

Committee: Cabinet

Date: 19th June 2023

Wards: All

Subject: **Proposed Designation of Landlord Licensing Following Review of Consultation Results; Update on Empty Homes Project; and Update on Article 4 Direction**

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Lead member: Councillor Andrew Judge, Cabinet Member for Housing and Sustainable Development

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Recommendations:

- A. Following review of the consultation responses, Designate (Confirm) Selective Licensing for the following 4 wards: Figge’s Marsh; Graveney; Longthornton; Pollards Hill; with proposed Go Live in Sept 23
- B. Following review of the consultation responses, Designate (Confirm) Additional Licensing for the following 7 wards: Figge’s Marsh; Graveney; Longthornton; Pollards Hill; Colliers Wood; Cricket Green and Lavender Fields, with proposed ‘Go Live’ in September 2023
- C. Approve the Selective and Additional Licensing Fees as set out in Appendix D
- D. Give Delegated Authority to the Executive Director of Housing and Sustainable Development, and the Executive Director of Environment, Civic Pride, and Climate, in consultation with the Cabinet Member for Housing and Sustainable Development to increase the Licence Fees should this be required following the annual review of fees to ensure that costs are being covered
- E. Note that following Confirmation at Council in April 2023, the Article 4 Direction has now been made permanent in the 7 wards: Figge’s Marsh; Graveney; Longthornton; Pollards Hill; Colliers Wood; Cricket Green and Lavender Fields.
- F. Note that the timescale for the risk of Legal Challenge to the Article 4 Direction has now passed but there is still a risk of Legal Challenge to the introduction of Selective and Additional Licensing for 3 months from Designation
- G. Note that the Secretary of State has considered the evidence provided by the Council for the Article 4 Direction and has confirmed they will not be intervening
- H. Note that there is an ongoing risk of compensation claims being submitted for any small HMOs (6 person and under) that relied on the permitted development rights that have been removed in the 7 wards, and note that claims are only valid if a planning application is submitted within 12 months from the introduction of the Immediate Article 4 (17th November 2022) and then subsequently refused; or if additional Planning Conditions are applied that reduce the development’s value
- I. Note the update on the Article 4 Direction and the Empty Homes Project.

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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This report provides an update on three key projects which were reported to Cabinet in March 2023, and Council in April 2023

- Proposals for Selective Licensing and Additional Licensing schemes, which would require a licence for private rented sector (PRS) properties, and for houses in multiple occupation (HMOs) not covered by the mandatory HMO regulations (applicable to properties with 5 or more occupants from two or more households).
- The introduction of an Immediate Article 4 Direction, which requires new small house and flat shares (small HMOs) to seek planning permission instead of being covered by Permitted Development (PD). HMOs of 7 or more people, from more than one household, already require planning permission.
- Empty Homes Project – This would bring into use some of the estimated 2,000 long-term empty homes in the borough through a range of measures.

1.2 At Cabinet in March 2023, it was resolved to:

- A. Following review of the consultation responses as well as consideration of legal advice from an external barrister, recommend to Council that the Immediate Article 4 Direction for small HMOs be Confirmed for the following wards: Figge's Marsh; Graveney; Longthornton; Pollards Hill; Colliers Wood; Cricket Green and Lavender Fields.
- B. Note that there is an ongoing risk of compensation claims being submitted for any small HMOs (6 person and under) that relied on the permitted development rights that have been removed in the 7 wards, and note that claims are only valid if a planning application is submitted within 12 months from the introduction of the Immediate Article 4 (17th November 2022) and then subsequently refused; or if additional Planning Conditions are applied that reduce the development's value
- C. Note the update on Landlord Licensing and Empty Homes, including the proposed charges and conditions appended, and note that once the full consultation report has been provided to the Council by ORS, a further report will be brought back to Cabinet in June to agree the way forward for Landlord Licensing, following consideration of representations received.
- D. Agree that the additional cost of £75,000 for project management, housing staffing; and external legal fees up to Oct 23 (date of implementation) be funded by a transfer from the corporate contingency fund.
- E. Delegate Authority to the Executive Director for Housing and Sustainable Development in consultation with the Cabinet Member for Housing and Sustainable Development to Approve the draft Supplementary Planning Document on HMOs for at least 6 weeks of public consultation and to approve any amendments required by proposed changes to the National Planning Policy Framework.

- 1.3 Also in March, a report on the introduction of the Immediate Article 4 Direction, including the results of the consultation exercise, was considered by the Borough Plan Advisory Committee (BPAC), which confirmed support for the Article 4 Direction being made permanent (Confirmed) by Council in April for the 7 wards identified.
- 1.4 At Council in April, the Article 4 Direction was Confirmed. An update on this is included in Section 5. The Secretary of State notified the Council that it had considered the evidence and would not be intervening.
- 1.5 A large scale consultation exercise, led by the Council's consultants, Opinion Research Services (ORS), commenced on 14th November 2022.
- 1.6 A consultation webpage - www.merton.gov.uk/prsconsultation – was set up which enabled people to:
- Complete a questionnaire designed by ORS
 - Book attendance at a Landlord or Stakeholder Forum
 - Read the proposals for both landlord licensing and the Immediate Article 4 Direction
 - View a wide range of background documents including the October 2022 Cabinet report and the Metastreet report.
- 1.7 The webpage is still up and running and updated to enable people to continue to review the proposals and background information as well as the final report from ORS.
- 1.8 An Immediate Article 4 Direction for Small HMOs was introduced and came into effect on 17th November, as agreed by Cabinet in October 2022. The Consultation Webpage was updated on the 17th November with the Article 4 Direction and Notice. All statutory notification procedures were followed and exceeded including: notification to the Secretary of State; notification to statutory bodies; posting of Notices on lampposts; and publication in the press. Plus, a 10-week Consultation Exercise took place – the statutory consultation period for an Article 4 Direction is 6 weeks.
- 1.9 During, and following the closure of the consultation on 22nd January, 2023, a range of responses were received, including 487 Completed questionnaires; some direct email representations on licensing to ORS; direct email representations on the Article 4 Direction to the Council as the Local Planning Authority; 2 solicitors' letters; comments made during 2 Landlords Forums; comments made during a Landlords Forum specifically on Article 4 (requested by landlords); comments made during a Stakeholders Forum.
- 1.10 As the full consultation results were not available in time for March Cabinet and April Council, and the Article 4 Direction needed to be Confirmed within 6 months, it was agreed to report the findings separately for the Article 4 Direction with the results of for Landlord Licensing going to a later meeting.
- 1.11 The final consultation report has now been received from ORS and this report therefore focusses on the consultation responses for Landlord Licensing.

1.12 This report also provides brief updates on the Empty Homes project and the Article 4 Direction.

2 BACKGROUND

2.1 It is important to reiterate that the Council is committed to improving housing conditions in the Private Rented Sector (PRS); and to tackling the many instances of anti-social behaviour and other issues that arise from poorly managed rented properties and in particular HMOs.

2.2 The PRS is an important part of our housing stock and has grown rapidly in Merton. Whilst many landlords operate within guidelines, there are also others who do not, often taking advantage of some of the most vulnerable members of our community. This leads to issues affecting health and safety, the wider community, as well as the environment.

2.3 The Council strongly believes that it is necessary to pursue every action it can take to address the many issues and complaints that it receives resulting from the growth of the PRS in Merton and unscrupulous landlords.

2.4 To this end, the Council is working on an overarching housing strategy which will include a raft of measures and actions to be taken to improve the wellbeing of our communities, including proposals for the introduction of Landlord Licensing (selective and additional Licensing); the Article 4 Direction introduced in November 2022, followed by its Confirmation at Council in April; as well as targeted and effective enforcement.

2.5 A Supplementary Planning Document (SPD) has also been produced to ensure that guidance is in place against which planning applications for change of use to HMOs can be assessed. The SPD will be a material consideration for HMO applications and will provide guidance to inform when HMOs are likely to be considered acceptable and unacceptable.

2.6 Additionally, the overarching ambition of the Administration is to rebuild pride in Merton with three strategic themes as follows:

- Nurturing Civic Pride;
- Building a Sustainable Future;
- Creating a Borough of Sport.

2.7 The proposals for selective and additional licensing, as well as the introduction of the Immediate Article 4 Direction for small HMOs, supports both the theme of Building a Sustainable Future, and Nurturing Civic Pride.

2.8 The proposed introduction of Selective and Additional Licensing is also in line with the Government's Renter Reform Bill and other proposed changes to the PRS.

3 OVERVIEW OF CONSULTATION RESULTS

- 3.1 It was agreed that it would be most effective for a joint consultation exercise to be undertaken for both Landlord Licensing (selective and additional licensing proposals) and the introduction of the Immediate Article 4 Direction. The formal consultation commenced on 14th November 2023 and closed on 22nd January 2023.
- 3.2 A consultation webpage was set up which hosted a questionnaire designed and administered by the Council's retained consultants, Opinion Research Services (ORS), as well as enabling interested parties to book attendance on:
- A virtual Landlords Forum held in the daytime
 - An in-person Landlords' Forum held in the evening
 - A virtual Landlords' Forum purely to discuss the Immediate Article 4 Direction held in the daytime in response to Landlords' requests
 - A Stakeholders' Forum – for organisations such as the Fire Services; Public Health and the National Residential Landlord Association (NRLA)
- 3.3 The forums were hosted by ORS but attended by council officers who responded to numerous questions including clarifying the proposals. The Forums (other than the stakeholders forum) were very well attended with 20/25 individuals at each. However, it was notable that some individuals attended all 3 landlord forums and in particular, several of the attendees held a portfolio of properties, so larger developers/landlords, rather than individual small landlords. In general, the forums were well-natured, and attendees expressed their thanks for the officers listening to their views.
- 3.4 In addition to the channels above, a dedicated telephone helpline was provided by ORS to enable stakeholders who needed assistance completing the questionnaire to be given suitable support, and an email address was available to request versions of the questionnaire in alternative formats or languages.
- 3.5 With regard to the questionnaire, a total of 478 were received, with respondents primarily identifying with the following groups:

Stakeholder type	Number of respondents	% of respondents
Letting or managing agent with properties in Merton	25	5
Private landlord in Merton	190	40
Represent an organisation based in/covering Merton	4	1
Live in Merton	251	53
Other respondents	8	2
Total	478	100

3.6 As some respondents identified with more than one category, whilst the above table is what ORS used primarily for reporting the results, the table below also provides a bit more detail on some of the groups. Note that as some respondents identified with more than one group, the total number exceeds the number of questionnaires received:

	Count	Total %
Live in Merton - rent my home from a private landlord	62	13
Live in Merton - rent my home from the council or housing association	4	1
Live in Merton - own my home	239	50
Live in Merton - other type of occupier	9	2
Private landlord in Merton	197	41
Letting or managing agent with properties in Merton	24	5
Represent an organisation based in or covering Merton	7	1
Own or manage a business in Merton	5	1
Work in Merton	13	3
Have another connection with Merton	6	1
No connection with Merton	3	1

3.7 As well as completion of the questionnaire and/or attendance at a forum, it was possible to send a more detailed email representation to ORS about landlord licensing, or a specific representation on the Immediate Article 4 Direction direct to the Local Planning Authority via a Council email address.

3.8 The consultation webpage also contained an extensive amount of information on the proposals such as fees and conditions for landlord licensing; the Metastreet report showing the data that ward selection was based upon; the Article 4 Direction, Notice and map; a consultation document with further information produced by ORS, and other background material.

3.9 The webpage has been updated and is being kept live due to the usefulness of the information whilst proposals are still being considered.

3.10 As could be predicted, from those who responded to the questionnaire, there is a clear split between residents (including tenants) being in favour of the Article 4 Direction and Landlord Licensing and landlords opposing it.

3.11 **Headline results show:**

- Many larger landlords/developers are against introducing an Immediate Article 4 Direction (as opposed to a non-immediate)
- 32% of landlords support an Article 4 Direction

- 54% of landlords disagree with an Article 4 Direction
 - 81% of residents and tenants agree with an Article 4 Direction
- 3.12 However, greater numbers of landlords appear to oppose Landlord Licensing rather than the Immediate Article 4 Direction:
- 89% of landlords disagree with Selective Licensing
 - 78% of landlords disagree with Additional Licensing
 - 78% of residents and tenants agree with Selective Licensing
 - 81% of residents and tenants agree with Additional Licensing
- 3.13 The full consultation results for the introduction of both Selective Licensing and Additional Licensing are reported in Section 10.

4 UPDATE ON THE EMPTY HOMES PROJECT

- 4.1 At the March Cabinet 2022 Meeting an update was provided on the proposal to introduce an Empty Homes Scheme. This would bring into use some of the estimated 2,000 long-term empty homes in the borough, by providing incentives such as grant funding; loans; and advice for owners to bring qualifying properties up to a required standard for letting. The Council may require leasing of properties back to the Council for the provision of accommodation for households owed a housing duty.
- 4.2 It was decided that the scheme would be established under the Regulatory Shared Services Partnership (RSSP). This was based on the financial efficiencies achievable and the fact that the RSSP was already operating the Wandsworth and Richmond schemes and had the organisational infrastructure; system; and processes in place to enable swifter implementation.
- 4.3 A joint Housing and RSSP project team was established last year and has been progressing the project transition to the RSSP and delivery of Project Delivery Plan requirements. Key elements within the plan are the establishment of the required Finance and IT requirements, and policy and processes, for scheme implementation.
- 4.4 The scheme had been expected to go live in July 2023, however, the recent recruitment for the Empty Property Officer on a fixed-term basis was unsuccessful. The role profile and person specification have been revised and the post is currently subject to job evaluation. A further recruitment process will follow the evaluation.
- 4.5 The difficulty in recruitment reflects the current issues across a number of sectors affecting local authority recruitment. It is anticipated that this situation may delay go live by around three months.

