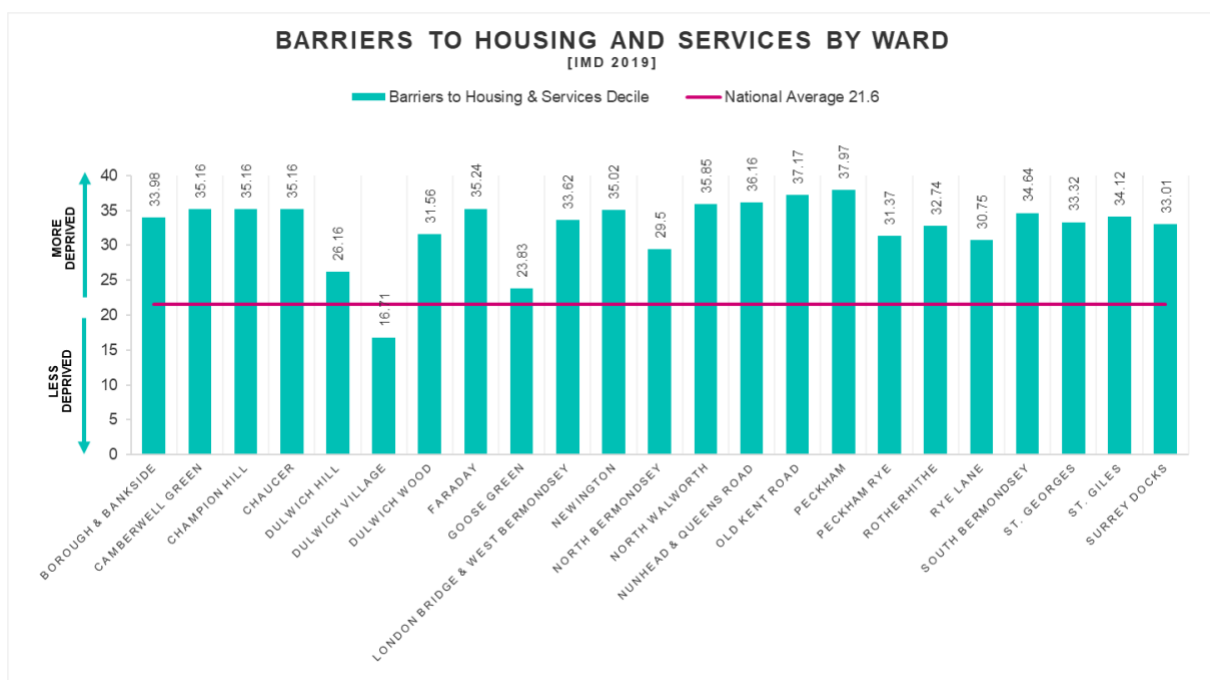
¹ <https://data.london.gov.uk/dataset/dwelling-stock-tenure-and-condition-borough>

² Housing Stock and Stressors Report, Metastreet, 2019

The PRS is spread across all 23 wards in Southwark.



One of the major changes to the PRS across London over the last 20 years has been the increase in rent. This has resulted in problems with residents being able to afford and access decent, affordable housing. This problem is worse in Southwark due to its central location. According to one of the government's measures of deprivation, 'Barriers to Housing', Southwark is now one of the most deprived boroughs in London. This measure relates specifically to housing affordability, overcrowding and homelessness. Every ward in the borough, with the exception of Dulwich Village, is more deprived than the London average.



A recent independent survey has provided insights about the presence and distribution of a range of housing factors in the borough³. The main finding was that poor housing conditions are widespread in the PRS. 8,497 privately rented properties in the borough are predicted to have at least one serious housing hazard. Housing hazards are rated by severity. A category 1 hazard is a serious or immediate risk to a person's health and safety. A significant category 2 hazard, although less serious or less urgent, can still be regarded as placing the occupiers' health, safety and welfare at risk. These are defined in the Housing Health and Safety Rating System (HHSRS) in Part 1 of the Housing Act 2004.




Data from inspections by the council's Housing Enforcement team showed that 47% of the properties inspected had a serious hazard. This is much higher than the national average of 13% and is possibly related to the age of properties in particular wards in the borough. Wards with a majority of older properties tend to have more hazards such as excess cold, fire & electrical issues, damp and mould.

³ Housing Stock Condition and Stressors Report, Metastreet, 2019

4. Property licensing schemes

Property licensing allows the council to improve the condition and management of privately rented properties. This helps to make renting in the private rented sector safer and fairer for tenants.

There are three types of property licensing schemes operating in England:

| Selective Licensing | Additional HMO Licensing | Mandatory HMO Licensing |
|--|---|---|
| <ul style="list-style-type: none">• Applies to properties let to single family household or two sharers• Area designated by the council• Large schemes need approval by the Secretary of State | <ul style="list-style-type: none">• Applies to smaller houses in multiple occupation (HMOs) let to 3 or 4 unrelated people, forming 2 or more households who share amenities such as a kitchen or bathroom.• Certain converted blocks of flats (section 257 HMOs)• Area designated by the council | <ul style="list-style-type: none">• Applies to large HMOs, let to 5 or more unrelated people, forming 2 or more households who share amenities such as a kitchen or bathroom.• National scheme |
|  |  |  |

5. Licensing schemes in Southwark

London Borough of Southwark's previous selective licensing and borough-wide additional licensing schemes ran for five years from January 2016 to December 2020. The current mandatory HMO licensing scheme has been in operation since April 2006 and the council is required to run it by law.

Licensing schemes required landlords letting privately rented properties in the designated areas to hold a licence and comply with the licence conditions. The council has worked collaboratively with landlords to make sure these requirements are met. The council has carried out enforcement actions when needed to raise standards. Whilst these schemes have enabled the council to begin to make real progress in raising standards in the private rented sector, there is still much more to do.

1.1 Results of the previous licensing schemes

The borough-wide mandatory HMO licensing scheme received 695 applications. These higher risk HMOs are inspected before a licence is issued.

The additional HMO licensing scheme has made significant steps towards improving the condition and management of smaller HMOs in the borough and the council is keen to continue this good work. Applications for licences were received for 3,156 properties. HMOs are inspected before a licence is issued, ensuring the quality and safety of the properties for renters.

The selective licensing scheme covered only a few key trunk roads in the borough. It was a relatively small scheme with 1,940 licence applications received. The experience of running the scheme has highlighted that the issues in single family dwellings are not limited to the streets covered in this scheme but a much broader range of addresses across the borough. This is clearly demonstrated by the fact that of the 8,497 rented properties predicted to have a housing hazard in the borough⁴, only 918 (11%) of them are in the streets covered by the previous selective licensing scheme. 3,755 properties predicted to be single family dwellings with a housing hazard would not have been covered by the last selective licence scheme.

All schemes have a set of licence conditions attached to the issuing of the licence. The licence conditions deal with issues such as fire safety, permitted occupancy and other issues that affect the health and welfare of tenants. These conditions were checked as part of the licensing process. Following these initial checks, the council carried out targeted and random inspections during the lifetime of the schemes to ensure ongoing compliance and that landlords were making necessary improvements to property conditions.

⁴ [Housing Stock Condition and Stressors Report, Metastreet, 2019](#)

| | | |
|---|--|---------|
|  Property Licensing | Selective licence applications received | 1,940 |
| | Additional licence applications received | 3,156 |
| | Mandatory licence applications received | 695 |
|  Enforcement Activities | Informal notices served for hazards under HHSRS | 451 |
| | Formal notices served for hazards under HHSRS | 313 |
| | Formal notices under minor provisions (not Housing Act 2004/HHSRS) | 227 |
| | Housing offences prosecuted | 168 |
| | Number of landlords prosecuted for non-compliance | 35 |
| | Civil Penalties (including intentions to serve) | 5 |
| | Confiscation order following a prosecution for housing and trading standards under the Proceeds of Crime Act | £55,373 |

Compliance study

Between January 2016 and May 2018, the council carried out a compliance study into the condition of licensable properties. Inspections were carried out once a licensing application was received. Any issues or hazards found at the property were recorded and measured using the housing health and safety rating system (HHSRS).

The majority of properties assessed in this study were from landlords who came forward voluntarily to apply for a licence. These landlords are some of the most responsible in the borough and, as a result, their properties are of a higher standard than those that are discovered by the council's Housing Enforcement team.

For additional licensing - 1,475 properties were inspected during the study and officers found:

- 19% had no hazards
- 34% had at least one category 1 hazard
- 53% had at least one category 2 hazard

For selective licensing - 476 properties were inspected during the study and officers found:

- 59% had no hazards
- 13% had at least one category 1 hazard
- 32% had at least one category 2 hazard

The results of this study show that licensing allows the council to identify poor and dangerous housing conditions. Despite this group of landlords being some of the most responsible in the borough, they continue to have properties that are hazardous, need improvement or do not meet the current regulations. Over half of additional HMOs, and a third of selective licensing properties have a hazard that would put the occupier's health, safety or welfare at risk.

Inadequate fire safety arrangements accounted for the majority of the hazards found. This ranged from the lack of a smoke alarm in a single-family property to a missing or defective full fire alarm system in an HMO.

Properties owned by landlords who have deliberately evaded the licensing schemes are often doing so in order to operate under the radar. This allows them to cover up evasion in other areas such as unpaid tax on rental income, unpaid Council tax, fraudulent housing benefits claims, illegal immigration and even slavery⁵. Their properties are also much more likely to have hazards. Bringing landlords into the framework of licensing schemes shines a light on these other areas and can bring them into compliance in multiple areas.

It was clear from running these schemes for the past five years that licensing allows the council to work proactively with landlords and tenants. Licensing provides clear conditions for landlords to comply with and promotes an improvement in property conditions through better, effective management. Licence conditions can be enforced against much more effectively and quickly than using other powers available to the council, such as Part 1 of the Housing Act (2004). Formal action under Part 1 is generally a slow process with appeals allowed most types of notices. This can significantly delay the time period for compliance.

Case study: suspected people trafficking and slavery, failure to license, safety issues (Peckham ward)

An immigration officer alerted the Housing Enforcement team after visiting a property to investigate allegations of people trafficking and slavery. The immigration officer was concerned about the conditions in the property and made an immediate referral to the council team.

The council obtained a warrant to enter the two-storey bedsit, which was occupied by at least 14 people. The severe overcrowding and lack of fire precautions (there was only one battery-operated smoke alarm in the entire property) made it extremely dangerous.

The property was unlicensed, and the owner claimed it was not an HMO as the occupiers were all his workers, living at the property for free. However, the council received evidence of rent payment from one occupier and a witness statement from another. This stated that the owner pressured them to lie and say they were an employee and not paying rent. The landlord was pressuring them to pay more rent.

Outcome: The landlord was prosecuted for failing to license and other HMO management offences, including serious fire and electrical safety issues.



⁵ [Dealing with Rogue Landlords. P6, DCLG, 2012](#)

6. Proposed additional HMO licensing scheme

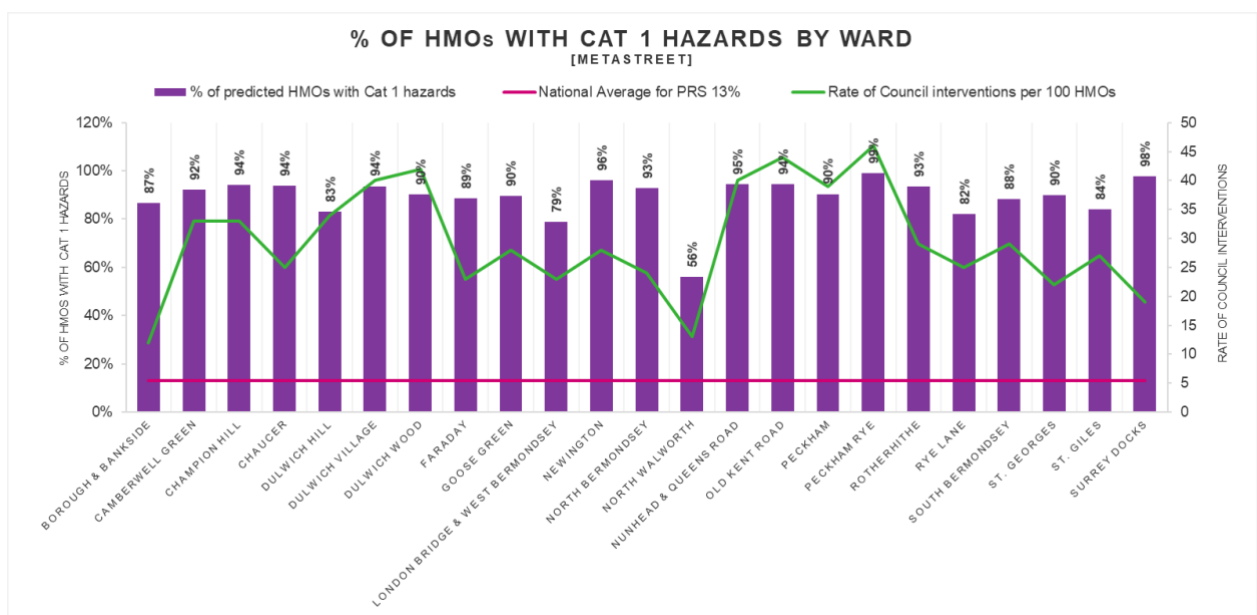
The council is proposing a further five-year additional HMO licensing scheme. It will apply to all HMOs in the borough that aren't currently covered by the government's mandatory HMO scheme. This includes smaller rental properties with three or four unrelated people, forming two or more households who share amenities such as a kitchen or bathroom. It also includes certain converted blocks of flats known as section 257 HMOs.

The reason for this proposed scheme is that the council believes that a significant proportion of these properties are not being managed effectively and they are likely to give rise to problems for those living them. The council has evidence that a significant number (86.3%) of these properties have hazards that could endanger the health, safety and welfare of their inhabitants. HMOs are at a higher risk of the most serious hazards (category 1) and in Southwark these are usually fire, disrepair and overcrowding issues.

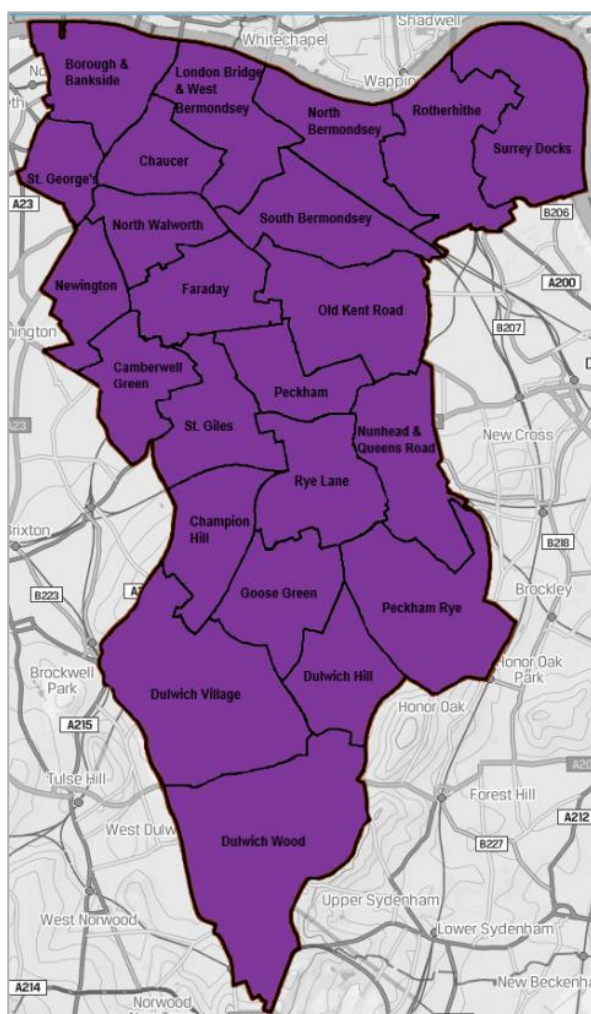
The existence of a hazard indicates that landlords are not regularly inspecting their properties, responding to the complaints of tenants or keeping up to date with the regulations regarding renting out their properties; all indicators of ineffective management.

From the experience of officers, tenants often complain to the council about problems where they are living as they don't know who is responsible for dealing with the issue. This is particularly an issue in HMOs.

During the last scheme there were 2,922 council interventions at properties with an additional licence. These were as a result of a range of issues; from tenants complaining about poor conditions to neighbours complaining about ASB issues. This does not only represent a significant proportion, but the majority of properties that fall under this scheme.



Map of the proposed additional licensing scheme



1.2 Proposed conditions

It is proposed that all of the conditions attached to the additional licensing scheme are the same as those attached to the mandatory licensing scheme. There is one exception; the antisocial behaviour condition, will not apply as this did not form part of the evidence for the scheme.

In some circumstances, where the council believes there are specific issues for a particular property that are not covered in the licence conditions, extra conditions can be added.

The proposed additional HMO licence conditions are on the council's [property licensing web page](#).

1.3 Proposed licence fee

The proposed fee is £1,300. This is a flat fee and is a change from the 'per bedroom fee' under the current scheme.

The council is required to split the fee into two payments. The initial part of the fee is charged to cover the cost of processing of the application. If the application for a licence is successful a further fee will be charged before the full licence is issued. This second fee is a contribution to the other costs incurred by the Council in running the licensing scheme, such as enforcement of licences. The actual split will be determined following the consultation.

Case study: Fire safety issues and failure to license (South Bermondsey ward)

The Housing Enforcement Team found out about this unlicensed property while investigating another house owned by the same landlord. The landlord had previous housing-related convictions for negligence in another London borough.

When officers inspected the property, they found it didn't meet the required fire safety standards for an HMO. There were no smoke detectors, secure fire doors or protected escape routes to help tenants if there was a fire.

Outcome: The landlord was prosecuted for failing to license and other HMO management offences, including serious fire issues.



7. Proposed selective licensing scheme

Southwark is a diverse borough with various housing issues related to the PRS. There is evidence of poor housing in most wards, which often makes other issues worse, such as ASB and deprivation.

The council has been truly selective in proposing the areas for this licensing scheme. Thorough evidence gathering and research has been carefully carried out to ensure that the most severe problems in each ward can be dealt with. All properties in the designated areas that are rented to single families (or two sharers) will need to have a licence to be legally let.