5 UPDATE ON THE ARTICLE 4 DIRECTION

- 5.1 At its meeting in October 2022, Cabinet approved the introduction of an Immediate Article 4 Direction for small HMOs in 7 wards, as well as approval for a joint consultation exercise on both the Immediate Article 4 Direction for small HMOs and proposed Landlord Licensing.
- 5.2 The Council commenced the consultation process on 14th November and on 17th November 2022, an Immediate Article 4 Direction was introduced into the following 7 wards (the same ones proposed for Additional Licensing).
- Figge's Marsh
 - Graveney
 - Longthornton
 - Pollards Hill
 - Colliers Wood
 - Cricket Green
 - Lavender Fields
- 5.3 The Immediate Article 4 Direction came into force immediately on 17th November, and following consideration of the consultation responses and representations, was Confirmed (made permanent) at Council in April 2023.
- 5.4 There is a clear legal process to be followed for the introduction of an Article 4 Direction which is as follows:
- The Council must give notice of a Direction to be made by site notices and press notice, for a period of not less than six weeks. The General Permitted Development Order 2015 requires notice to be served on the owner and occupier of every part of the land within the area or site to which the Direction relates unless the local planning authority considers that individual service is impracticable
 - A copy of the Direction and the relevant maps must be sent to the Secretary of State on the same day that the notice is first published. Any statutory undertakers and the Crown will also need to be sent individual letters with a copy of the Direction. A copy of the Direction including its associated maps to which it applies should also be placed on the Council's website
 - A period of at least 21 days will need to be specified in the Direction, stating the date on which that period begins and within which any representations concerning the Direction may be made to the Local Planning Authority. Any representations received must be duly considered by the Council before a decision is made whether or not to confirm the Direction.
 - The Article 4 must be Confirmed within 6 months, or it will lapse, and a second notification made to the Secretary of State at the time of Confirmation
 - The Secretary of State has the power to pause or stop the Article 4 at any time.
- 5.5 The above process was followed and exceeded with a wider number of individuals and bodies notified and consulted than was required under the

statutory process. The actual consultation took place over ten weeks as opposed to six.

- 5.6 Following consideration of the consultation results, Cabinet recommended to Council that the Article 4 Direction be Confirmed and made permanent. The Borough Plan Advisory Committee also considered the consultation results and made the same recommendation to Council.
- 5.7 At the meeting of full Council in April, the consultation results were further considered, and the Article 4 Direction was made permanent.
- 5.8 Council noted the ongoing risk of compensation claims being made and of a Legal Challenge being received. The timescale for receipt of a Legal Challenge being received has now passed.
- 5.9 Following Confirmation of the Article 4 Direction, a further round of notification of interested parties was undertaken, not only following the statutory notification process set out in 5.4, but also notifying anyone who had taken part in the consultation process, where contact details had been provided.
- 5.10 The Secretary of State was notified about the Article 4 Direction, and provided with evidence, for a third time, following Confirmation by Council. The Secretary of State has considered whether adequate evidence exists for the introduction of an Article 4 Direction, whether there was adequate evidence for the introduction of an Immediate Article 4 Direction, and whether the Council applied the Article 4 Direction to the smallest geographical area. The Secretary of State has the power to modify or cancel an Article 4 Direction at any time either before or after confirmation.
- 5.11 The Council has now received notification back from the Secretary of State, confirming that they have considered the evidence supplied, and have made the following statement: *'We, as officials acting on behalf of the Secretary of State, have reviewed the HMO Article 4 direction and the evidence provided. We do not intend to take any further action. However, please note that this does not preclude the Secretary of State using his powers to intervene in the future.'*
- 5.12 To guide consideration of planning applications for HMOs, and to build upon the information in Merton's Local Plan, a draft Supplementary Planning Document (SPD) has been produced. This will be used as a material consideration when assessing planning applications for HMOs.
- 5.13 The SPD HMO guidance is intended to provide landlords, property owners, tenants and decision makers with clear guidance on what is expected for new HMOs that require planning permission, to help improve the quality of new HMOs across the borough.
- 5.14 The relevant policy standards that have been included within the document relate to: accessibility, local amenity, vehicle parking, cycle parking, internal space standards, waste storage, noise, air quality and ventilation.

- 5.15 A first draft of the SPD was presented to Borough Plan Advisory Committee on 23rd March 2023 and was also sent to members of the Planning Applications Committee on 22nd March 2023.
- 5.16 The SPD is currently being amended where possible to reflect the feedback received from both BPAC and PAC, and additional feedback internally from colleagues. Subject to approval by the Director in consultation with the Cabinet Member, the draft SPD will then be published for at least six week's consultation, which will be carried out in line with [Merton's Statement of Community Involvement](#).

6 INTRODUCTION OF SELECTIVE AND ADDITIONAL LICENSING

- 6.1 As stated above, due to timings and the unavailability of the final consultation report until April, and the need to Confirm the Article 4 Direction within 6 months, the March Cabinet report reviewed the consultation findings for the Article 4 Direction. Having received the final consultation report from ORS, this report now reviews the findings for Selective and Additional Licensing.
- 6.2 The statutory framework for selective and additional licensing is set out in S.80 of the Housing Act 2004. Selective Licensing of Houses (Additional Conditions) (England) Order 2015, and in the Ministry of Housing and Local Government (MHCLG) (now the Department for Levelling Up, Housing and Communities (DLUCH)) 2015 publication, Selective Licensing in the Private Rented Sector.
- 6.3 A Selective Licensing designation may be made if an area meets one or more of the following conditions (a scheme based on one condition would be unlikely to succeed and for conditions 3-6 an area should have a higher than the average Private Rented Sector (PRS) stock (approx.19-20% based on 2021 data):
1. That the area is, or likely to become, an area of low housing demand
 2. A significant and persistent problem caused by anti-social behaviour
 3. Poor property conditions
 4. High levels of migration
 5. High levels of deprivation
 6. High levels of crime
- 6.4 Secretary of State (SoS) approval is required for a selective licensing scheme affecting more than 20% of the PRS, or 20% of the local authority area. The approach that the Council has opted for is to target the wards reflecting the most serious conditions and environmental impact, whilst remaining under 20%. These are:
- Figge's Marsh;
 - Graveney;
 - Longthornton;

- Pollards Hill;

6.5 This not only means that there is no delay whilst having to apply for Secretary of State consent, which would not necessarily be granted, but also it will enable the Council to get an experienced team in place, as well as relevant back-of-house systems for processing, and to ensure everything is working as it should for a smaller number of wards, prior to any consideration of widening the scheme to further affected wards.

6.6 It will be important to ensure that monitoring takes place on how well the scheme is working from an administration and inspection/enforcement point of view and what impact it is making in terms of improvements in housing standards and reduction in anti-social behaviour – although evidence from such improvements will not be possible to be demonstrated in the short term. However, an annual review of scheme performance and impact will be implemented. There will also be an annual review of scheme costs.

6.7 The Council is also aware that some councils have been unsuccessful in securing government approval for their licensing schemes, where approval was required, due to concerns about the information provided to support applications or renewals of licensing schemes. Merton monitors developments in the sector and maintains contact with other local authorities, to share information and learning experiences, and maintain up to date awareness of the challenges of operating a licensing scheme.

6.8 Should a decision be taken at a later date to expand the number of wards within the licensing designated area to cover more of the borough, then at that point it will be necessary to apply to the Secretary of State for consent, as cumulatively both the percentage of the PRS stock and the geographic area affected will be greater than 20%.

6.9 An Additional Licensing Scheme may be introduced if a significant proportion of unlicensed HMOs are giving rise, or are likely to give rise, to problems affecting the occupiers or members of the public. The current mandatory scheme applies to properties rented to five or more people who form more than one household. An additional licensing scheme would therefore apply to HMOs rented to less than five people. The powers to introduce an additional licensing scheme are set out in the Housing Act 2004, and do not require Secretary of State approval. The proposed wards are:

- Figge's Marsh;
- Graveney;

- Longthornton;
- Pollards Hill;
- Colliers Wood;
- Cricket Green;
- Lavender Fields.

- 6.10 Additionally, there will be a risk of Legal Challenge to both the introduction of Selective, and Additional Licensing for a period of 3 months from the date of Confirmation (Designation being made). It should be noted that it is a legal requirement that a scheme cannot commence until 3 months after the designation is made.
- 6.11 Confirmation, subject to consideration of the consultation results, is due to take place at this meeting. There is no need for Licensing to be Confirmed at Council. Subject to everything being in place, this would mean that the scheme could be introduced 3 months' later in September.
- 6.12 Similar to the publicity about the Consultation Exercise, there will be information provided beforehand to all relevant stakeholders, to ensure that everyone is made fully aware of the introduction of Landlord Licensing into the affected wards.
- 6.13 This will include direct mail; press releases; information on the Council website; and other media as required.

7 EVIDENCE FOR SELECTIVE AND ADDITIONAL LICENSING

- 7.1 It is necessary to produce robust evidence in support of the introduction of both selective and additional licensing. It is also necessary to limit both to the smallest geographical area possible as opposed to following a blanket approach across the borough.
- 7.2 Merton has used data from a number of sources to inform its decision on the introduction of selective and additional licensing, as well as to determine the geographic areas – in effect wards – that should be selected.
- 7.3 To ensure that the Council has robust data as required by the Government, the Council has analysed its existing records on the PRS and specifically HMOs including anti-social behaviour complaints and other complaints made to the Council. The Council procured a data management company, Metastreet, to provide detailed analysis on the private rented sector in Merton.
- 7.4 The Metastreet analysis assisted in assessing which wards would be most appropriate for the introduction of Selective Licensing; Additional Licensing; and the Immediate Article 4 Direction.

- 7.5 The recently published census 2021 tenure data has been reviewed and compared with the data from the Council's commissioned tenure analysis from Metastreet. Whilst data on the numbers and percentages of PRS dwellings in some wards shows comparable alignment, there are some wards where there is a significant difference between the figures.
- 7.6 The census provides a figure of 29.5% PRS households in Merton, compared with the Council's commissioned analysis projecting the % PRS to be 34%. The Government guidance requires an authority to have regard to census and other sources of data in assessing the levels of PRS in areas being considered for licensing.
- 7.7 Having reviewed the census data it is considered that the Council's commissioned data analysis provides a more realistic projection of the level of PRS dwellings in the relevant wards. This is based on several considerations.
- 7.8 It is known that not all landlords declare that their properties are let, including multiple let dwellings. The census data would be unlikely to identify situations where tenants are sub-letting to other households, or where dwellings conceal informal accommodation such as outbuildings or garden structures.
- 7.9 The census data is considered likely to indicate a lower figure for PRS households in the borough than is actually the case. The census data does not adversely affect the proposals relating to the Article 4 Direction and landlord licensing.
- 7.10 The analysis uses data on council tax records, turnover of council tax names, complaints received by the Council on Anti-Social Behaviour, levels of serious hazards, particularly the most serious hazards, receipt of benefits and other statistics and overlays the data to predict the likely numbers and locations of HMOs and whether there is a link between HMOs and anti-social-behaviour, as well as Category 1 Hazards.
- 7.11 As the data demonstrates, HMOs are accessible to many of Merton's residents who are in receipt of housing benefit and who cannot afford to access other forms of private rent. The data demonstrates that this is more prevalent in the east of the borough, which is less affluent than western wards.
- 7.12 Although this is extensive data analysis, it is far less likely to pick up shared houses and flats (HMOs) where tenants have no anti-social behaviour complaints, don't have Category 1 hazard records against the property, are in a stable tenancy, and are not in receipt of benefits.
- 7.13 This helps to identify the poorest performing HMOs but not all HMOs; for example, people renting property on a long-term tenancy that aren't in receipt of housing benefit or don't have anti-social behaviour will not be identified by this data.

- 7.14 The data tells us that Graveney, Longthornton, Pollards Hill, Figge's Marsh, Cricket Green, and Colliers Wood wards are likely to have more HMOs that are causing harm to the wellbeing of the area and are an immediate threat to local amenity. This is detailed in the Metastreet report (available on the webpage www.merton.gov.uk/prsconsultation) and is based on the extensive analysis they carried out.
- 7.15 While Lavender Fields ward is ninth in the list of wards with the poorest performing HMOs, it is included in the proposal as it is surrounded to the north, east and south by wards with the worst performing HMOs (with the western side bordering a non-residential area. It is the sixth highest ward for numbers of complaints the Council receives on the private rented sector, and numbers of reports of anti-social behaviour, and it is characterised by housing stock that is typically used as Houses in Multiple Occupation.
- 7.16 The Council considers that this provides robust evidence to require the introduction of Additional Licensing for these wards.
- 7.17 Some of the most relevant maps/charts illustrating ward selection are shown below in Figs 1 to 5. The following data is based on Council held longitudinal data over 5 consecutive years, from April 2017 – March 2022:
- Fig 1: Map of predicted geographic location of the worst performing HMOs by Ward
 - Fig 2: Graph of predicted geographic location of the worst performing HMOs by Ward (same info as Fig 1 presented differently)
 - Fig 3: Total number of complaints received by the Council relating to the Private Rented Sector (PRS) and on anti-social behaviour by Ward
 - Fig 4: Graph of anti-social behaviour linked to HMOs by Ward
 - Figure 5: Category 1 Hazards and HMOs by ward showing a clear correlation

Figure 2: graph of predicted geographic location of the worst performing HMOs by ward (source: Metastreet; same data as Figure 1 graph)

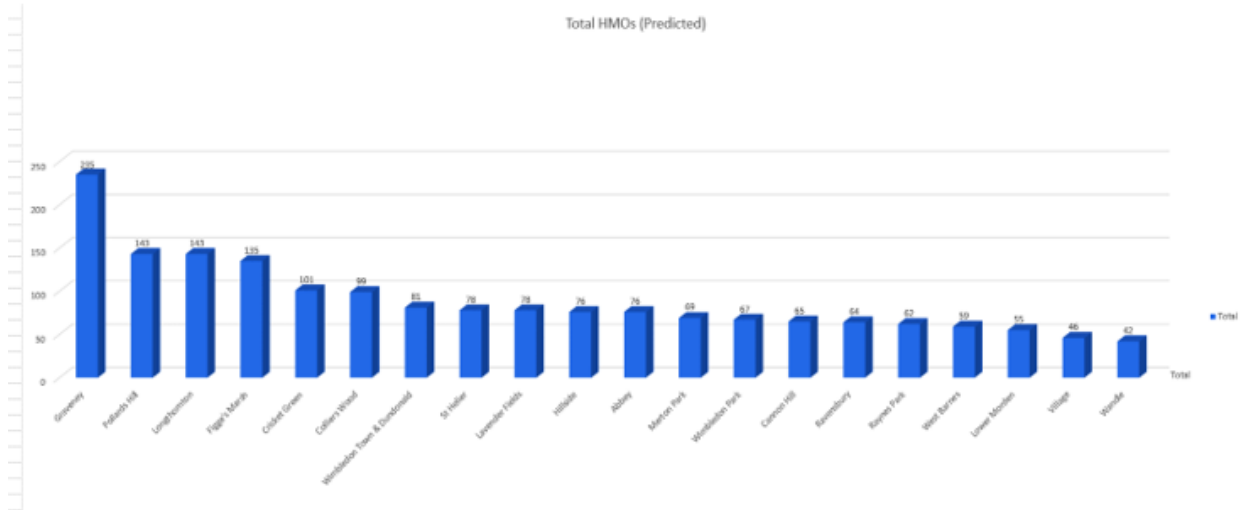


Figure 3: total number of complaints received by the council relating to the private rented sector and on anti-social behaviour