The council is proposing a five-year scheme made up of four proposed designations to be implemented in, potentially, two phases. The first phase has two small designations (designations 1 and 2) covering a total of five wards. The size of these designations, which affect less than 20% of the geographical area of Southwark and less than 20% of its privately rented housing, means they can be agreed locally by the council's cabinet and could be brought in by the end of 2021. This phase allows the council to deal with the worst ASB and poor property conditions as soon as possible.

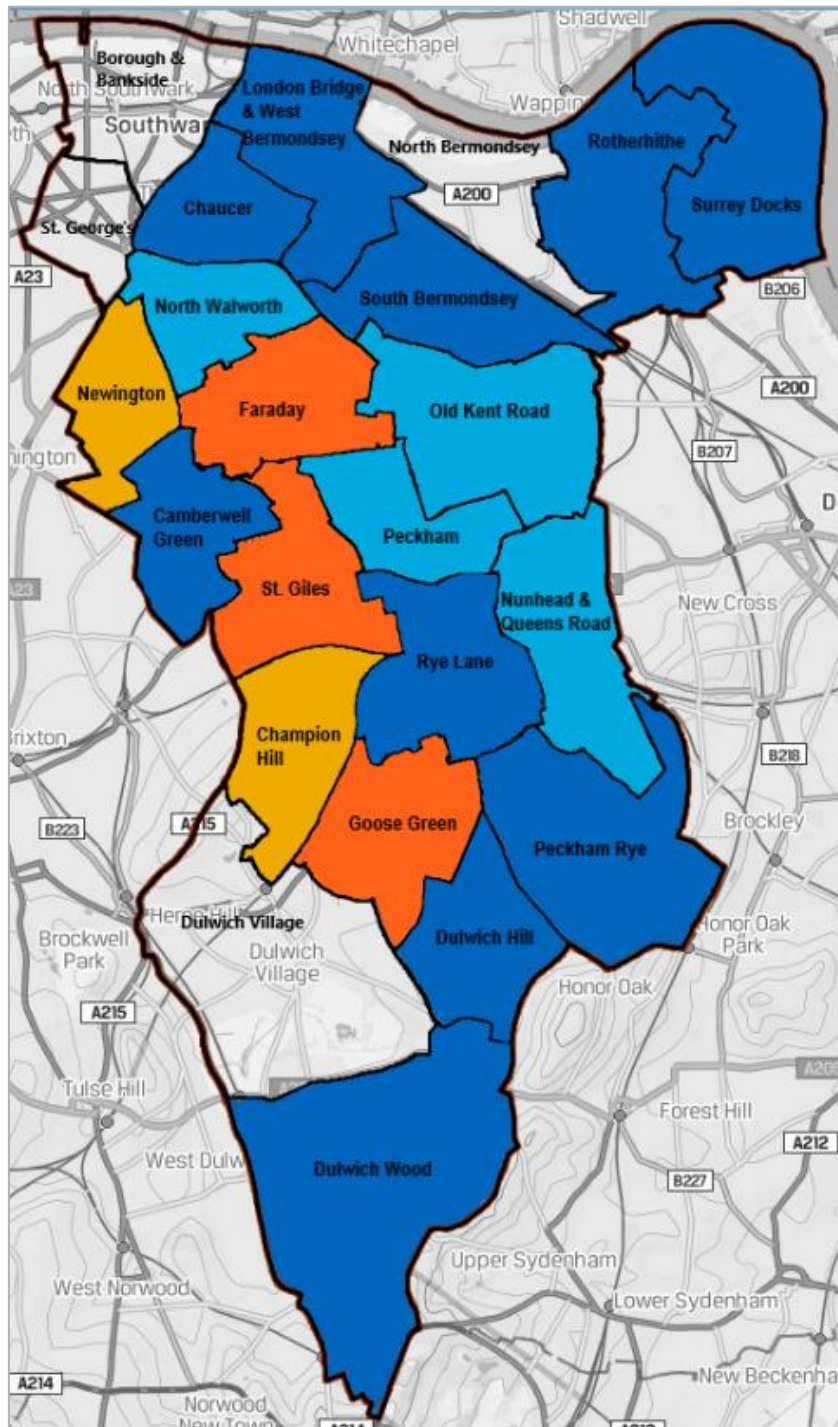
This first phase (designations 1 & 2) will act as a pilot to assess the effectiveness of the new ward-based approach to selective licensing. After six months, if it is successful, permission will be sought for phase 2 (designations 3 & 4).

Due to their size, after being agreed by Southwark Council, these designations would need confirmation by the Ministry of Housing, Communities and Local Government (MHCLG). If approved, these could be introduced in 2022.

| PHASE 1: 2021 | | PHASE 2: 2022 | |
|--|--|--|--|
| Designation 1: Very high, repeat ASB | Designation 2: Poor property conditions | Designation 3: Deprivation & poor property conditions | Designation 4: Poor property conditions |
| Wards: Newington Champion Hill | Wards: Faraday Goose Green St. Giles | Wards: North Walworth Nunhead & Queens Road Old Kent Road Peckham | Wards: Camberwell Green Chaucer Dulwich Hill Dulwich Wood London Bridge & West Bermondsey Peckham Rye Rotherhithe Rye Lane South Bermondsey Surrey Docks |

All the designations are subject to change as a result of this consultation and the council welcomes input into the scheme.

Map of the selective licence scheme designations



| Designation | Criteria |
|-------------|--|
| 1 | Very high, repeat ASB |
| 2 | Poor property conditions |
| 3 | Deprivation and poor property conditions |
| 4 | Poor property conditions |

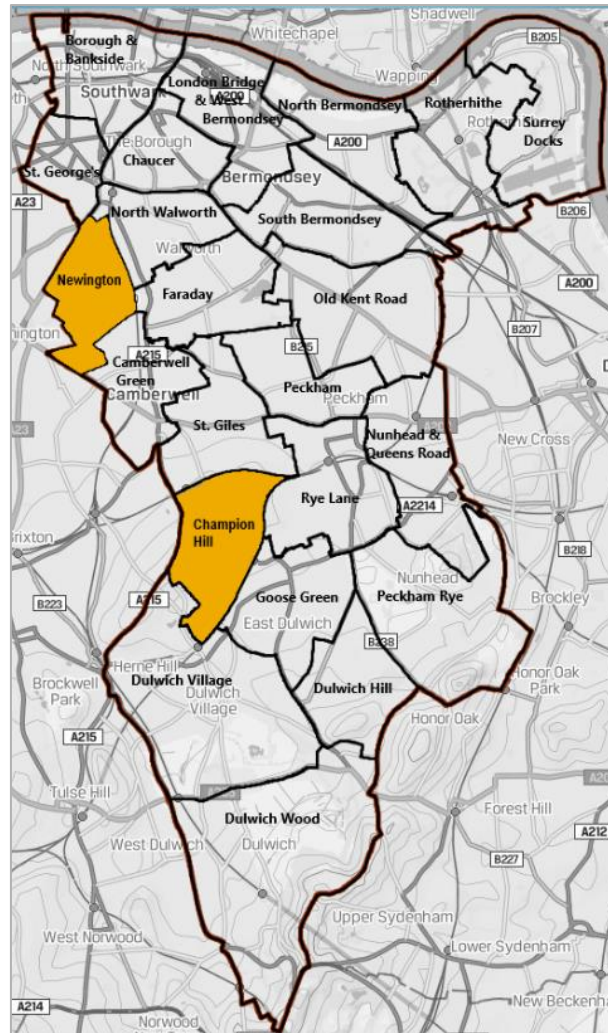
Data summary for the borough

| Designation | Wards | Designation Criteria | | | |
|-------------|---------------------------------|----------------------------------|--------------------------------|--------------------------|-------------|
| | | % PRS above the national average | Significant and persistent ASB | Poor property conditions | Deprivation |
| | Borough & Bankside | | | | |
| 4 | Camberwell Green | ✓ | | ✓ | |
| 1 | Champion Hill | ✓ | ✓ | | |
| 4 | Chaucer | ✓ | | ✓ | |
| 4 | Dulwich Hill | ✓ | | ✓ | |
| | Dulwich Village | | | | |
| 4 | Dulwich Wood | ✓ | | ✓ | |
| 2 | Faraday | ✓ | | ✓ | |
| 2 | Goose Green | ✓ | | ✓ | |
| 4 | London Bridge & West Bermondsey | ✓ | | ✓ | |
| 1 | Newington | | ✓ | | |
| | North Bermondsey | | | | |
| 3 | North Walworth | ✓ | | ✓ | ✓ |
| 3 | Nunhead & Queens Road | ✓ | | ✓ | ✓ |
| 3 | Old Kent Road | ✓ | | ✓ | ✓ |
| 3 | Peckham | ✓ | | ✓ | ✓ |
| 4 | Peckham Rye | ✓ | | ✓ | |
| 4 | Rotherhithe | ✓ | | ✓ | |
| 4 | Rye Lane | ✓ | | ✓ | |
| 4 | South Bermondsey | ✓ | | ✓ | |
| | St. Georges | | | | |
| 2 | St Giles | ✓ | | ✓ | |
| 4 | Surrey Docks | ✓ | | ✓ | |