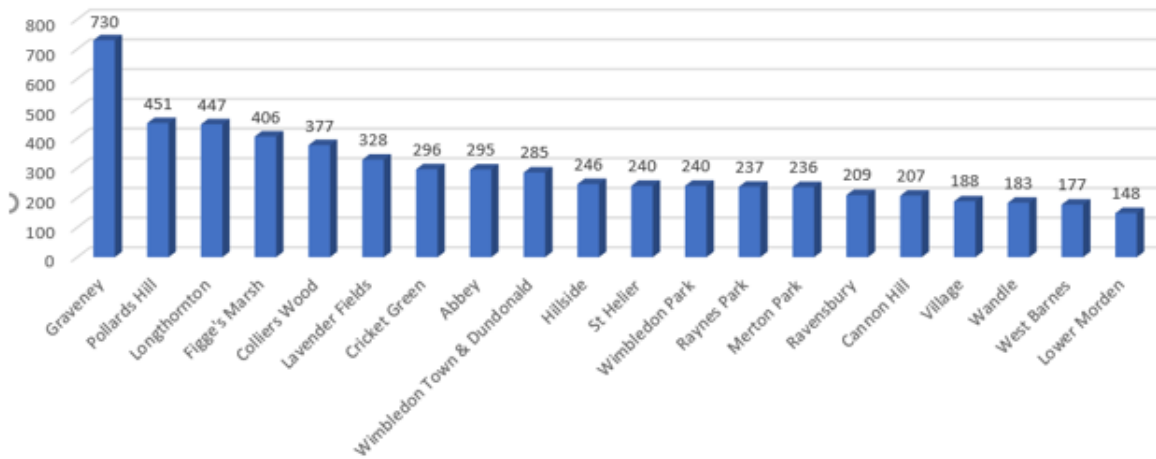


Figure 4: ASB linked to HMOs. Graveney (139) has the highest recorded ASB incidents linked to HMOs

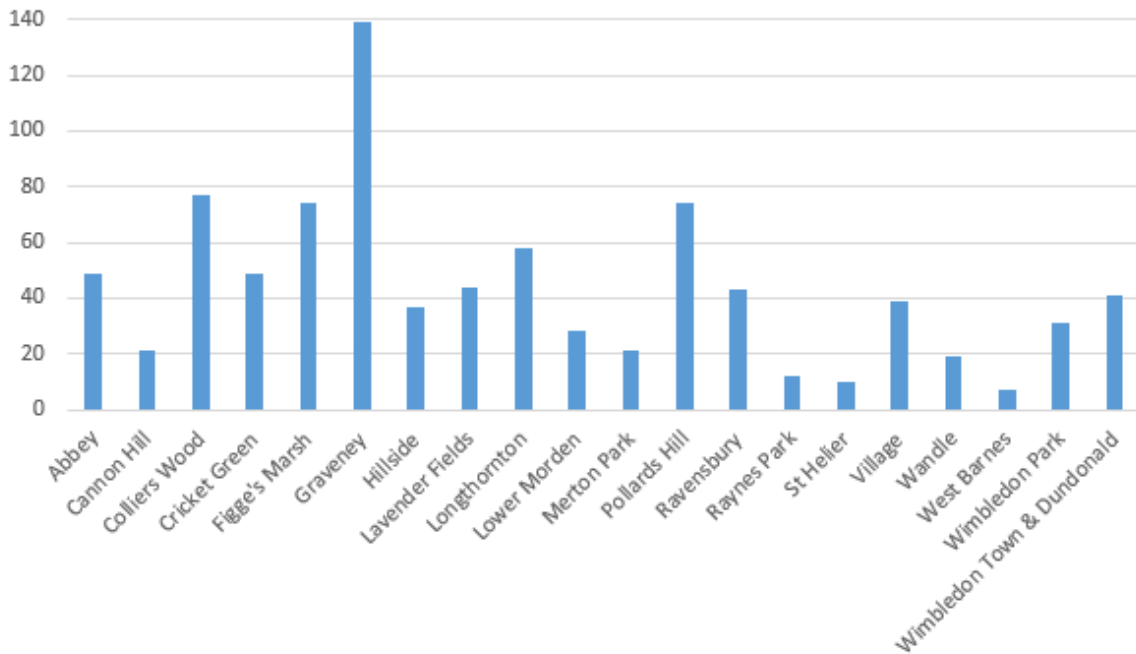
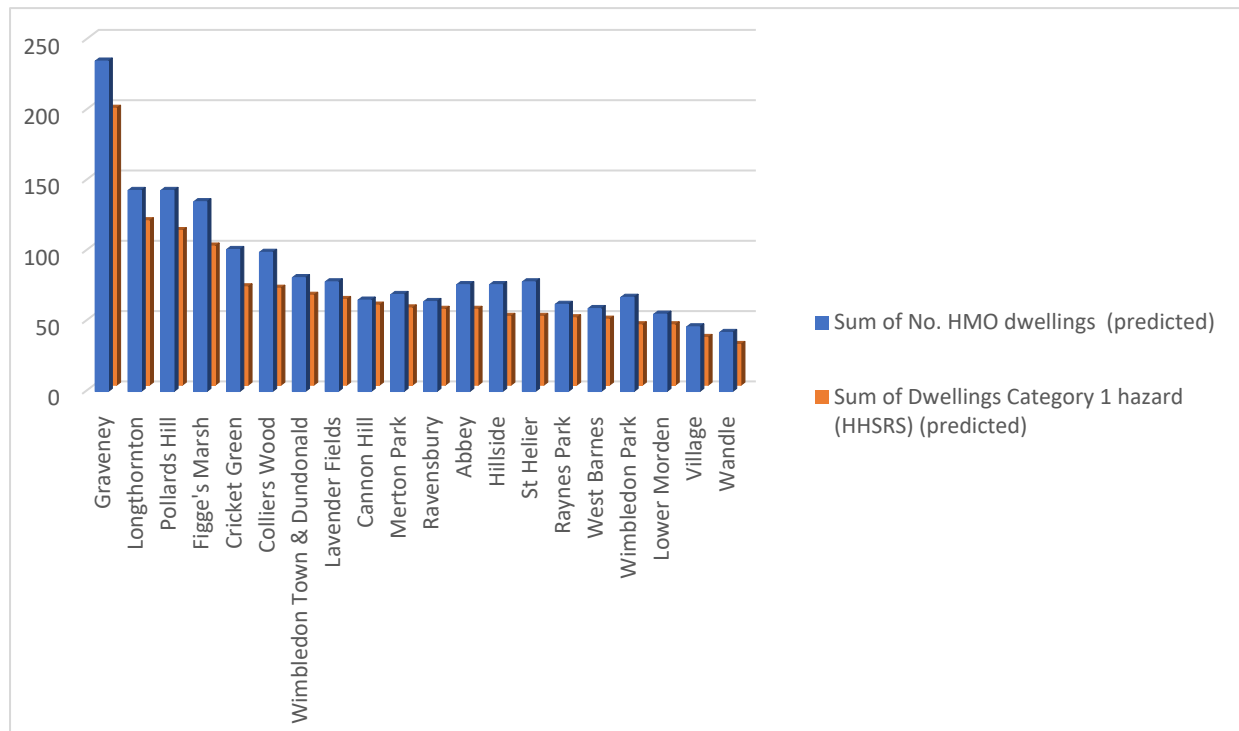


Figure 5: Category 1 Hazards and HMOs by ward showing a clear correlation



- 7.18 In addition to the extensive Metastreet data, consideration was given to the frequent complaints being received by several different service areas, including Environmental Health and Planning Enforcement amongst others. Numerous complaints were being received in the 12 months preceding the consultation exercise, from MPs; Councillors; and residents, on a regular basis.
- 7.19 Many of these outlined the harm being caused to local areas and the wellbeing of residents through the many small and badly managed HMOs which were springing up and not being controlled due to being allowed under permitted development rights and in many cases being either too small to be covered by mandatory licensing or avoiding licensing.
- 7.20 Whilst many issues such as anti-social behaviour and fly-tipping can be dealt with to a degree once they have occurred by services and controls such as Environmental Health, it was felt that it was imperative to tackle the problems at source, proactively rather than reactively. Requiring small HMOs to apply for Planning Consent ensures that consideration is given at the time of development to adequate waste facilities; outside amenity space; appropriate internal layout and design; consideration of parking impacts; and proposed external changes which may be out of keeping with the neighbourhood.
- 7.21 As well as the introduction of an Immediate Article 4 Direction for small HMOs, it was determined that making small HMOs subject to Additional Licensing was the only option for the Council to prevent further threats to local amenity not only to the areas selected but to local residents, many of whom were distraught by the issues, as well as to protect the wellbeing of tenants who were at risk due to inadequate facilities.
- 7.22 Requiring small HMOs to obtain a licence, as well as other PRS properties, means that issues such as ensuring adequate facilities; property safety standards; as well as tenancy management information, can be applied at the outset through the use of Conditions that must be complied with (see Conditions in Appendix B).
- 7.23 With regard to Selective Licensing, whilst it would no doubt be desirable to introduce this to the same 7 wards as selected for the Article 4 Direction and Additional Licensing, it is necessary to seek the approval of the Secretary of State for any Selective Licensing scheme that exceeds either 20% of the geographic area of the borough or the PRS.
- 7.24 Therefore, at the present time, the introduction of Selective Licensing has been restricted to the 4 most seriously affected wards for both anti-social-behaviour as well as the number of category 1 hazards.
- 7.25 The wards selected are Graveney, Pollards Hill, Longthornton and Figge's Marsh and both the geographic area and the % of the PRS comes in at under 20% - 15.2% and 18.8% respectively.

Table 1: SL wards as a percentage of the predicted ward PRS dwellings

Ward)	Total dwellings in Ward	No. PRS dwellings (predicted) in Ward	% PRS in Ward
Figge's Marsh	4118	1165	28.3
Graveney	4261	1742	40.9
Longthornton	4253	1350	31.7
Pollards Hill	4104	1230	30

7.26 PRS dwellings for these 4 wards totals 5,487 which is 18.8% of the total number of PRS dwellings in the borough (29,181). The data table below from Metastreet provides the Borough PRS dwelling count and % PRS.

Table 2: SL wards as a percentage of the Borough geographical area

Ward Name	Ward (Sq. miles)	% of Total Borough (Sq. miles)
Pollards Hill	0.83	5.70
Longthornton	0.58	4.03
Figge's Marsh	0.41	2.84
Graveney	0.38	2.61
Total Sq. Miles	2.21	15.18

7.27 As well as a clear correlation between HMOs and Category 1 Hazards (see fig 5 above) there is also a correlation between the wards with the highest HMO numbers and HMO Category 1 hazards, and the wards with the highest PRS and ASB Complaints. Four wards are common to both groups. The tables below show the relationship between the two groups.

Table 3: HMOs by Ward with Highest Category 1 Hazards

Ward	HMO dwellings (predicted)	Dwelling Category 1 hazard (predicted)
Graveney	235	197
Longthornton	143	117
Pollards Hill	143	110
Figge's Marsh	135	99
Cricket Green	101	70

Table 4: Highest ASB & PRS Complaints by Ward

Ward	Sum of Total ASB & PRS complaints
Graveney	730
Pollards Hill	451
Longthornton	447
Figge's Marsh	406
Colliers Wood	377

7.28 When wards with the highest number of Category 1 hazard dwellings in the PRS are compared to Category 1 hazards within HMOs, only Graveney features in both. The top five PRS category 1 hazard wards features some of the borough's more affluent wards, with lower levels of PRS and ASB complaints. The reason for this is believed to be due to energy performance data whereby larger older properties will generally feature lower thermal energy ratings.

Table 5: Highest Category 1 Hazards in PRS by Ward

Ward	Dwellings Category 1 hazard (HHSRS) (predicted)	% PRS
Graveney	468	40.9
Raynes Park	451	36.4
Hillside	435	46.9
Wimbledon Town & Dundonald	434	39.2
Wimbledon Park	393	44.9

8. DOES LICENSING WORK?

- 8.1 Whilst undoubtedly, some local authorities have experienced difficulty in their introduction of Selective and Additional Licensing Schemes, there is also considerable evidence demonstrating that such schemes do work, provided they are planned and resourced effectively, and that they provide positive outcomes for both residents and tenants. However, there is also evidence demonstrating that even schemes that experienced difficulties made an impact on identifying poor conditions and hazards in the sector and contributed to improvement of standards in the areas.
- 8.2 For those that experienced difficulties, some were overwhelmed by the numbers of applications at the commencement of schemes. Others experienced issues relating to insufficient staff to process applications and carry out inspections, which led to delays in issuing licenses. Some councils found that a small but significant number of landlords did not apply for licences, resulting in more work to trace and identify the relevant properties.
- 8.3 Merton has taken this into account by carefully modelling the extent of the processing and size of the inspection teams required at the outset, although until the scheme is underway, there will also be an element of uncertainty over both the take-up of licences and numbers of those attempting to avoid applying for a licence.
- 8.4 Some data from scheme reviews also cited the difficulty in gaining access to properties for inspections due to tenant availability issues. The Council is aware of potential delays caused to the proposed inspection regime and has factored these into the overall scheme operating model.

- 8.5 To tackle the potential 'peak' of applications at the beginning of the scheme, Merton will recruit staff at the earliest stage if scheme approval is confirmed. This will enable onboarding and training prior to the introduction of licensing and will enable staff to 'hit the ground running' and assist the rest of the team members at the beginning of the scheme.
- 8.6 Looking at the research undertaken on schemes that do work, the Building Research Establishment (BRE) undertook a review of Bristol City Council's licensing schemes, comparing hazards in the PRS over a two-year period between the 2017 and 2020 from stock modelling surveys. In areas where discretionary licensing schemes had been declared, there was a 43% (850 hazards remedied) reduction in serious hazards in rented accommodation in these areas.
- 8.7 Licensing allows a local authority to adopt a much more proactive approach to tackling poor housing conditions and raising standards in the PRS. Licensing encourages good practices and imposes a level of self-regulation as a landlord will need to demonstrate that they comply with fire, gas, and electrical safety Conditions under the licence requirements. In addition, a licence will not be granted if at the point of application, the landlord does not meet the Fit and Proper Person test.
- 8.8 Anti-Social-Behaviour (ASB) can be linked to the failure of landlords to manage their properties adequately. With licensing, a proposed Condition is that tenants are informed of their responsibilities regarding ASB and the penalties they could face. Additionally, references must be provided by proposed tenants. Poor waste management and fly-tipping is a major ASB issue and can be addressed through the use of licensing Conditions relating to waste.
- 8.9 In 2019, MHCLG (now DLUHC) commissioned an independent review of the Use and Effectiveness of Selective Licensing:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/833217/Selective_Licensing_Review_2019.pdf.
- 8.10 At the time of the research, 44 local authorities reported operating a selective licensing scheme. The research found that: 'With a single exception, local housing authorities with schemes in operation considered their schemes to be at least "fairly effective" in tackling one or more of the issues licensing was introduced to address. Of the responses to this question, 41% were "very effective", 51% were "fairly effective" and only 9% were "fairly ineffective" or "very ineffective".² The figures clearly suggest that, in the opinion of authorities currently operating schemes, selective licensing is an effective policy tool.'
- 8.11 The review paper further found that: 'The research overall indicates that selective licensing can be an effective policy tool with many schemes achieving demonstrable positive outcomes. However, this study also indicates that when implemented in isolation, the effectiveness of selective licensing is often limited. Schemes appear to be more successful as part of a wider, well planned, coherent initiative with an associated commitment of resources – a finding entirely consistent with the aims of the Housing Act.'