1.4 Designation 1: Antisocial behaviour (ASB) (phase 1)

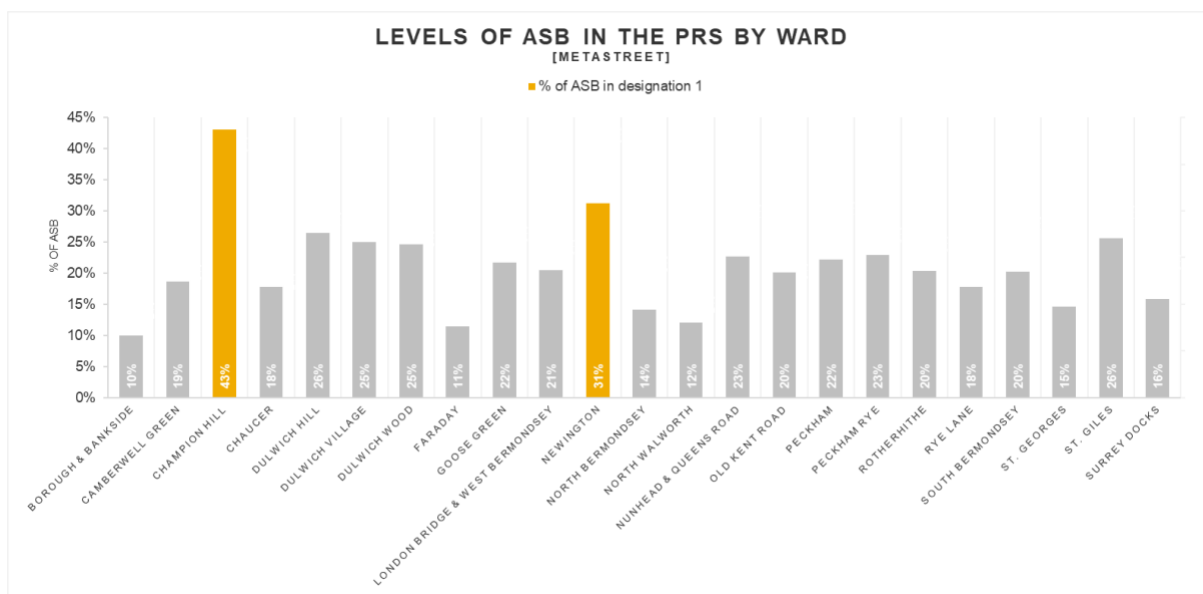
Which areas are included in this designation?

Newington and Champion Hill are the two wards included in this proposed designation. These wards have the highest levels of ASB connected to the PRS compared to all other wards in the borough.



What is the evidence of ASB in the private rented sector in this area?

In these two wards alone, there were 755 complaints of ASB over a five-year period. The majority of the complaints were around noise and rowdy behaviour. Once a complaint is received and verified as being in a property that is privately rented, the Housing Enforcement team is notified. The landlord is informed of the issue by letter. These properties have required over 800 interventions, representing a huge drain on council resources. 137 properties in these wards needed repeat interventions, showing that some landlords are failing to take the appropriate action to deal with ASB in their properties.



How will selective licensing deal with ASB in the designated area?

The council has been using an informal approach to deal with ASB in privately rented properties. This has included writing to landlords to inform them of the behaviour of their tenants and working with landlords to resolve the issues. The previous selective licensing scheme was not in operation in these wards.

A new selective licensing scheme in these wards would give the council greater information and powers to deal with the properties that cause such a problem for neighbours and the community.

A designation of these two wards would allow the council to work proactively with the landlords and owners of the properties to prevent ASB and, where necessary, deal with ASB in their properties. The licence conditions will clearly state the responsibilities of landlords to prevent and also deal with any ASB that arises. There will also be guidance and support for landlords on how to manage tenants who are causing ASB. Information for tenants about their responsibilities about causing ASB will also be available.

The selective licensing scheme in the borough would support a new ASB officer post to specifically deal with ASB in the PRS. This officer would be part of Southwark's antisocial behaviour unit team (SASBU) but would have specific responsibility for repeat complaints in the PRS. The multi-agency team is made up of local Police, UKBA, the Fire Service, as well as representatives from other council departments including Trading Standards and Planning. They meet weekly, share intelligence and work together to try and resolve ASB. Having a specific person on the team to deal with the PRS should lead to a reduction in ASB in the area.

Since 2014, the SASBU team has dealt with 267 complaints about ASB in privately rented properties. These complaints range from crack houses, brothels and cannabis factories to harassment of neighbours and issues with aggressive dogs. Noise complaints are dealt with by a different team and in the same period there were 261 noise abatement notices issued against properties that were privately rented.

The proposed selective licence conditions for designation 1

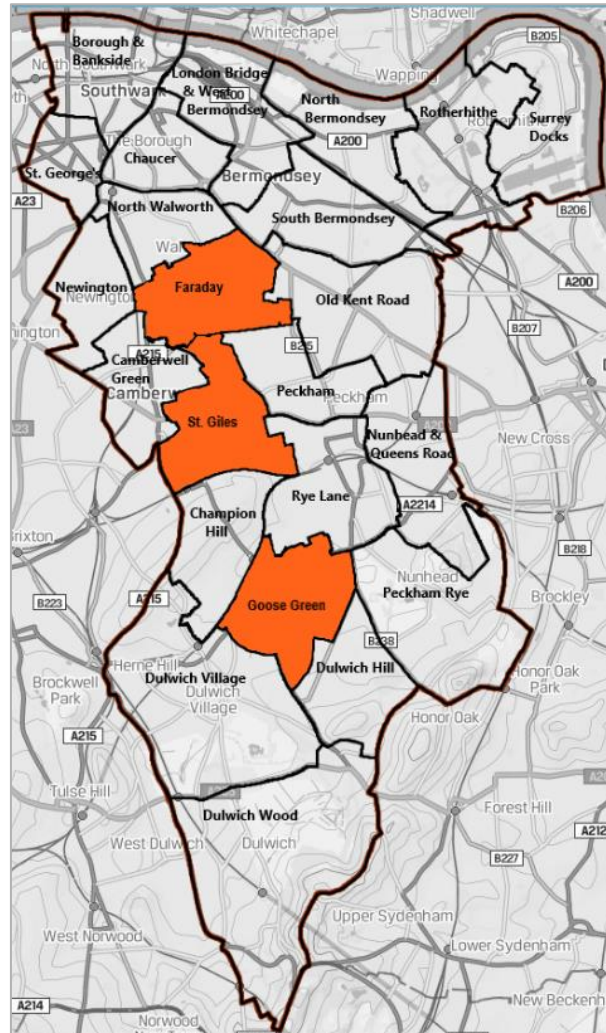
As designation 1 is based on ASB there are specific, discretionary licence conditions relating to ASB. These licence conditions form part of the consultation and the council welcomes any views on them.

The proposed licence conditions for designation 1 are on the council's [property licensing web page](#).

1.5 Designation 2: Poor property conditions (phase 1)

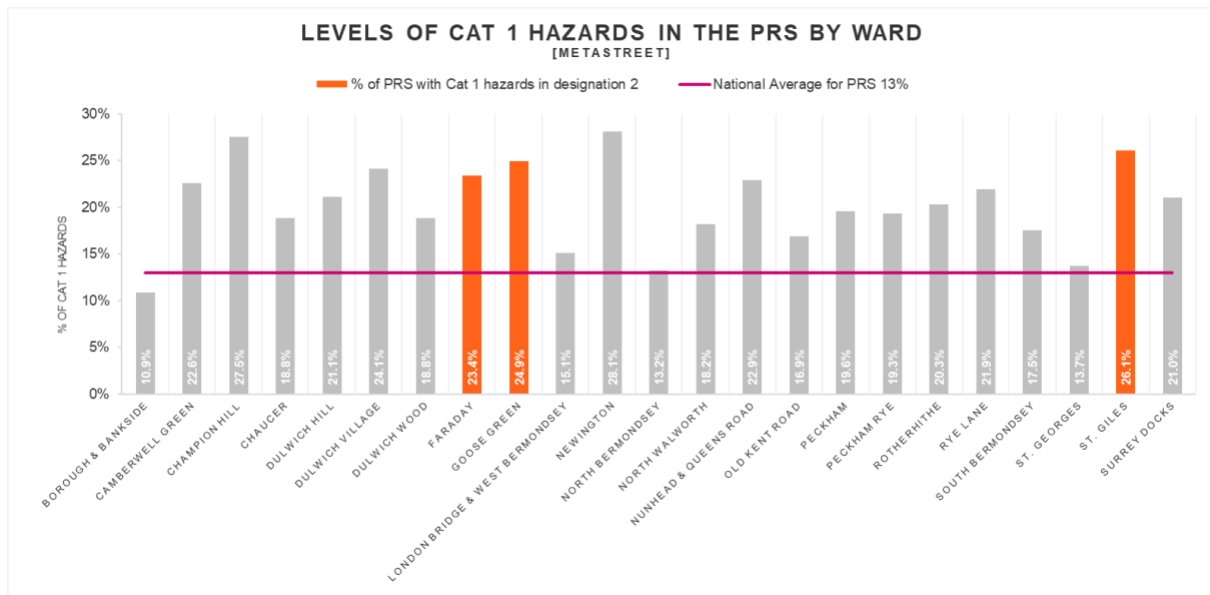
Which areas are included in this designation?