- 8.12 In line with this, the Council is not introducing a Selective Licensing Scheme in isolation, but is doing it as part of a wider housing and delivery strategy (see Section 15), which incorporates a range of proposed measures including:
- Selective Licensing
 - Additional Licensing of HMOs
 - Empty Homes Strategy
 - Article 4 Direction
 - Private Sector Housing Assistance Policy (Disabled Adaptations Services)
 - Rent Deposit Scheme - private rental procurement via partnership with Capital Letters
- 8.13 The licence fees from both selective and additional licensing are being used to fund a completely new team of property licensing and enforcement officers (PRS), who will both administer the licenses and inspect the properties. They will work in liaison with the officers who deal with the existing borough wide mandatory HMO licensing scheme and private rented sector enforcement, as well as with planning enforcement officers.
- 8.14 The Chartered Institute of Environmental Health and Chartered Institute of Housing have also published a joint report on selective licensing schemes: A License to Rent (<https://www.cieh.org/media/2552/a-licence-to-rent.pdf>).
- 8.15 The initial key question the research sought to answer was ‘whether schemes were effective, particularly with regards to improving housing conditions.’ What they found was whilst local authorities need to jump through many costly hurdles before setting up schemes, ‘these schemes are much more effective than we imagined and are clearly making a difference in areas that need a focussed approach to tackle widespread substandard housing.’
- 8.16 A key finding of the research was that ‘...selective licensing schemes are effective at improving housing conditions and local outcomes and evaluations data supports this.’
- 8.17 The research found that most schemes that were studied, inspect every property in the licensing area and therefore uncover poor conditions without the tenant needing to complain to the council. Inspecting every property over the 5-year term of the license is something that Merton is committed to doing.
- 8.18 Other key findings from the CIEH/CIH study were:
- Clear evidence that property standards have been improved. The high number of inspections carried out as part of the schemes often shed light on the high level of non-compliance and the prevalence of dangerous properties being rented out in licensable areas. We found numerous examples of councils who could clearly demonstrate that large numbers of hazards had been identified and addressed.

- Selective licensing schemes are successful at improving housing conditions. We found numerous examples of inspections leading to very high numbers of serious hazards and defects being identified and addressed in licensed areas. In schemes that have ended, we found that between 69-84% of properties in licensed areas needed works to be done to bring the properties up to a decent standard. The introduction of a selective licensing scheme in these areas clearly shows that property and management standards have been improved and the schemes were well targeted to focus on areas with very poor housing stock. The fact that such large numbers of properties needed works to be done also suggests that the schemes are largely fair to landlords – a majority of properties within licensable areas are benefitting from improvements and greater compliance.
- Several councils have highlighted that landlords had become more willing to do required works on their properties once licensing schemes had been set up in their areas. Although the exact mechanisms are unclear, this observation is backed up by the large numbers of works being done to remedy hazards and defects, without formal action being taken by the local authority. We therefore consider that the success of selective licensing schemes cannot be measured in prosecutions data alone and needs to take into account the number of properties or management practices improved.
- Some councils are also able to provide clear evidence of reductions in anti-social behaviour. Resources to support and educate landlords to tackle the anti-social behaviour of their tenants has been an essential component of successful schemes.
- Whilst not a primary aim or measured outcome of many schemes, the existence of selective licensing in the areas we studied also often led to a better understanding of the local housing market and provided opportunities to better engage with local landlords.
- Some schemes appear to have encouraged greater joint working, with many areas reporting joint inspections with the police and the sharing of various data sources to identify unlicensed landlords.

8.19 More recently, research published in the British Medical Journal (BMJ) in 2022 (<https://bmjopen.bmj.com/content/12/12/e065747>) reported on the impact evaluation of selective licensing schemes for private rented sector homes in London. The 5-year study found evidence of area-level reduction in anti-social behaviour, and positive impact on mental health and wellbeing, where licensing scheme had been introduced.

9 IMPACT UPON HOUSING NUMBERS

9.1 HMO's are undoubtedly an important source of housing within London as a whole and specifically within Merton. This is recognised in the London Plan 2021 and Merton's own Local Plan.

- 9.2 HMO's provide housing for some of the most vulnerable in our society and flexible accommodation for many people who need to change home due to education requirements; work; family break-ups; or other personal circumstances.
- 9.3 Undoubtedly, HMO's provide a valuable contribution to Merton's overall housing capacity. However, it is really important to ensure that the quality of HMO's is adequate to meet the needs of tenants, without affecting their health and safety and also, that badly managed HMO's, or HMO's that are badly designed with inadequate facilities, do not lead to unacceptable impacts upon the amenity of areas and the wellbeing of residents.
- 9.4 For this reason, where Merton has identified that there is harm being caused to both residents and tenants by poorly designed and managed HMO's, the Council has brought in an Immediate Article 4 Direction – as well as considering proposals to extend mandatory licensing to smaller HMO's in the form of Additional Licensing.
- 9.5 There are concerns from landlords and from the National Residential Landlords Association (NRLA) that the introduction of Additional Licensing, as well as the Article 4 Direction will result in a reduction or stagnation in housing numbers. However, there is no evidence that this is the case. Additionally, it should be noted that for both the Article 4 Direction and Additional Licensing, these measures cannot be applied retrospectively so will not affect small HMOs already in operation, although evidence such as a tenancy agreement will need to be provided.
- 9.6 The 2019 study - 'Use and Effectiveness of Selective Licensing' - commissioned by MHCLG (referred to in point 8.9) did not show real substantive evidence of this effect during the review. If landlords sell their properties, these are likely to be bought by other landlords, and the supply would not be significantly affected.
- 9.7 Data from the English Landlord Survey (2021) indicated that landlords who planned to decrease or sell all their rental property were planning to do so due to legislative changes (e.g. to benefits, tax relief and stamp duty), these being the most commonly cited reasons. This was followed by forthcoming legislative changes (e.g. to section 21 evictions), or for personal reasons (e.g. approaching retirement age, other commitment etc.)
- 9.8 The additional cost of a licence which covers 5 years (or the balance remaining) or applying for planning is also relatively low when compared to the potential rental income – for instance, Merton has above average rents for London, with 45.9% of median earnings used to pay rent (source TFL 2020). Therefore, it is unlikely to result in a significant number of landlords choosing not to enter the HMO market.

- 9.9 The introduction of control measures such as Additional Licensing and the Article 4 Direction will not mean that it is impossible to convert a single-family dwellinghouse into a small HMO. It will mean, however, that the Council will be able to manage the impact of such conversions and will be able to ensure that they are of an appropriate standard to protect tenants as well as ensuring that they do not give rise to a harmful impact on amenity or wellbeing of the area.
- 9.10 It is considered that the Council's proposed additional licensing scheme, which aims to improve housing conditions and standards of management in the private rented sector and to reduce ASB associated with poorly managed HMO's, in conjunction with the Article 4 Direction, will be an effective measure to ensure an increase in the standards of HMOs in the borough and to manage their impacts on wider amenity.

10 CONSULTATION RESULTS FOR LANDLORD LICENSING

10.1 Results from the Forums

As stated in Section 3, three Landlord Forums (one purely on Article 4) and one Stakeholder Forum were held, both virtually and in person, during both the day and evening to maximise attendance.

10.2 Some key themes were noticeable, including:

- Landlords disagreed that the proposals would have a meaningful impact on antisocial behaviour. Landlords largely agreed that they should not be held responsible for dealing with antisocial behaviour outside their rental properties, since they are generally unequipped to deal with the complex circumstances that often lead to it. The NRLA requested that landlords be assisted in dealing with antisocial behaviour complaints against tenants.
- Landlords and the NRLA both questioned the Council's ability to implement the proposals effectively, based on their experiences of similar schemes elsewhere. Landlords used neighbouring local authorities such as Croydon as examples of where Selective Licensing schemes failed to meet their aims. In the case of Croydon, the Council failed to obtain approval for the introduction of a new scheme, following expiry of the existing one, primarily due the quality of the information that they provided to the Secretary of State with the application. The NRLA referred to Greenwich whereby a Selective Licensing Scheme was eventually abandoned. However this was said by Greenwich to be due to the Pandemic.
- The NRLA agreed that every licensed property should be inspected but doubted the achievability of the schemes to deliver against their aims. It was also felt that the planned inspection workforce would be insufficient to achieve this.

- Landlords and managing agents also expressed concern around the 'timing' of the licencing proposals, given that, in addition to the current cost-of-living crisis, they potentially face considerable costs to meet new government regulations requiring improvements to the energy performance of rented homes. It was suggested that the Additional Licensing scheme might lead landlords to sell their properties or convert them back to single-home dwellings, potentially reducing the amount of affordable housing in the affected wards.
- Landlords felt that the proposed fees were too high, although the NRLA suggested that they are more favourable than in some other parts of the country. However, both agreed that the fees would be passed on to tenants through increased rents.
- It was felt that discounts should be offered in specific circumstances, and that payment in monthly instalments would be welcomed. Landlords were also concerned that non-compliant landlords would avoid paying the fees and were unsure how non-compliant landlords would be identified.
- Public Health Merton suggested that the proposed conditions could result in improved EPC ratings and stressed the importance of landlords informing tenants of their rights and responsibilities.

10.3 **Email Representations Direct to ORS**

As well as responding to the questionnaire or attending a Forum, there was the opportunity to make a direct representation to ORS via email. Two were provided by landlords, one by Siobhain McDonagh, a local Member of Parliament, and one by Propertymark, an organisation representing landlords and letting agents.

10.4 These submissions expressed support for the Council's *efforts* to improve property standards in the PRS in Merton but were divided in their opinions: two were opposed as they did not think the schemes would achieve the stated aims, while the other two felt that the condition and management of PRS property would be improved.

10.5 Propertymark felt that the measures would punish compliant landlords and likely leave noncompliant landlords undetected. As a result, Propertymark opposed the Council's proposals for Selective and Additional Licensing. The MP response expressed regret that the proposals could not cover every ward within the constituency of Mitcham and Morden, since the number of HMOs was said to be increasing in neighbouring wards.

10.6 A small number of organisations also provided comments via the questionnaire. Of particular interest is a response from Shelter (London hub), who welcomed the Council's proposals, and stated that *it is important that the national government provides councils with adequate resources so that proactive enforcement becomes widespread*, as well as encouraging wider partnership working between tenancy enforcement teams and organisations such as Shelter, Law Centres, advice centres and with Justice for Tenants.

- 10.7 The full responses received are available within ORS's final report which can be found on our webpage: www.merton.gov.uk/prsconsultation.
- 10.8 **Responses to Questionnaire**
As stated in Section 3 – Consultation Overview – a total of 487 questionnaires were received. These were categorised into different types of respondents, with some classing themselves as in more than one category – for instance, a landlord could also be an owner occupier. ORS analysed the results based on the key category an individual identified with.
- 10.9 The 2 major groups – Landlords/Letting agents and Residents/Tenants made up the vast majority of respondents with these being quite similar in number. For instance, there were 215 Landlords/Letting Agents and 251 Residents/Tenants.
- 10.10 Perceptions around the extent to which certain issues are a problem in some areas of Merton vary according to the nature of the issue and the type of stakeholder. Fig 1 summaries how each stakeholder type views the extent of each of these problems in some areas of Merton by providing an overview of the proportions of respondents saying that each potential problem is either a 'fairly big' or 'very big' problem.
- 10.11 Only one-in-ten landlords/letting agents (10%) thought that poor property conditions were either 'a fairly big problem' or 'a very big problem' in some areas of Merton. Tenants/residents/others however were far more likely to believe there to be such a problem, with nearly four-in-five (79%) giving one of these options. Fig 2 illustrates this.
- 10.12 Organisations were also more likely to think poor property conditions were a problem with three-quarters (75%) stating that it was either a fairly or very big problem. It is worth noting that the results for organisations are only based on 4 cases.

Figure 1: Extent of problems in some areas of Merton - High level summary

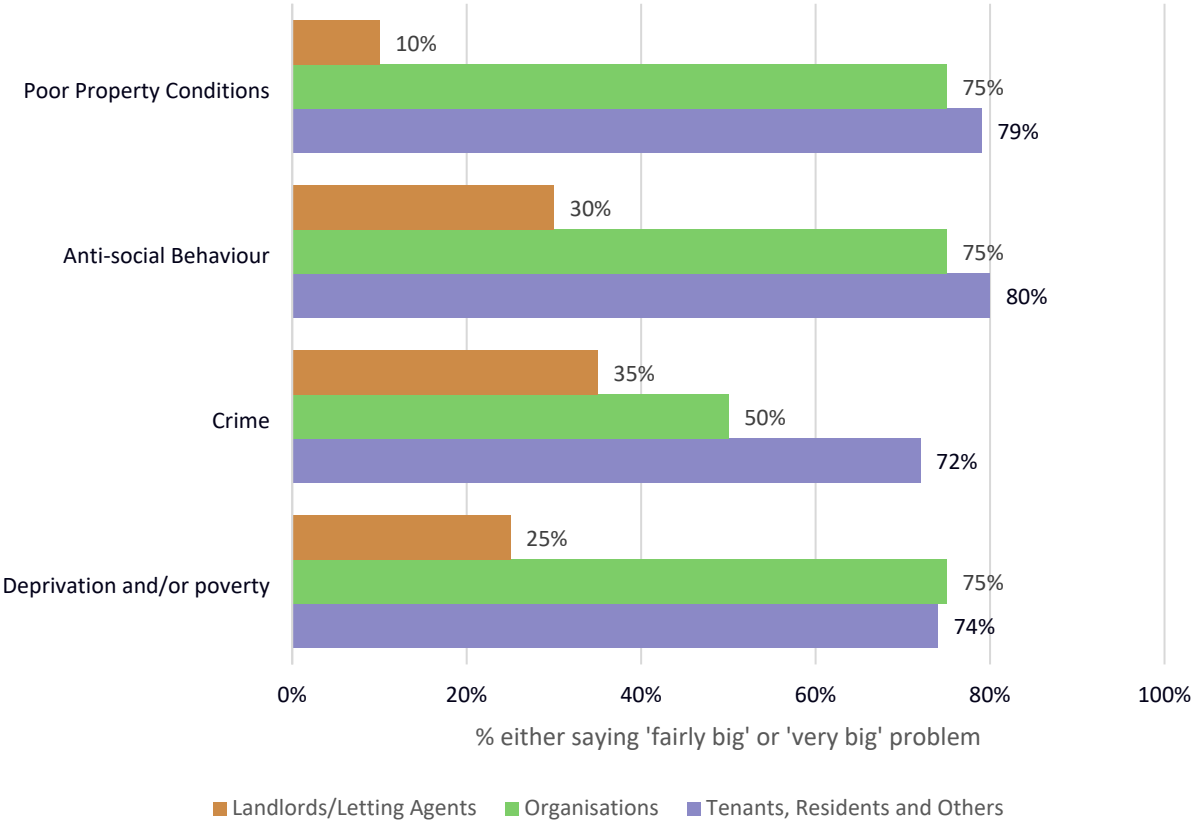


Figure 2: Extent to which poor property conditions are a problem in some areas of Merton

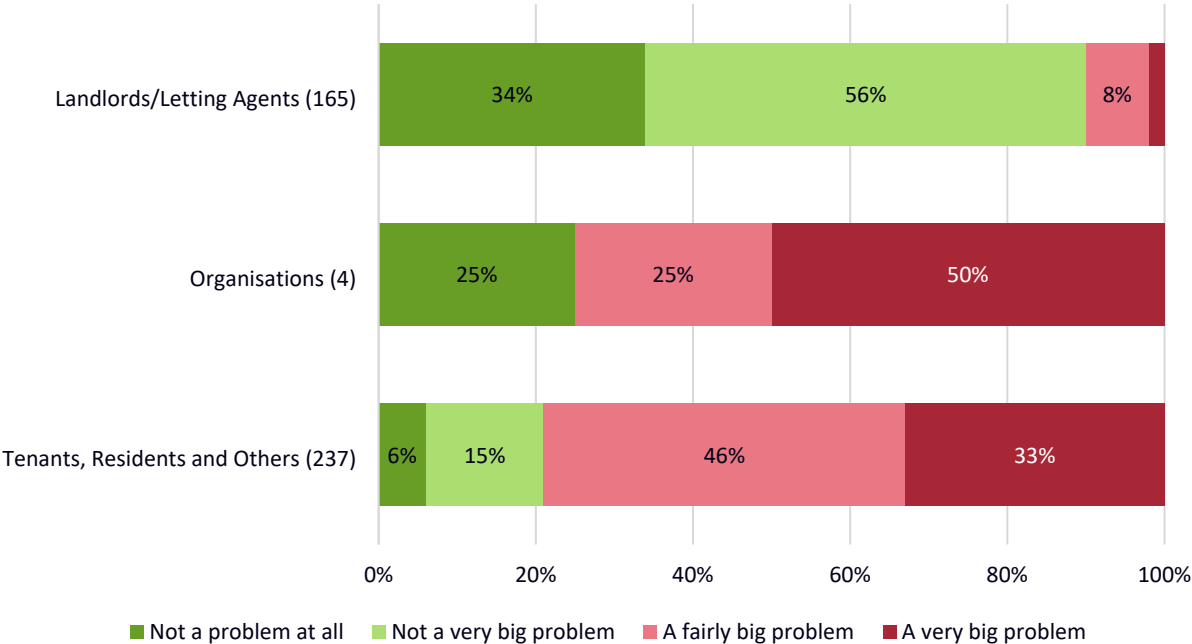
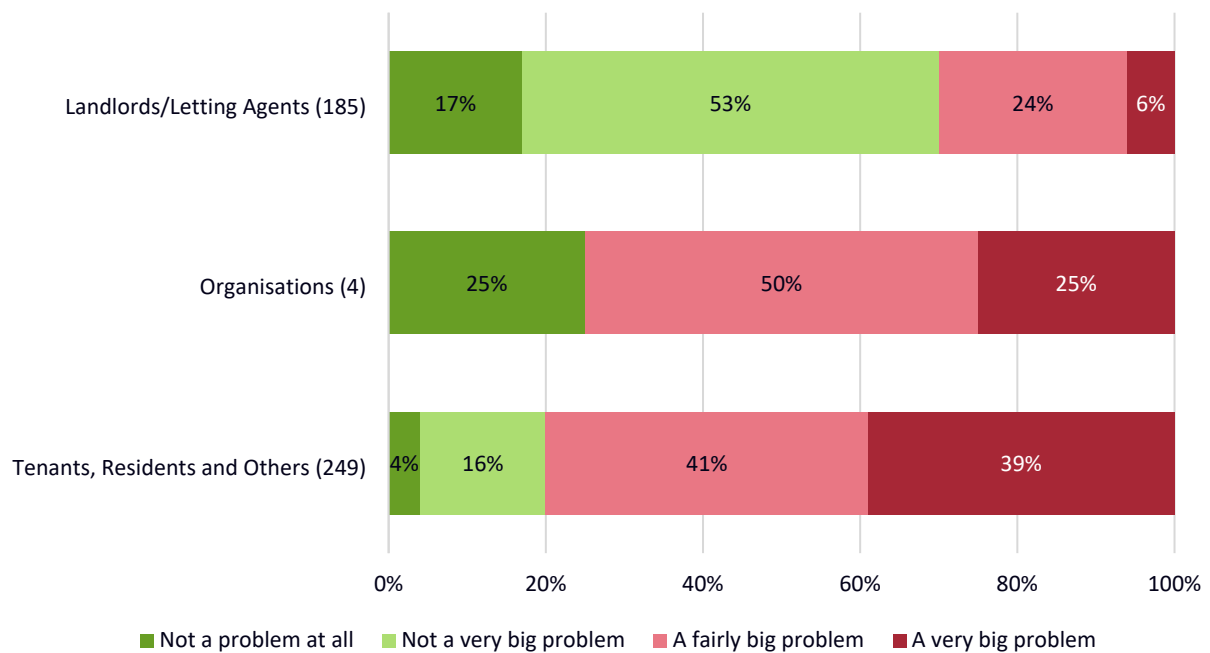


Figure 3: Extent to which anti-social behaviour e.g. noise, rubbish, vandalism is a problem in some areas of Merton



- 10.13 A greater proportion of landlords/letting agents thought that anti-social behaviour e.g. noise, rubbish, vandalism was either ‘a fairly big problem’ or ‘a very big problem’ in some areas of Merton, with three-in-ten (30%) giving one of these options. However, there were still far more tenants/residents/others, four-in-five (80%), saying there was such a problem, and three-quarters (75%) of organisations (NB based only on 4 cases) believing this to be the case. See fig 3.
- 10.14 Of tenants/residents living in Merton, those owning their home were more likely to consider anti-social behaviour a problem, with over four-fifths (86%) saying they thought it was either ‘a fairly big problem’ or ‘a very big problem’ compared to three-fifths (60%) of those renting from a private landlord.
- 10.15 Just over a third (35%) of landlords/letting agents thought that crime e.g. burglary was either ‘a fairly big problem’ or ‘a very big problem’ in some areas of Merton. This increased to just under three-quarters (72%) for tenants/residents/others. There was an even split in opinion amongst the 4 organisations. See fig 4.
- 10.16 Of tenants/residents living in Merton, those owning their home were more likely to consider crime a problem, with three-quarters (75%) saying they thought it was either ‘a fairly big problem’ or ‘a very big problem’ compared to just over six-in-ten (61%) of those renting from a private landlord.

Figure 4: Extent to which *crime e.g. burglary* is a problem in some areas of Merton

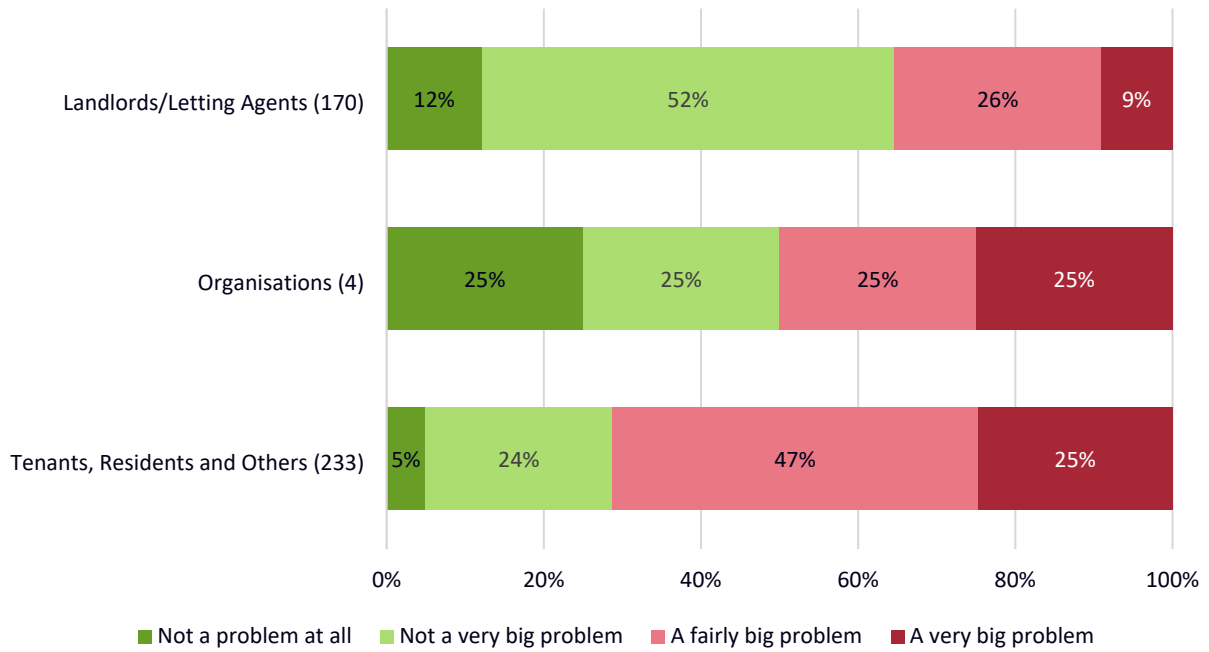
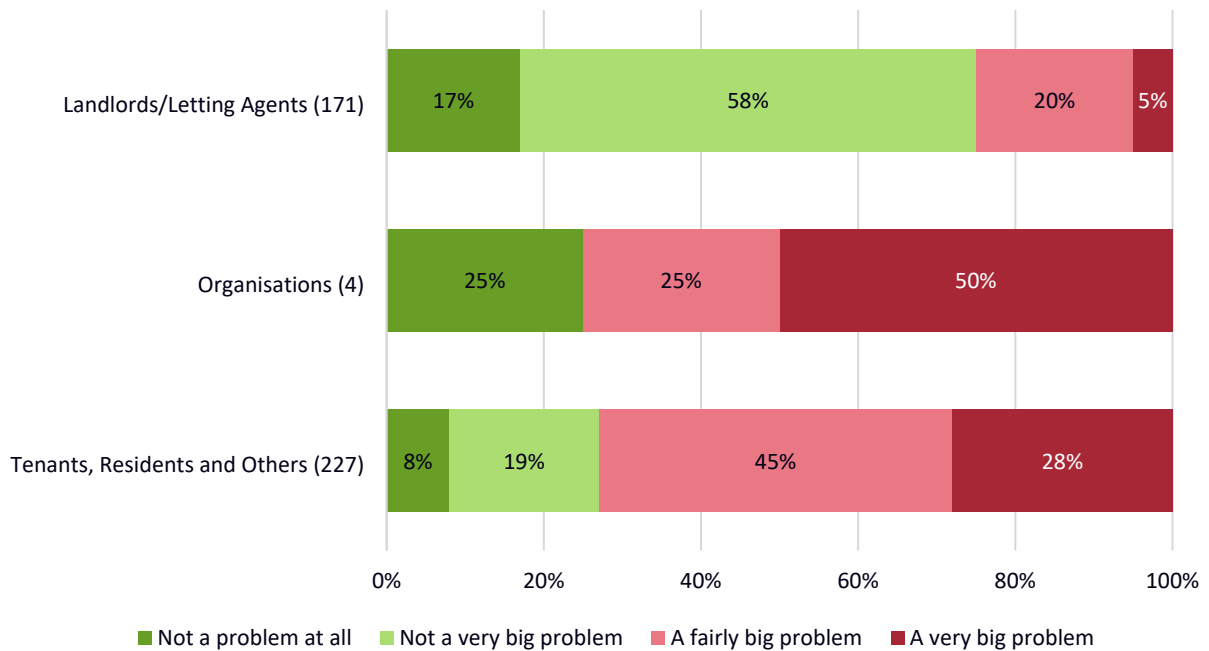
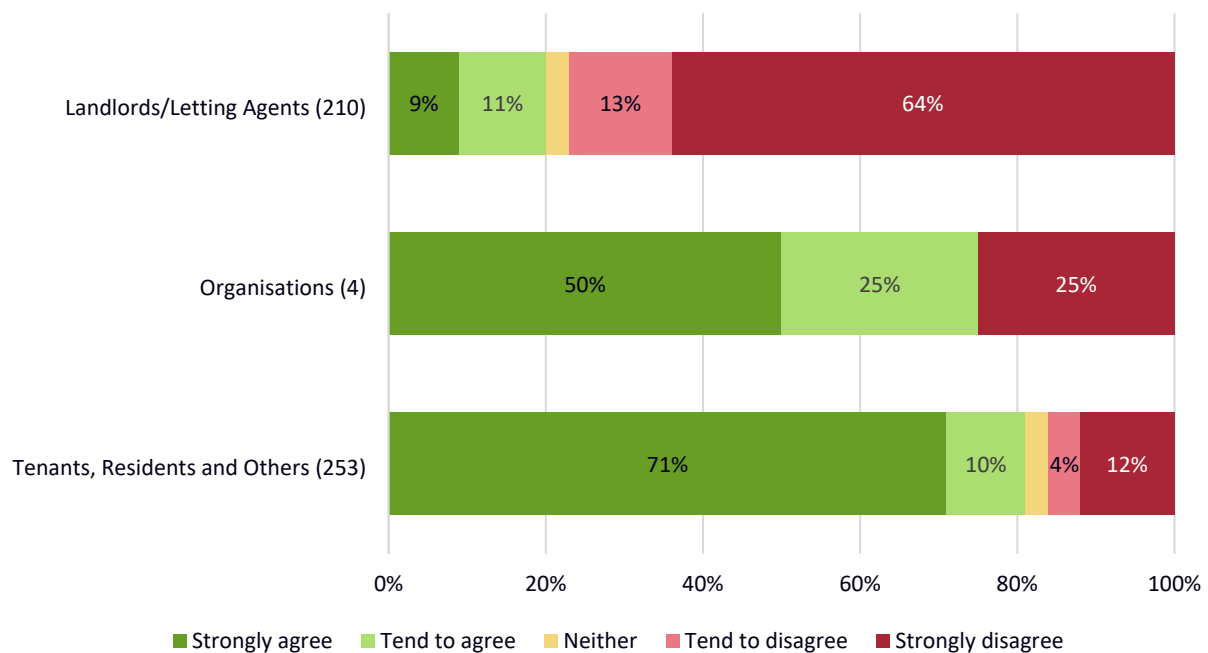


Figure 5: Extent to which *deprivation and/or poverty* is a problem in some areas of Merton



- 10.17 A quarter (25%) of landlords/letting agents thought that deprivation and/or poverty was either 'a fairly big problem' or 'a very big problem' in some areas of Merton. This increased to just under three-quarters (74%) for tenants/residents/others. See fig 5.
- 10.18 Organisations were also more likely to think that this was a problem with three-quarters (75%) stating that it was either a fairly or very big problem (NB based only on 4 cases).
- 10.19 Tenants/residents owning their home and living in Merton were more likely to consider deprivation and/or poverty a problem, with just under eight-in-ten (79%) saying they thought it was either 'a fairly big problem' or 'a very big problem' compared to 57% of those renting from a private landlord.
- 10.20 Of landlords who own or manage properties in the borough of Merton, those only owning/managing one property were more likely to consider this a problem, 29%, compared to just 17% of those owning/managing two or more properties.