Faraday, Goose Green and St. Giles wards are included in this designation. These wards have some of the worst property conditions in the borough's PRS.



What is the evidence of poor property conditions in this area?

A study was carried out to predict the number of PRS properties in the borough and whether these properties are likely to contain any category 1 hazards. The three wards in this designation have some of the highest levels of category 1 hazards in the borough, 23.4%, 24.9%, and 26.1% respectively, around double the national average of 13%.



Overall, in these three wards, there are 1,451 properties in the PRS that are predicted to have category 1 hazard. A significant number of these would need to be inspected to ensure tenant safety.

In addition, these wards have a high proportion of properties in the private rented sector (above the national average of rented properties) and are occupied under assured shorthold tenancies, as this is the most common/default tenancy found in Southwark.

How will licensing deal with poor property conditions in the designated area?

Under the previous selective licensing scheme, the number of hazards found in licensed properties was much lower than the predicted levels in unlicensed properties. In 476 properties with selective licences inspected by officers, only 13% had category 1 hazards. This compares to nearly double that (23-26%) in the unlicensed properties in these three wards. This is almost certainly due to the fact that many of the licensed properties had been previously inspected by the council and landlords had made the necessary improvements to their properties.

The designation of these three wards will allow the council to start dealing with some of the worst property conditions in the borough. This designation is in phase 1, which could be brought in by the end of 2021.

There will be clear licence conditions relating to the standard and management of rented properties in the area. Higher risk properties will be prioritised for inspection by officers to check for hazards and compliance with licence conditions. The council will take enforcement action (under Part 1 of the Housing Act), where necessary, to improve poor property conditions.

It is much easier to rectify property issues under the legal framework of the licensing scheme and when the landlord and other property management companies are known to the council. Landlords who fail to licence their properties could receive a civil penalty for failure to licence.

Information and support on the professional management of properties will be available to landlords through the council's web site and landlord forums (in person and online). The licence conditions relating to the management of the properties will help ensure that properties are properly managed to prevent further deterioration.

The council will work with landlords to address poor property conditions and help them to comply with the licence conditions in these wards.

The council will also continue to work with the London Fire Brigade, Home Office, Police, HMRC and the Gang Masters and Labour Abuse Authority, as well as additional council departments, to identify properties that need improvement.

In the previous scheme, this co-working resulted in an increase in prosecutions of rogue landlords to 28 over the last two years of the scheme. This can largely be attributed to the increased and efficient intelligence sharing within the group.

The proposed selective licence conditions for designation 2

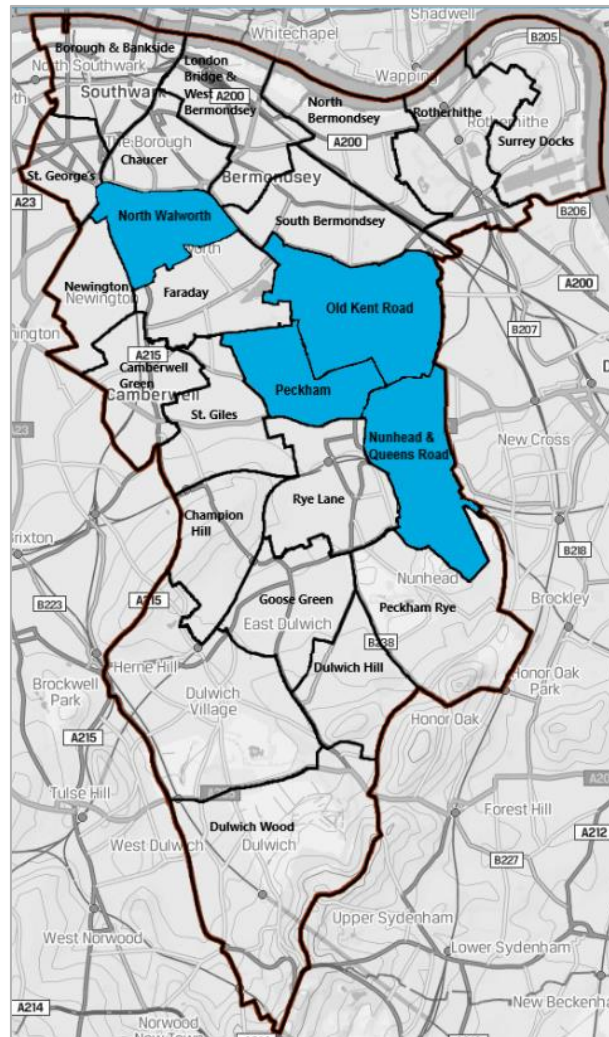
As designation 2 is based on poor property conditions there are specific, discretionary licence conditions relating to these. The licence conditions form part of the consultation and the council welcomes any views on them.

The proposed licence conditions for designation 2 are on the council's [property licensing web page](#).

1.6 Designation 3: Deprivation and poor property conditions (phase 2)

Which areas are included in this designation?

There are four wards in this designation: North Walworth, Nunhead & Queens Road, Old Kent Road and Peckham. These wards are some of the most deprived and in Southwark and have poor property conditions.



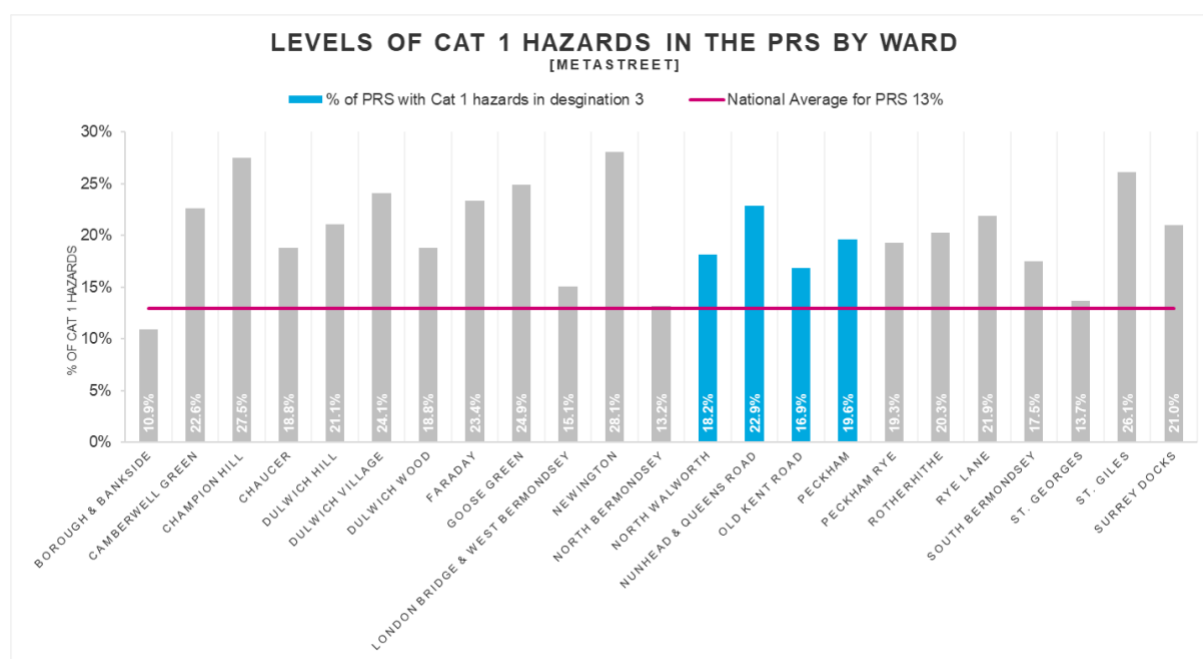
What is the evidence of deprivation and poor property conditions in this area?

These four wards are all in the bottom 30% of deprived wards in the country. The government uses a range of measures to produce Indices of Multiple Deprivation. This allows areas to be ranked nationally between 0.1 as the most deprived and 10.0 as the least deprived. The national average is 5.0. These four wards sit between 2.4 and 2.7 and are some of the most deprived in the borough. The council knows that poor property conditions make deprivation worse. People living in deprived areas have fewer choices about where they can live and are often stuck in overcrowded, poorly maintained accommodation.

From the study carried out, these wards also have levels of category 1 hazards that are higher than the national average. There 1,858 PRS properties in this designation that are expected to have category 1 hazards, such as overcrowding, damp & mould

and fire hazards. These are the most likely to affect the health and safety of the tenants who live in them.

| Ward | % PRS | IMD ranking | % Cat 1 hazards |
|----------------------------|-------|-------------|-----------------|
| North Walworth | 38.4% | 2.6 | 18.2% |
| Nunhead & Queens Road | 36.5% | 2.4 | 22.9% |
| Old Kent Road | 30.8% | 2.7 | 16.9% |
| Peckham | 30.1% | 2.4 | 19.6% |
| National average (England) | 19.0% | 5.0 | 13.0% |



In addition, these wards have a high proportion of properties in the private rented sector (above the national average of rented properties) and are occupied under assured shorthold tenancies, as this is the most common/default tenancy in Southwark.

How will licensing deal with deprivation and poor property conditions in the designated area?