Figure 6: Agreement with the proposal to introduce some form of Additional Licensing of HMOs in parts of Merton

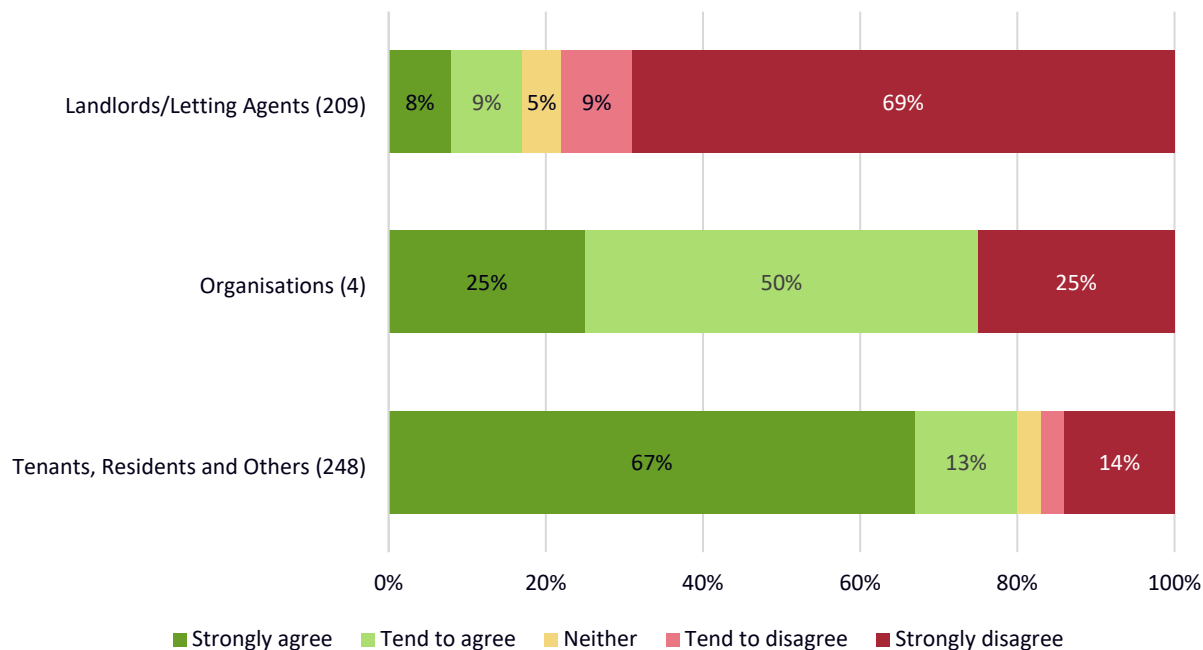


- 10.21 Only one-in-five landlords/letting agents (20%) agreed with the proposal to introduce some form of Additional Licensing of HMOs in parts of Merton, but over three-quarters (77%) disagreed, with 64% disagreeing strongly. Tenants/residents/others however were far more likely to agree with over four-in-five (81%) saying they either 'strongly agree' or 'tend to agree' and only 16% in disagreement. See fig 6.

10.22 Organisations were also more likely to agree with this proposal with three-quarters (75%) in agreement. It is worth noting that the results for organisations are only based on 4 cases.

10.23 Of tenants/residents living in Merton, those owning their home were more likely to agree with this proposal, with over eight-in-ten (86%) saying they either 'strongly agree' or 'tend to agree' compared to just over two-thirds (69%) of those renting from a private landlord.

Figure 7: Agreement with the Council's proposal to introduce an Additional Licensing scheme covering the specific seven wards

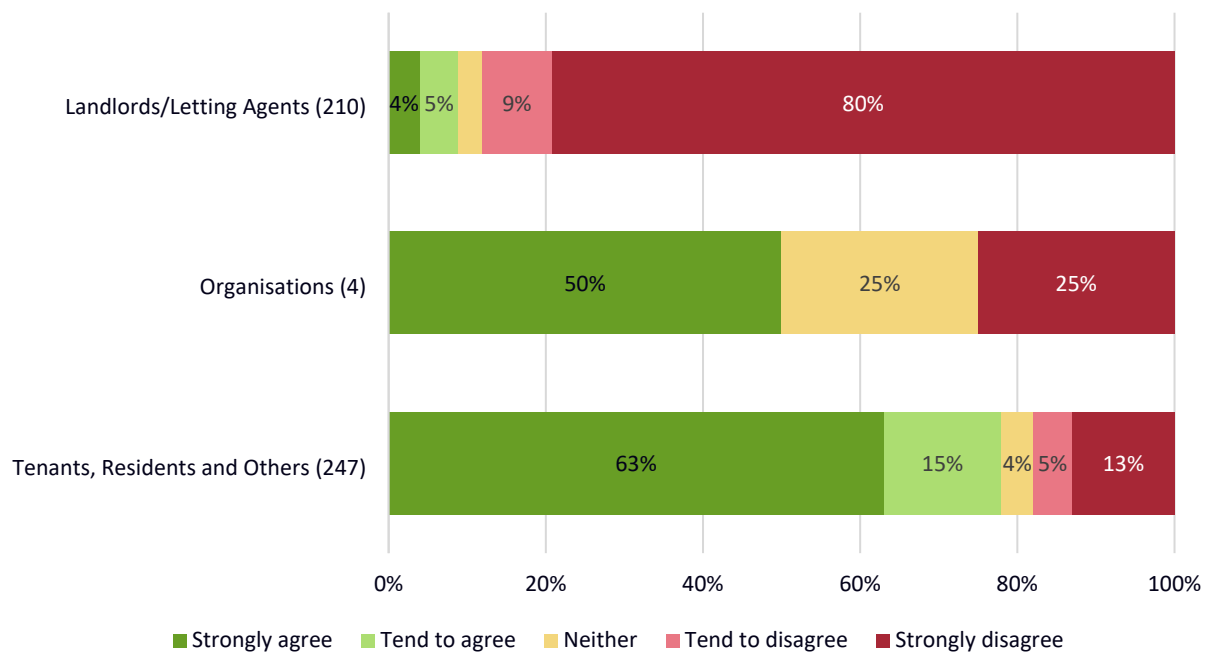


10.24 Just under a fifth (17%) of landlords/letting agents were in agreement with the Council's proposal to introduce this scheme covering seven particular wards, but nearly four-fifths (78%) disagreed, with 69% disagreeing strongly. Tenants/residents/others were far more supportive, with four-fifths (80%) in agreement and only 17% in disagreement. See fig 7.

10.25 Organisations were also more likely to agree with this proposal with three-quarters (75%) in agreement (NB based only on 4 cases).

10.26 Of tenants/residents living in Merton, those owning their home were more likely to agree with this proposal, with over eight-in-ten (85%) saying they either 'strongly agree' or 'tend to agree' compared to two-thirds (66%) of those renting from a private landlord.

Figure 8: Agreement with the Council's proposal to introduce some form of Selective Licensing scheme in parts of Merton



- 10.27 Only 9% of landlords/letting agents were in agreement with the Council's proposal to some form of Selective Licensing scheme in parts of Merton, but nearly nine-in-ten (89%) disagreed, with 80% disagreeing strongly. Tenants/residents/others were far more supportive, with nearly four-fifths (78%) in agreement and only 19% in disagreement. See fig 8.
- 10.28 Half (50%) of the 4 organisations were in agreement, although this is only based on 4 cases.
- 10.29 Of tenants/residents living in Merton, those owning their home were more likely to agree with this proposal, with just over eight-in-ten (83%) saying they either 'strongly agree' or 'tend to agree' compared to just under two-thirds (65%) of those renting from a private landlord.
- 10.30 Just over a tenth (11%) of landlords/letting agents were in agreement with the Council's proposal to introduce this scheme covering four particular wards, but over four-fifths (85%) disagreed, with 71% disagreeing strongly. Tenants/residents/others were far more supportive, with nearly four-fifths (78%) in agreement and only 18% in disagreement. See fig 9.
- 10.31 Organisations were also more likely to agree with this proposal with three-quarters (75%) in agreement, though this is only based on 4 cases.
- 10.32 Of tenants/residents living in Merton, those owning their home were more likely to agree with this proposal, with just over eight-in-ten (83%) saying they either 'strongly agree' or 'tend to agree' compared to just under two-thirds (65%) of those renting from a private landlord.

Figure 9: Agreement with the Council’s proposal to introduce a Selective Licensing scheme covering these four wards

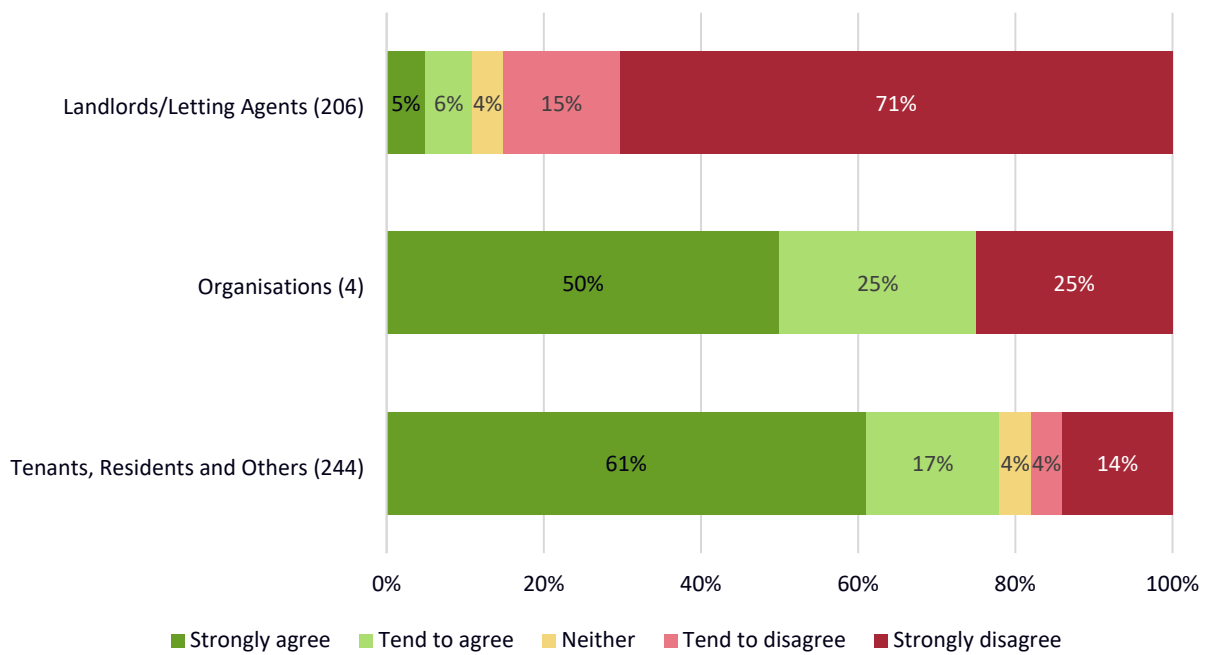
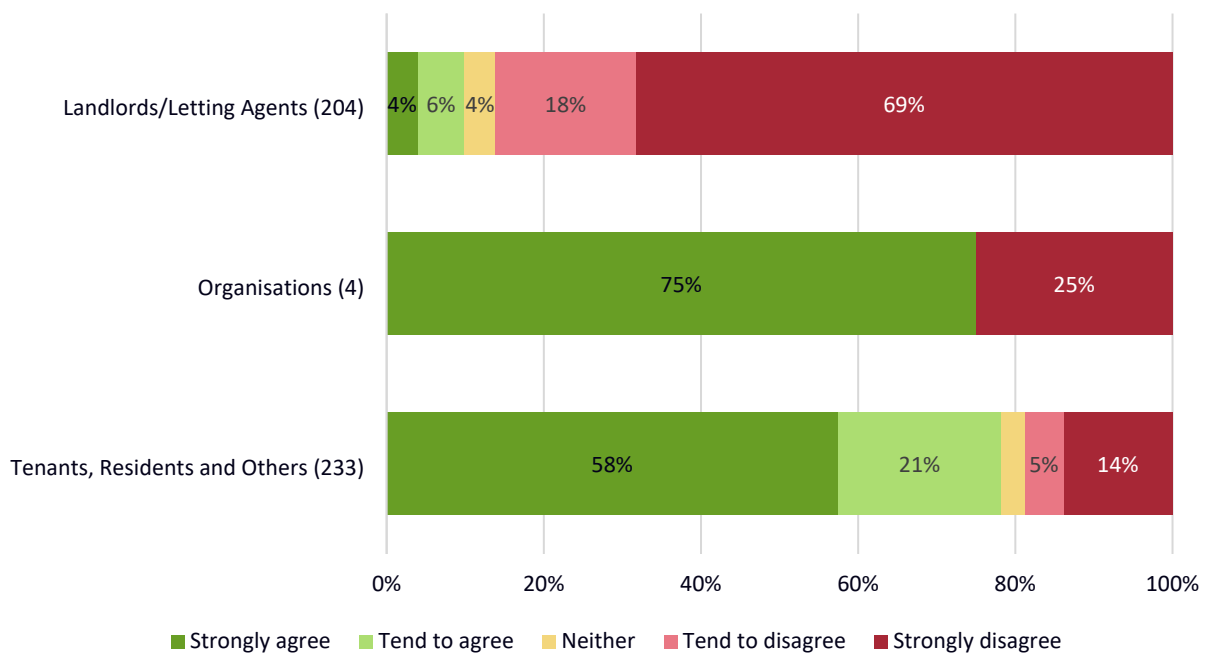