The designation of these wards will help the council to deal with the poor property conditions and issues that make deprivation worse, including overcrowding, fuel and water poverty. The licence conditions clearly state the maximum occupancy of the property to prevent overcrowding; either a single family or two unrelated sharers.

The licence holder must take steps to:

- improve the energy efficiency of a property that is lower than an E rating (unless an exemption applies)
- Install programmable and thermostatically controllable heating and hot water to help reduce fuel costs and fuel poverty
- Fit water-saving devices in the kitchen and bathroom to help reduce water costs in properties with meters

These improvements will be enforced under different legislation.

There will also be clear licence conditions relating to the standard and management of rented properties in the area. Higher risk properties will be prioritised for inspection by officers to check for hazards and compliance with licence conditions. The council will take enforcement action (under Part 1 of the Housing Act), where necessary, to improve poor property conditions.

It is much easier to rectify property issues under the legal framework of the licensing scheme and when the landlord and other property management companies are known to the council. Landlords who fail to license their properties could receive a civil penalty for failure to license.

The council will also continue to work with the Police, the London Fire Brigade and UKBA to identify properties that need improvement. It will work with local community groups, including food banks, to identify tenants living in poor conditions and properties that can be improved. Where possible, the council will work with landlords to address poor property conditions and the factors that make deprivation worse, to help them to comply with the licence conditions in these wards.

The proposed selective licence conditions for designation 3

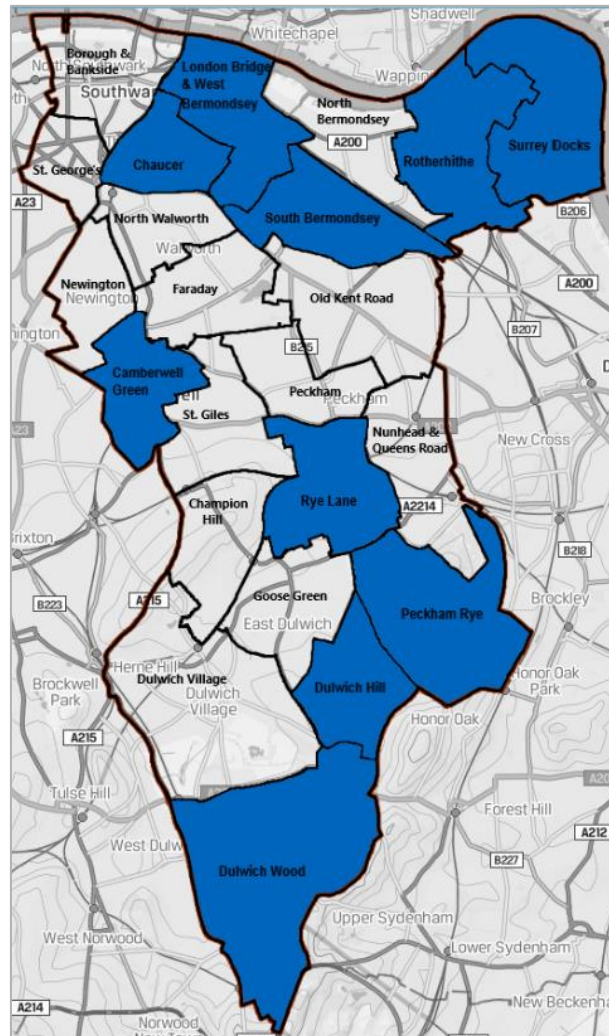
As designation 3 is based on deprivation and poor property conditions there are specific, discretionary licence conditions relating to these. The licence conditions form part of the consultation and the council welcomes any views on them.

The proposed licence conditions for designation 3 are on the council's [property licensing web page](#).

1.7 Designation 4: Poor property conditions (phase 2)

Which areas are included in this designation?

There are ten wards in this designation: Camberwell Green, Chaucer, Dulwich Hill, Dulwich Wood, London Bridge & West Bermondsey, Peckham Rye, Rotherhithe, Rye Lane, South Bermondsey and Surrey Docks. These wards all have poor property conditions demonstrated by high levels of category 1 hazards in the PRS.

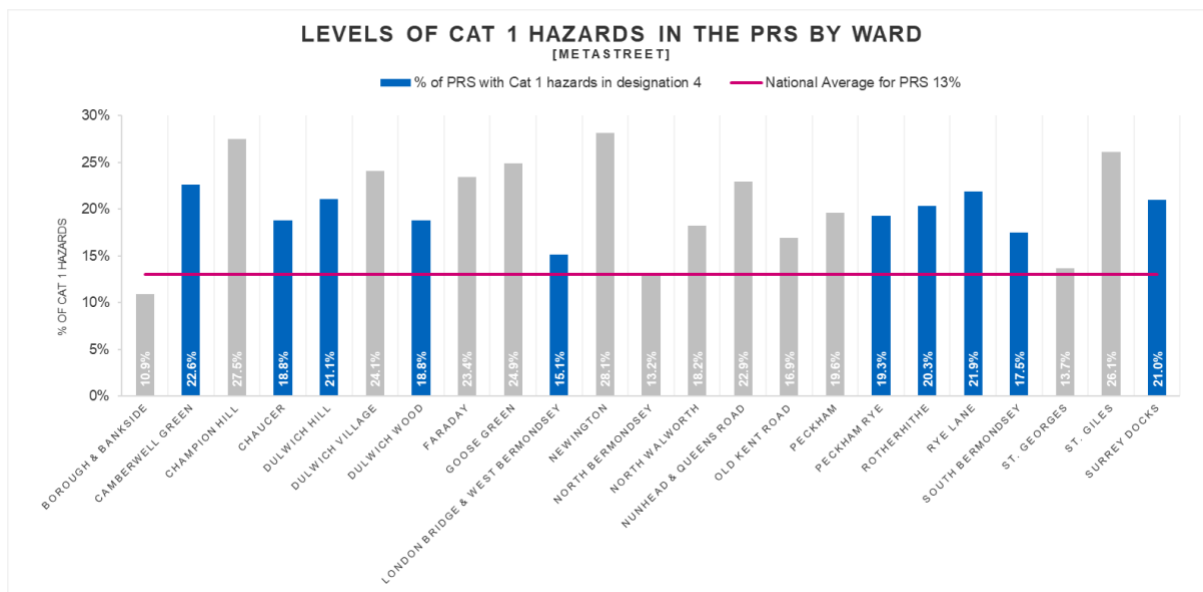


What is the evidence of poor property conditions in this area?

A study was carried out to predict the number of privately rented properties in the borough, and whether they are likely to contain any housing hazards. It showed that the ten wards in this designation have PRS properties that have unacceptably high levels of category 1 hazards.

The properties in this designation have levels of category 1 hazards that are higher than the national average for PRS of 13%⁶. There may be at least 3,754 PRS properties in this area that have a category 1 hazard, a large proportion of which will need to be inspected to ensure the safety of the tenants that live in them.

⁶ [English Housing Survey 2019-20, p4.](#)



How will licensing deal with poor property conditions in the designated area?

Under the previous selective licensing scheme, the number of hazards found in licensed properties was much lower than those predicted in these wards⁷. In 476 properties with selective licences inspected by officers, only 13% had category 1 hazards (comparable with the national average). This compares to an average of 19.6% in the unlicensed properties in these ten wards. This is almost certainly due to the fact that many of the licensed properties had been previously inspected by the council and landlords had made the necessary improvements to their properties as a result.

The designation of these ten wards will allow the council to bring about an improvement to property conditions in the area during the life of the scheme. There are proposed licence conditions relating to the standard and management of the rented properties. Higher risk properties will be prioritised for inspection by officers to check for hazards and compliance with the licence conditions. This will allow the council to take enforcement action (under Part 1 of the Housing Act), where necessary, to improve properties.

The council will expect property condition issues identified during an inspection to be resolved within a reasonable period, depending on the severity of the issue. Improvement Notices, Overcrowding Notices and Prohibition Orders are formal notices that may be issued to bring about improvements in properties. The council charges the landlord if a formal notice is issued.

Landlords who fail to licence their properties could receive a civil penalty.

The licence conditions will be used to ensure continued compliance with property conditions and standards to prevent a further deterioration in the rented properties.

⁷ Housing Stock Condition and Stressors Report, Metastreet, 2019

Landlords will be able to access information on the council's web site and through forums (either in person or online) to help them improve their property management skills.

The council will also continue to work with the local Police, the London Fire Brigade, UKBA and other council departments to identify properties that need improvement. The council will work with landlords to address poor property conditions and help them to comply with the licence conditions in these wards.

The proposed selective licence conditions for designation 4

As designation 4 is based on poor property conditions there are specific, discretionary licence conditions relating to these. The licence conditions form part of the consultation and the council welcomes any views on them.

The proposed licence conditions for designation 4 are on the council's [property licensing web page](#).

1.8 Why are some wards not included in the selective licensing scheme?

There are four wards that are not included in any of the designations: Borough & Bankside, Dulwich Village, North Bermondsey and St. Georges. This is due to either a lack of evidence for the criteria or a low level of PRS in the ward.

Borough & Bankside has a high level of rented properties, but these tend to be relatively new builds and therefore do not have the high levels of housing hazards that we see in other parts of the borough. Whilst there is some ASB connected to the PRS, it is at a lower level than Champion Hill and Newington, so it was not felt that a blanket licensing scheme was the best way to deal with it.