Figure 10: Agreement that the proposed licensing schemes would contribute towards the Council’s objectives of reducing problems with ASB and improving property conditions and management

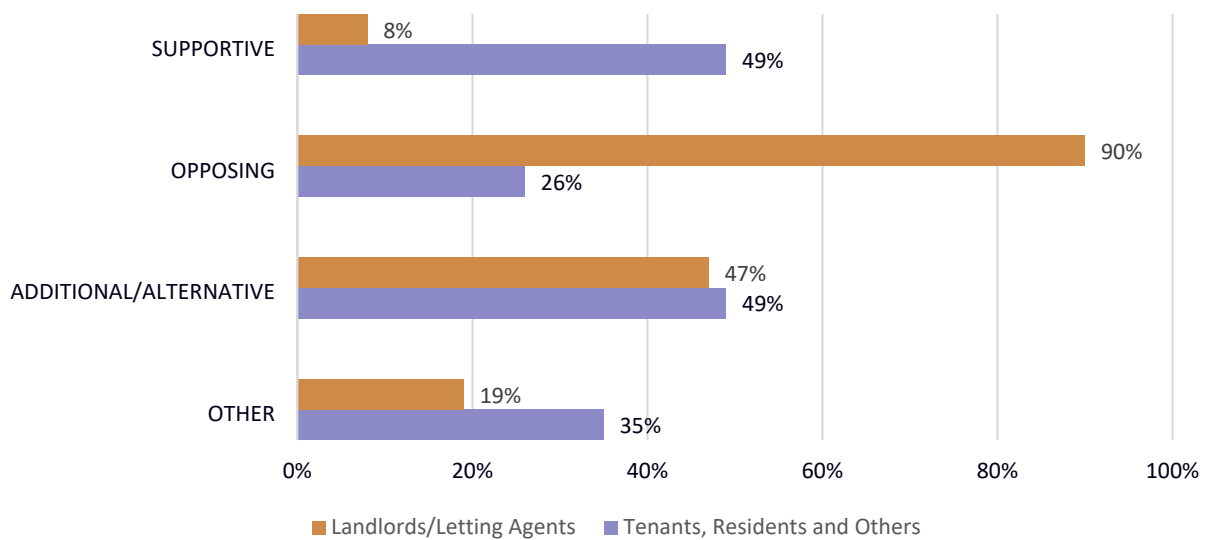


10.33 Only a tenth (10%) of landlords/letting agents were in agreement that the proposed licensing schemes would contribute towards the Council’s objectives of reducing problems with ASB and improving property conditions and management, whereas over four-fifths (86%) disagreed, with 69% disagreeing strongly. Tenants/residents/others were far more supportive, with nearly four-fifths (79%) in agreement and only 18% in disagreement.

- 10.34 Organisations were also more likely to agree with this proposal with three-quarters (75%) in agreement (NB based only on 4 cases).
- 10.35 Of tenants/residents living in Merton, those owning their home were more likely to agree with this proposal, with over eight-in-ten (84%) saying they either 'strongly agree' or 'tend to agree' compared to two-thirds (66%) of those renting from a private landlord.
- 10.36 The following chart (fig 11) provides a high-level summary of the categories of response given to the 'open' question shown below. Not all respondents provided detailed comments, as can be seen from the limited base sizes shown. Percentages may add up to more than 100% because respondents could provide a response falling into more than one category, i.e. they could have a response that mentions something broadly in support of the proposal but also something opposing it. See fig 11.

Please use the space below to provide any comments about the proposed Selective or Additional Licensing schemes, or the areas that they should cover, and explain any alternative approaches to reducing ASB associated with privately rented properties, and/or improving their condition and management, that you think the Council should consider.

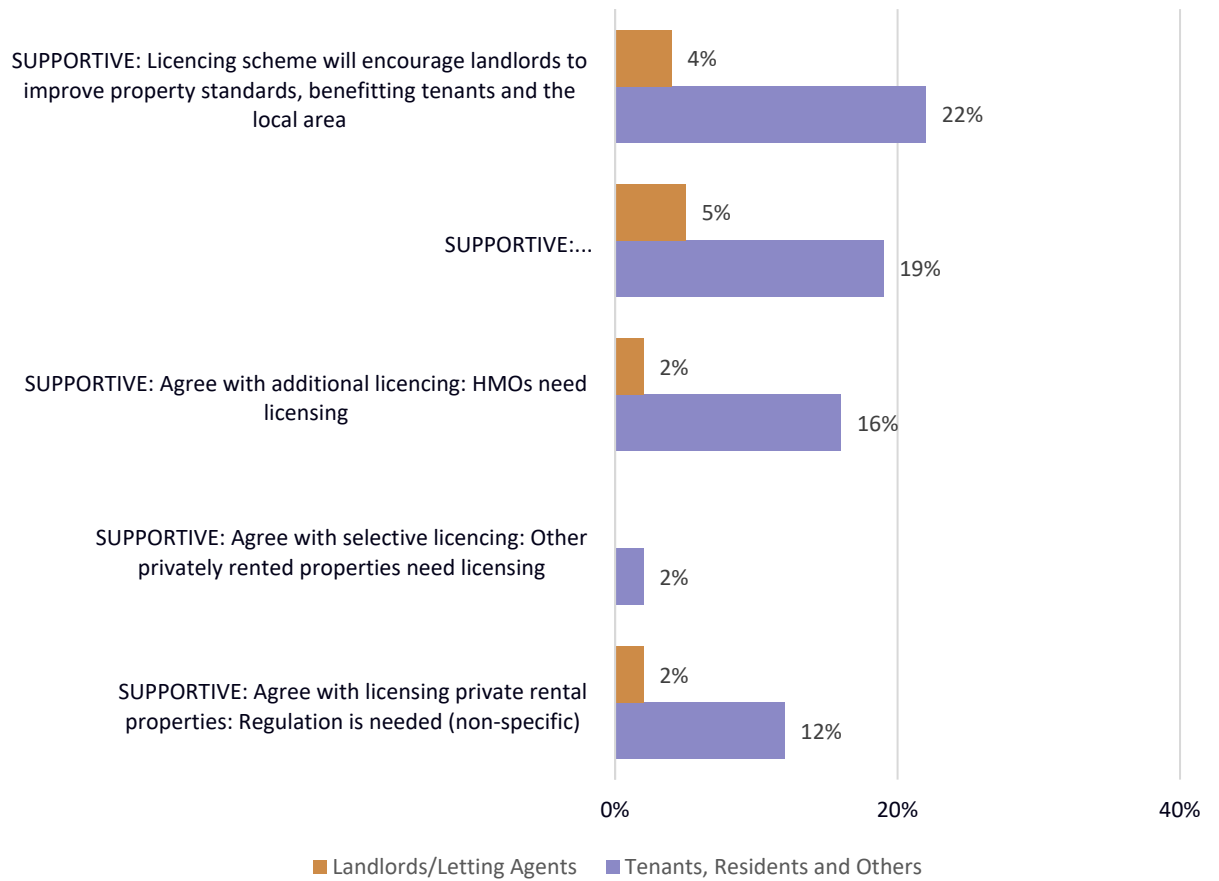
Figure 11: Comments about Proposed Selective or Additional Licensing Schemes - High level summary



Base: Landlords/Letting agents (126 respondents, 206 high-level categories), Tenants, Residents etc (116 respondents, 185 high-level categories)

- 10.37 Nine-in-ten landlords/letting agents (90%) providing a comment said something in their response which opposed the proposed Selective or Additional Licensing schemes, with only 8% saying something in support. Tenants/residents/others were more likely to say something in support of the proposed schemes with nearly half (49%) doing so.
- 10.38 A similar proportion of each stakeholder group were likely to mention an additional/alternative proposal with nearly half of tenants/residents/others (49%) who provided a comment mentioning one in their response, and only slightly fewer (47%) landlords/letting agents mentioning an additional/alternative proposal.
- 10.39 There were only 3 responses from organisations to this question, with a mix of supportive/opposing comments and additional/alternative proposals provided.
- 10.40 The next charts look at the specific things said within these categories in more detail. All percentages in these charts are taken as a proportion from the total giving a comment but have been split over more than one chart for display purposes. Respondents may have said more than one of the things noted in each chart.
- 10.41 For the supportive comments, over one-fifth (22%) of tenants/residents/others providing a comment thought that the licencing scheme will encourage landlords to improve property standards, benefitting tenants and the local area, with a slightly smaller proportion (19%) saying the scheme will need to be properly managed / enforced effectively including regular monitoring/inspections. See fig 12.
- 10.42 One-in-twenty landlords/letting agents (5%) giving a supportive response said the scheme will need to be properly managed / enforced effectively including regular monitoring/inspections.
- 10.43 Nearly two-fifths (38%) of landlords/letting agents giving an opposing response (see fig 13) had concerns that a licencing scheme would make being a landlord unprofitable including forcing landlords to sell properties / will result in less availability for tenants/causing homelessness, with a slightly smaller proportion (36%) saying licencing will punish/negatively affect good landlords.
- 10.44 Just over a tenth (11%) of tenants/residents/others providing a comment thought the fee will increase rent, passing the cost onto tenants and one-in-ten (10%) thought that a licencing scheme would make being a landlord unprofitable including forcing landlords to sell properties / will result in less availability for tenants/causing homelessness.

Figure 12: Comments about Proposed Selective or Additional Licensing Schemes – The supportive responses



Base: Landlords/Letting agents (126 respondents), Tenants, Residents and others (116 respondents)

Figure 13: Comments about Proposed Selective or Additional Licensing Schemes – The opposing responses

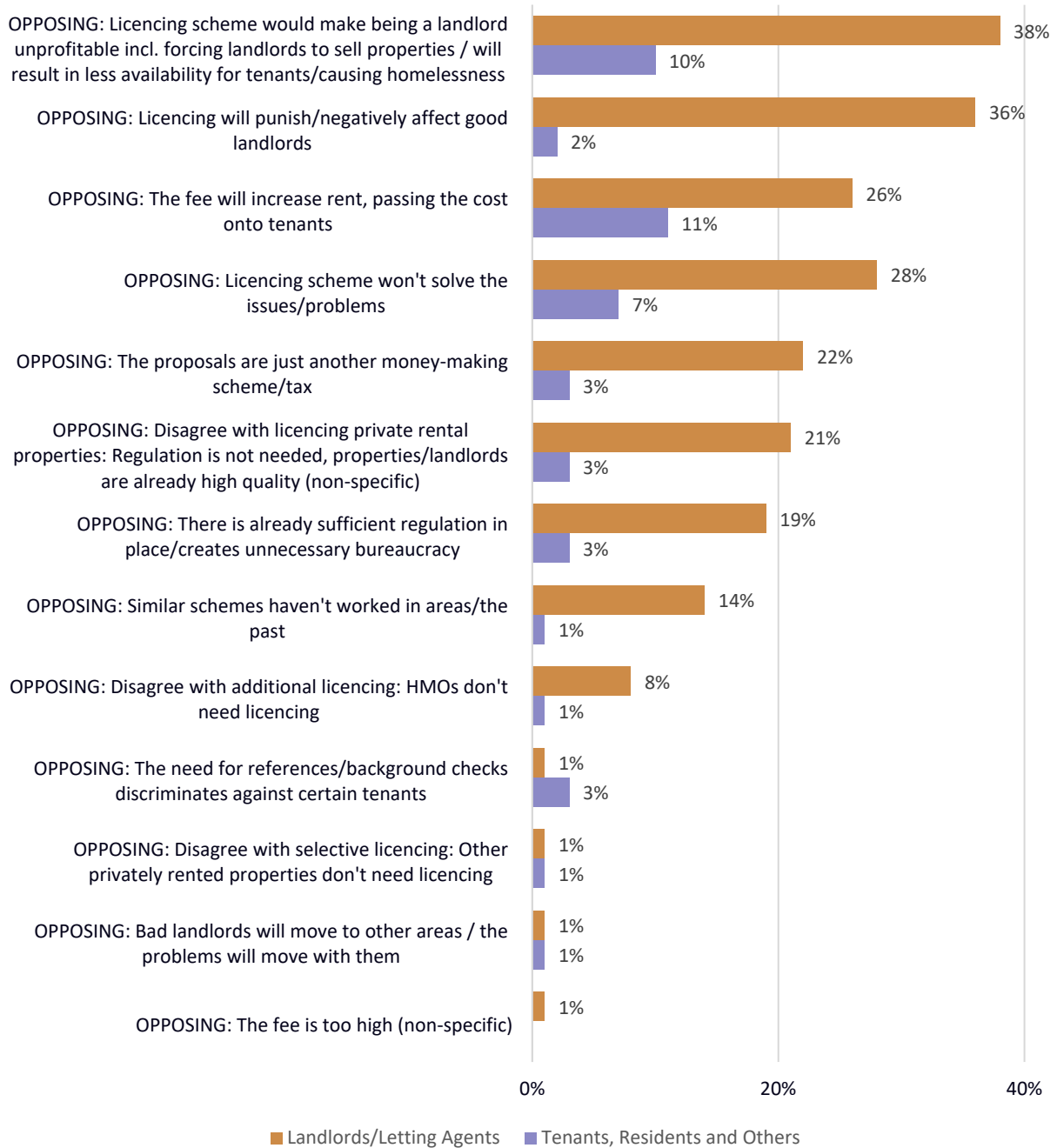
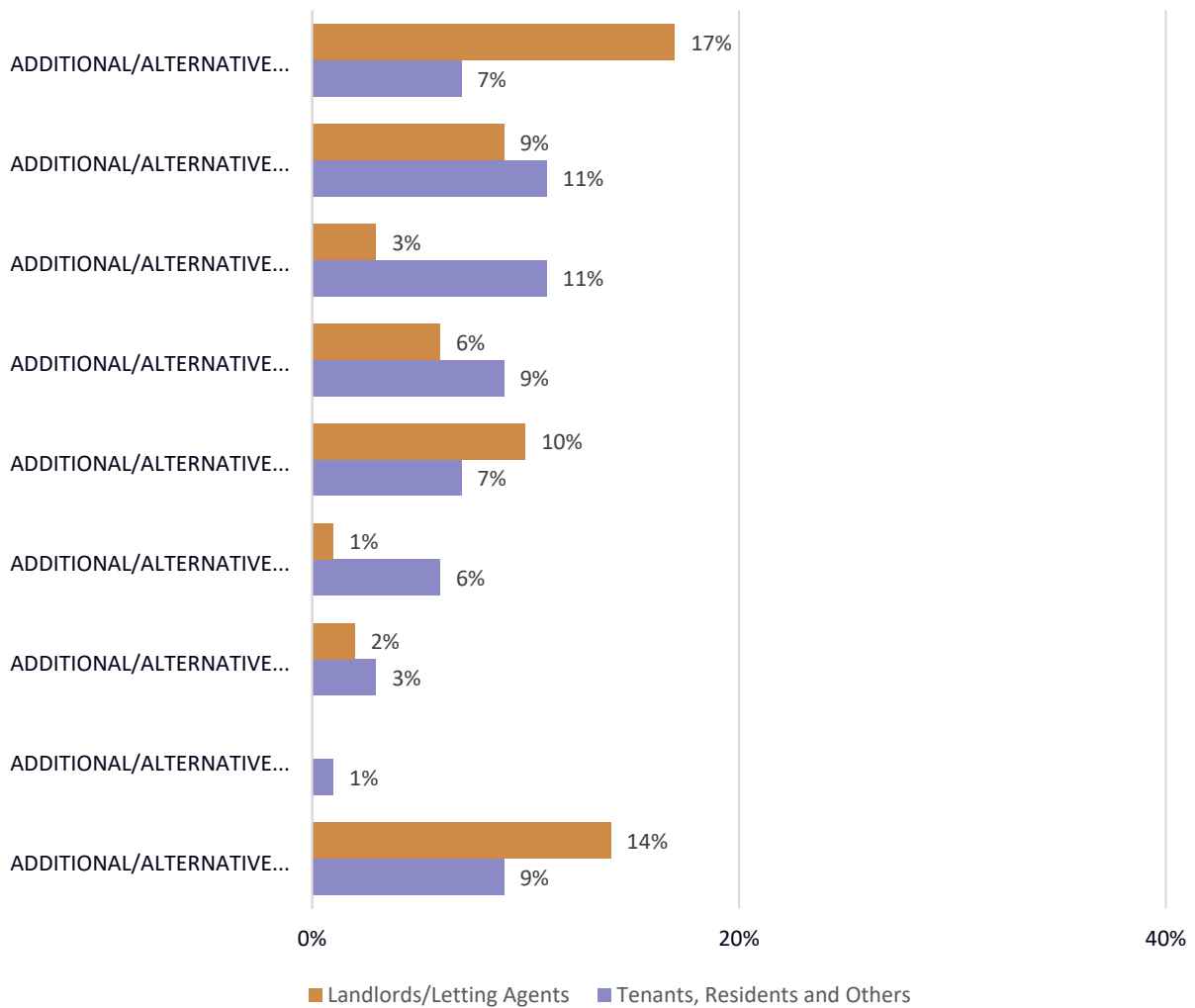