Dulwich Village does not have the required high levels of PRS to introduce licensing to the area. The council can still take enforcement action under Part 1 of the Housing Act (2004) if there are severe issues with any rented properties.

North Bermondsey has a high level of PRS, but the evidence does not show the high levels of housing hazards that we see in other parts of the borough. The evidence for ASB and deprivation is also lacking.

St. Georges has high levels of PRS; however, the level of category 1 hazards needs to be higher than the national average. At the time the designations were defined, the national average was 14% and St. George's did not meet the threshold.

1.9 Proposed selective licensing scheme conditions

There are two types of conditions that can be applied to a selective licensing scheme: mandatory and discretionary. The mandatory conditions are required by Schedule 4 of the Housing Act 2004 and these do not form part of the consultation.

The discretionary conditions are part of the consultation and the council can decide on these in order to deal with the management, use and occupation of the licensed property.

In some circumstances, for a particular property, where the council believes there are specific issues not being covered by the discretionary conditions, additional or more specific conditions can be added.

As the four proposed selective licensing designations are based on different criteria, the discretionary conditions are tailored to tackle the conditions relating to the criteria in each area. For example, designation 1 is based on ASB and there are specific proposed licence conditions relating to ASB.

The proposed selective licence conditions for each designation are on the council's [property licensing web page](#).

Selective licence exemptions

There are a number of exemptions to selective licensing scheme including:

- a) properties licensable as an HMOs under mandatory or the proposed additional HMO licensing;
- b) properties let by a local authority or a Registered Provider (RP), traditionally known as a not-for-profit Housing Association;
- c) properties already subject to a management order;
- d) properties subject to a temporary exemption notice.
- e) owners who reside in property they own as their main residence (owner-occupiers).
- f) holiday lets; and tenancies under a long lease and business tenancies.
- g) Any building which is occupied principally for the purposes of a religious community whose principal occupation is prayer, contemplation, education or the relief of suffering.
- h) Student accommodation directly managed by educational institutions, e.g. halls of residence.
- i) properties managed by a charity registered under the Charities Act 2011 and which—
 - a. is a night shelter, or
 - b. consists of temporary accommodation for persons suffering or recovering from drug or alcohol abuse or a mental disorder.

1.10 Proposed selective licensing fee

The proposed selective licence fee is £900.

The council is required to split the fee into two payments. The initial part of the fee is charged to cover the cost of processing of the application. If the application for a licence is successful, a further fee will be charged before the full licence is issued. This second fee is a contribution to the other costs incurred by the Council under the licensing scheme, for example the cost to the council for enforcement of licences.

The actual split will be determined following the consultation.

1.11 Proposed licence fee discounts

Early bird discount

A 30% early bird discount will be applied to the proposed selective and additional schemes, which will operate for a period of 3 months from the point the scheme starts.

Discount for Gold Standard Charter members

A discount of 50% will be offered on the second part of the fee (enforcement element) for all licensing schemes where the landlord and/or managing agent has signed up to the council's Gold Standard Charter.

- a. A requirement of the Gold Standard Charter is that a landlord must be accredited with a recognised organisation. The discount for being an accredited landlord under the existing scheme has therefore been removed under the proposals for the new schemes.
- b. The Gold Standard Charter discount can be applied for a managing agent of a licensable property however, if the Licence Holder and/or landlord has not signed up to the Gold Standard Charter, landlords who change their managing agents during the period of the licence must ensure that any new agent is also signed up to the Gold Standard Charter or repay the discount, pro-rata, for the period of time the property is being managed by an agent not signed up to the Gold Standard Charter.
- c. Discounts will not apply to properties where the council has found it necessary to issue a warning letter requiring the landlord/agent to apply for a licence. This applies to previously unlicensed properties or properties where a previous licence has expired more than 3 months before the renewal application has been received.
- d. A Gold Standard Charter landlord/agent who has not applied for a licence on a licensable property without a warning letter from the council can have their Gold Charter status removed.
- e. If a licensing application is not successful, the fee for enforcement will not be charged. Any subsequent applications made for the same property will be charged the application fee (discount will apply where appropriate) and the further fee for enforcement if a licence is to be issued.

Further details of the gold standard charter can be found on the council's [property licensing web page](#).

Discount for Platinum Standard Charter members

A further discount of 50% on the second part of the fee (enforcement element) for all licensing schemes, is available where the landlord and/or managing agent, as well as being signed up to the Council's Gold Standard Charter has also signed up to the Platinum Standard Criteria and their property has been accepted onto the Council's Finder's Fee scheme (or subsequent iterations). This means that when combined with the Gold Standard Charter Discount the second part of the fee (enforcement element) will be free of charge.

Further details of the platinum standard charter can be found on the council's [property licensing web page](#).

Discount for joining the Council's Social Lettings Agency

There will be no charge for all licensing schemes, where the landlord and/or managing agent, as well as being signed up to the Council's Gold Standard Charter, has also signed up to the Platinum Standard Criteria and their property has been accepted onto the Council's Social Lettings Agency (or subsequent iterations).

Case study: Basement used as a flat with fire, electrical and human habitation problems (St. Giles ward)

The Housing Enforcement Team became aware of this property after making a routine inspection of a large bedsit HMO in the same building. A mother and two children had been living in the basement for six years.

There were numerous cables and leads overhanging the electric shower and kitchen area, loose lights in the shower. There were no openable windows anywhere within the basement and no fire detection system. The only exit was via the shop upstairs, which had a mechanical shutter which was brought down when the shop was closed. A rear door was also obstructed.

A tiny shower area and toilet had been installed at the rear of a narrow kitchen with no separation between the areas. There was no door to the kitchen area to provide fire separation.

Outcome:

An Emergency Prohibition Order was issued for the premises stating that it must not be used for any type of accommodation.



8. Changes to the mandatory HMO licensing scheme

The Council does not have to consult on mandatory licensing or the proposed changes to the scheme. However, these have been included in the consultation as they are linked to the fees and conditions proposed for the additional HMO licensing scheme and the Council would like to seek opinions on these changes.

1.12 Proposed mandatory licence scheme conditions

The current scheme has a number of discretionary conditions which are out of date as they were related to the issues with HMOs in 2015. The conditions have been revised to take account of the current issues within the PRS and can be found here:

The proposed mandatory licence conditions can be found on the council's [property licensing web page](#).

1.13 Proposed mandatory HMO licence fee

The fee is proposed to be £1,500 + £100 per room above 5 bedrooms. The flat fee covers the first five bedrooms with a small additional charge per bedroom above 5. It is a change from the 'per bedroom' fee under the current scheme.

The proposed change to the fees for the mandatory licensing scheme should help to ensure that larger HMOs are charged more fairly and that the fee is consistent with the proposed additional HMO licensing scheme.

The Council is required to split the fees into two payments. The initial part of the fee is charged to cover the cost of processing of the application. If the application for a licence is successful a further fee will be charged before the full licence can be issued. This second fee is a contribution to the other costs incurred by the council under the licensing scheme, for example for enforcement of the licence. What the actual split will be is to be determined following the consultation.

Case study: Unlicensed and unsafe mandatory HMO (Faraday ward)

The Housing Enforcement team became aware of the property when it was let as an HMO but was unlicensed.

A prohibition order was served to prevent the property from being used. A follow up inspection by council officers found that the property continued to be let, in violation of the prohibition order.

The property was also in very poor condition, with a risk of fire, making it a danger to the tenants living there.

Outcome: The landlords were prosecuted for failing to license, violating the prohibition order and other HMO management offences, including serious fire issues.



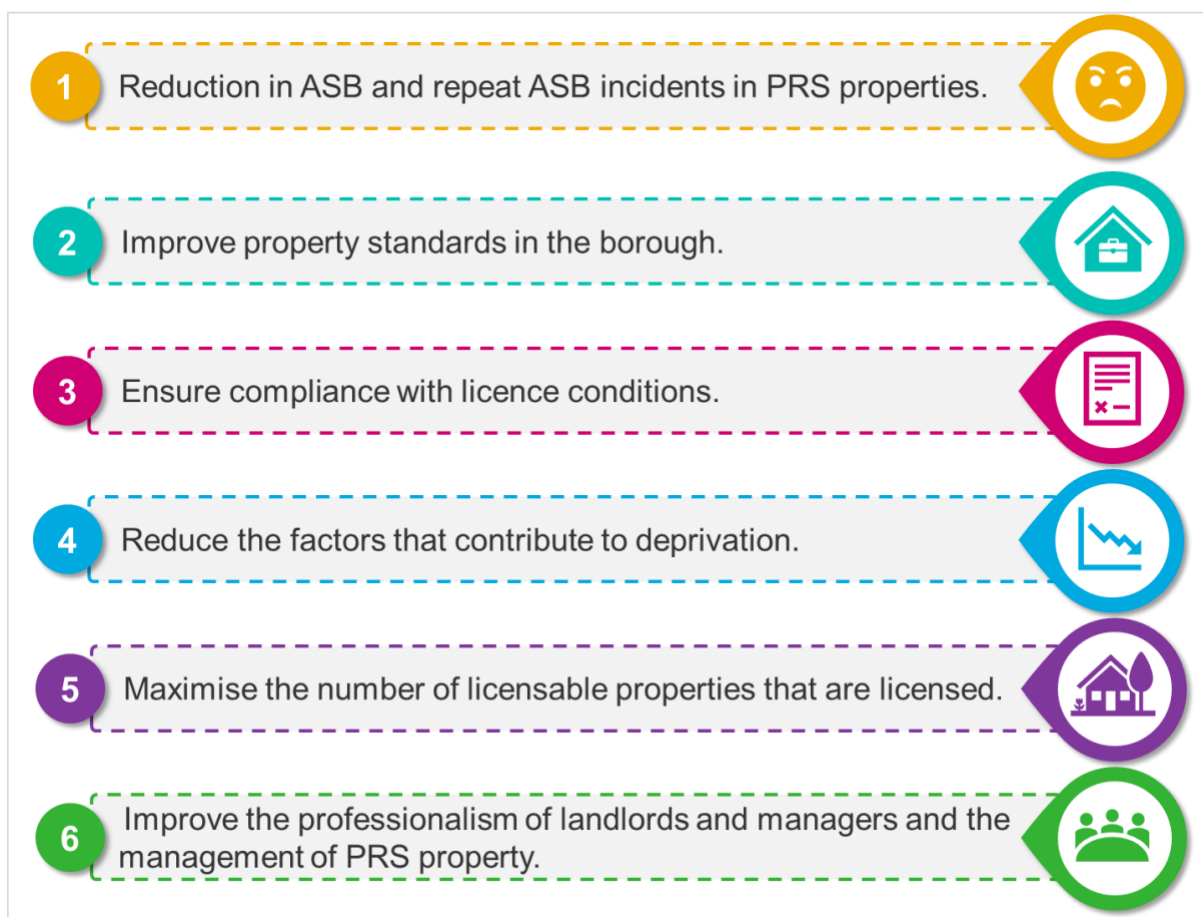
9. Alternatives to licensing that have been considered

| Alternative Measure | Strengths | Weaknesses |
|--|--|---|
| <p>Use of Part 1 Housing Act 2004 enforcement powers [HHSRS] and Public Health powers</p> | <p>Formal notices can be served that require improvements to be carried out. Councils can carry out work in default if a notice is not complied with. Landlords risk being prosecuted if they do not comply with the notice.</p> | <p>The powers do not place any obligation on landlords to be proactive in improving conditions. Formal action is generally slow, with appeal provisions against most types of notices served, which can significantly delay the time period for compliance. Work in default can be effective but it is expensive and time consuming to the Council, with the risk that not all costs are recovered. Successful prosecutions do not in themselves secure improvements in property conditions and the Council's prosecution costs are often not met in full.</p> |
| <p>Voluntary Accreditation schemes facilitate improvement in management practices and standards</p> | <p>For those landlords who take part, accreditation can improve the ability to effectively manage a property.</p> | <p>This requires voluntary landlord engagement and rogue operators are unlikely to attend/engage. In Southwark, there had been a poor take up of the voluntary accreditation schemes, despite continued support of these organisations by the council.</p> |
| <p>Rely on prosecutions and civil penalties for housing offences</p> | <p>Provides a disincentive to keep properties in poor conditions.</p> | <p>These powers do not place any obligation on landlords to be proactive in improving conditions. Successful prosecutions, or the imposition of civil penalties, do not in themselves secure improvements in property conditions. The absence of licensing significantly reduces the scope of the council to impose civil penalties in respect of identified housing breaches.</p> |

| | | |
|---|---|---|
| <p>Improvement grants to improve sub-standard properties</p> | <p>Grants subsidise improvement works, improving standards and giving benefits for landlords and tenants.</p> | <p>Generally, there are few grants available and the council has very limited scope to offer grants through successful external funding bids. In the most part, grant awards would fund improvements that the landlord should be carrying out to meet their legal obligations. Any grant scheme would be discretionary and would rely on voluntary landlord engagement.</p> |
| <p>ASB powers</p> | <p>Formal notices can be served at addresses identified as having ASB issues. This can resolve ASB at the particular address.</p> | <p>Action would generally be taken against the tenant in occupation. The powers do not place any obligations on landlords to be proactive in managing their properties to prevent or reduce the likelihood of ASB occurring.</p> |

10. Proposed scheme objectives

Licensing is part of an overall approach to help improve privately rented properties in the London Borough of Southwark. As such, any outcomes will be as a result of a range of initiatives and methods that the council can use. However, licensing is an important element and will be assessed against the following scheme objectives:



| Licensing Scheme | | Scheme Objectives | | | | | |
|------------------|---------------|-------------------|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 |
| Selective | Designation 1 | ✓ | | ✓ | | ✓ | ✓ |
| | Designation 2 | | ✓ | ✓ | | ✓ | ✓ |
| | Designation 3 | | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Designation 4 | | ✓ | ✓ | | ✓ | ✓ |
| Additional HMO | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| Mandatory HMO | | ✓ | ✓ | ✓ | | ✓ | ✓ |

11. Licensing and wider council strategies

11.1 Housing Strategy

Southwark Council recently released its Housing Strategy which outlines the council's approach to housing over the next 30 years. The strategy is based on four key principles:

1. Increasing the supply of genuinely affordable high-quality homes that meet our residents' housing needs and aspirations
2. Demanding safer, higher quality, energy efficient homes
3. Promoting tenure security and social support in housing, and improving the health, wellbeing and economic resilience of residents.
4. Empowering residents and communities to have pride and influence over their homes and neighbourhoods.

The council has made a commitment, under its second housing strategy principle, to improving quality standards in the PRS. *“Our ambition is to transform the private rental sector so that all homes provide good quality, secure accommodation. We will work with landlords to support and encourage them to drive up standards in the private rented sector, whilst also cracking down on rogue private landlords. We believe everyone should have a good quality home no matter who their landlord is. We want to work with landlords to increase security, certainty, affordability and stability for their tenants, especially families with children.”*

The introduction of additional HMO and selective licensing will support this by increasing the council's knowledge of the sector and will provide a stronger legislative framework with which to deal with issues.

Southwark Council has also made a commitment, under its fourth housing strategy principle, to protect and empower private tenants by providing advice and assistance on their respective rights and responsibilities. Introducing additional HMO and selective licensing will support this commitment by making tenants aware of the licence conditions, and by creating a public register of licensed landlords.

11.2 Homelessness strategy

Southwark Council has outlined its strategy for homelessness prevention in the Southwark Homelessness Strategy 2018-2022. As part of this, the council has recruited three private rented sector homeless prevention officers to assist with mediation, develop links with community agencies and deal with cases at earlier stages to help prevent homelessness.

The council has made it a priority to respond to the challenging local housing market by working with households and landlords. One solution is the offer of a self-help finder's fee scheme, which should encourage households to source their own suitable and affordable accommodation arrangements in the PRS. The council is also working on a number of London-wide initiatives including procurement of private sector rental accommodation and temporary accommodation for homeless families.

11.3 Empty properties

As part of the Housing Strategy, Southwark Council has made a commitment to tackle empty homes. The Empty Homes Service specifically targets long term or derelict properties, as these often generate wider community issues such as ASB. The council will provide grants, loans, free impartial advice, support and refurbishment options to bring long-term empty properties back into use. These will ideally be as long-term private rented homes for families.

11.4 ASB

As outlined in the Housing Strategy, the council is committed to working with tenants, resident associations, housing associations, the police and other agencies to tackle antisocial behaviour (ASB). An additional ASB officer will be part of the multi-agency ASB team to deal specifically with ASB in the PRS.

The council aims to bring communities together to solve problems collectively through various schemes and funds, including Cleaner, Greener, Safer (CGS), Neighbourhood Watch and Police ward panels.

The council intends to support tenants to be good neighbours by providing a pre-tenancy course on how to abide by their tenancy agreement, including acceptable behaviour standards.

Additional and Selective Licensing will enable the council to encourage landlords to work with their tenants to reduce ASB. Information and support will be available both online and through forums.

12. Further information and details of the consultation

More information about the council's proposals can be found in the reports for Cabinet:

[Cabinet Report: Consultation on Proposals for the Private Rented Sector 2021 – 2026](#)
[Appendices \(1 - 5\)](#)

The council welcomes views from all Southwark residents, especially private tenants. The views of landlords and managing agents with properties in the borough and anyone or any organisation with an interest in the private rented sector, are also welcomed.

The consultation will run from 15 February 2021 until at least the 28 June 2021. The consultation questionnaire is available on the [property licensing](#) and [consultation](#) sections of the council web site.

A number of forums and workshops will be held during the consultation. If you are interested in sharing your experiences and views, please email resi@southwark.gov.uk. Due to the pandemic, these will all be held online.

Anyone with a disability or who needs extra help completing the questionnaire can request support by calling 020 7525 5140. A paper copy of the consultation is also available on request by emailing propertylicensing@southwark.gov.uk or by calling 020 7525 5140.

Once the consultation has closed the council will review the replies. A full consultation report, including the council's response to any alternatives suggested, will be published on the [property licensing](#) pages of the web site.

The council has complied with its duty under section 149 of the Equality Act 2010A. An equality analysis was carried out as part of these proposals. The results can be found in [Appendix 5](#) of the Cabinet Report.