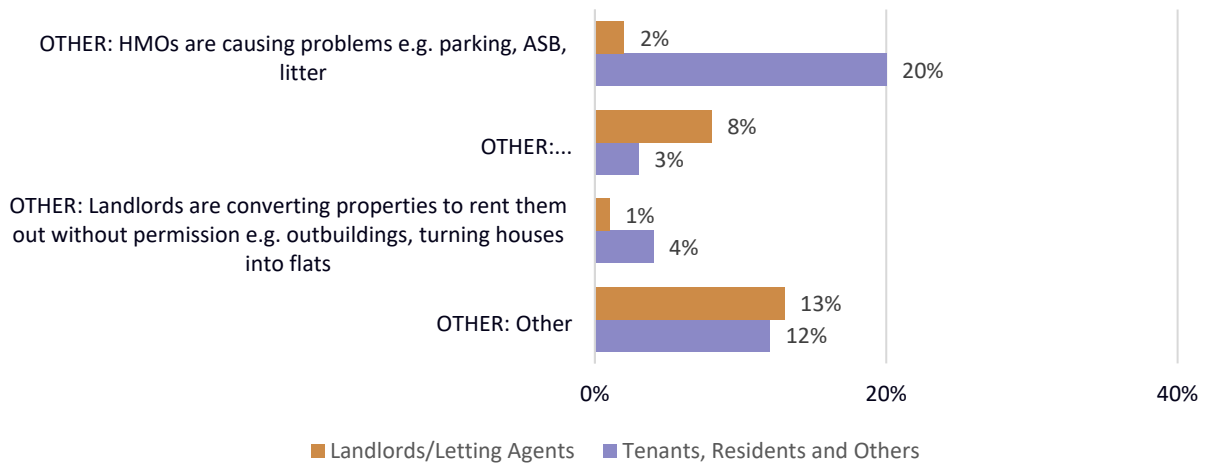
Figure 14: Comments about Proposed Selective or Additional Licensing Schemes – The additional/alternative responses



10.45 Just under a fifth (17%) of landlords/letting agents providing a comment mentioned that licencing should only target bad landlords including landlords with high numbers of complaints and one-in-ten (10%) giving a response suggested that the Council should focus on problems with social housing, e.g. housing association and Council housing.

10.46 Just over one-in-ten (11%) of tenants/residents/others giving a response suggested that a robust system for reporting problem landlords/tenants needs to be in place, with the same proportion saying that the whole of the borough/Merton should be included.

Figure 15: Comments about Proposed Selective or Additional Licensing Schemes – Other responses



Base: Landlords/Letting agents (126 respondents), Tenants, Residents and others (116 respondents)

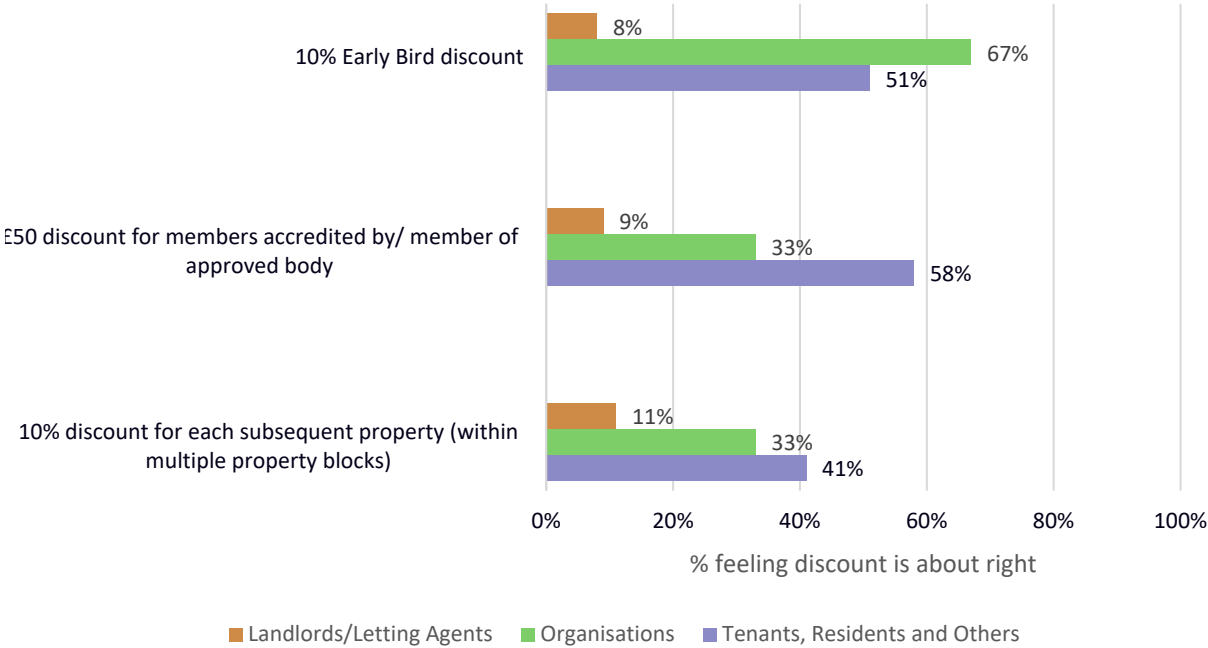
10.47 The figure above (fig 15) summarises the other type of comments provided not falling into any of the previous categories of response.

10.48 Whilst the above themes cover the majority of points made by respondents in relation to this question, a few comments raised more specific points, which can be seen in full in ORS’s Final Report on the consultation website www.merton.gov.uk/prsconsultation.

Please share your views on the proposed level of discount by indicating whether you feel each discount is too large, about right, or too small.

10.49 Views as to whether proposed levels of discount were too large, about right, or too small vary according to the discount proposed and the type of stakeholder. The following figure (fig 16) summarises how each stakeholder type feels about each discount proposed by providing an overview of the proportions of respondents saying that each potential discount is ‘about right’.

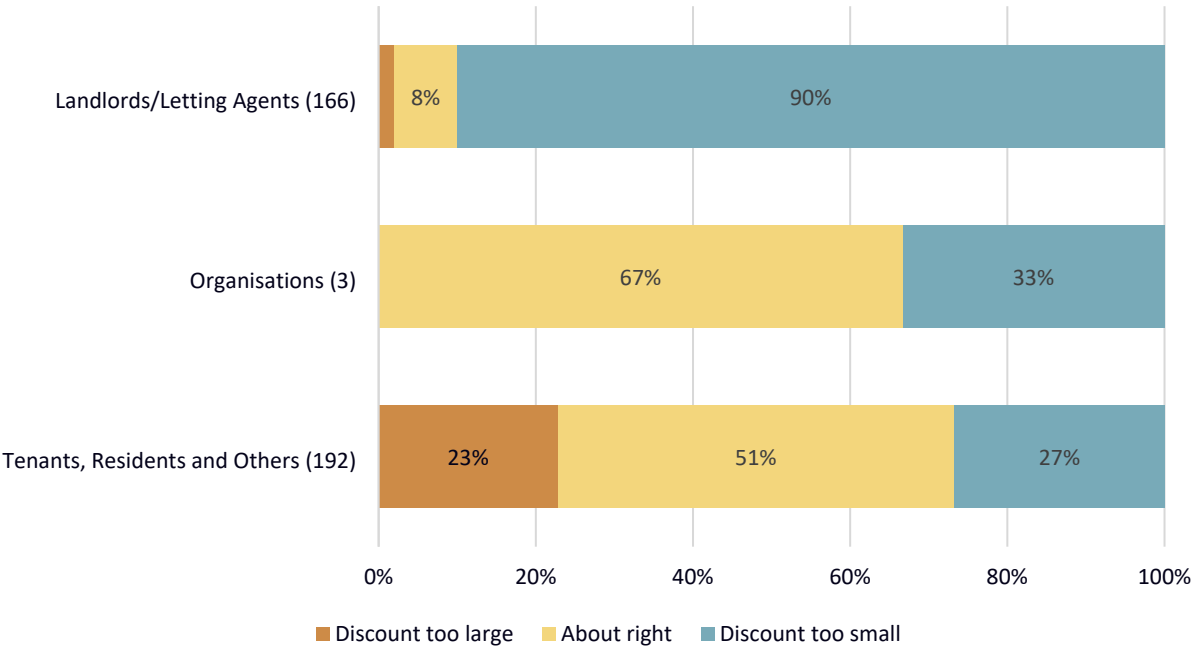
Figure 16: Proportion feeling discount type is about right - High level summary



10.50 It is clear that landlords/letting agents are less likely to feel that any of these discount types are about right compared to other stakeholder groups. It is worth noting that the results for organisations are only based on 3 cases.

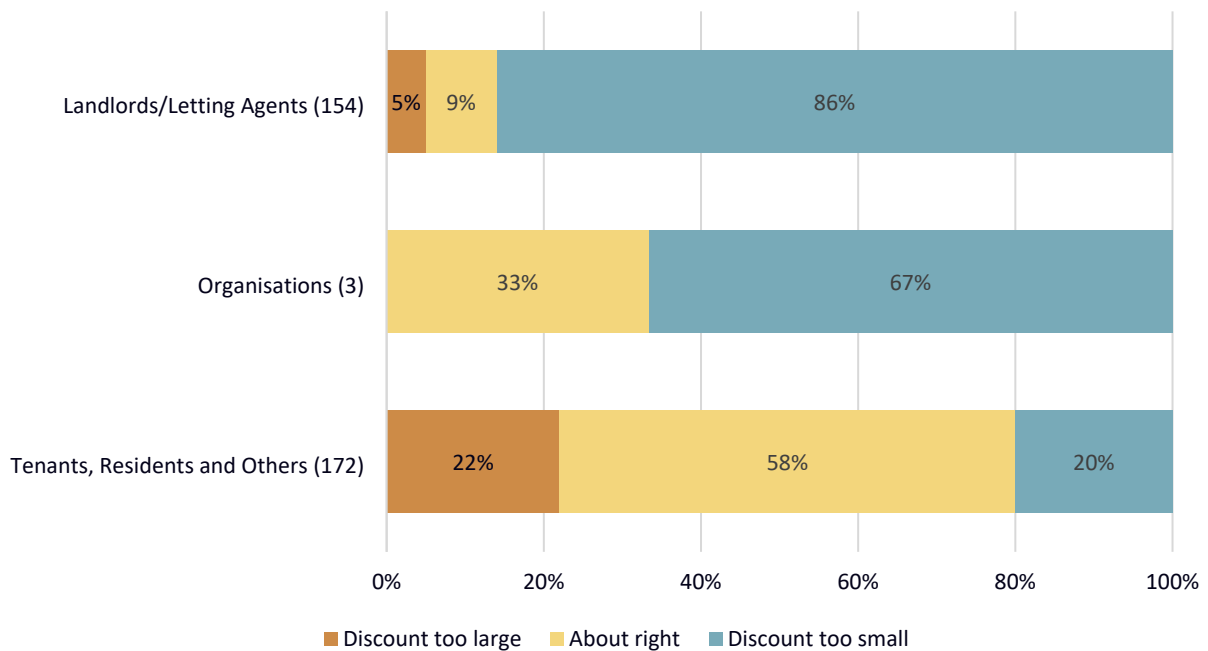
10.51 A more detailed summary, showing the proportions of respondents selecting each response option and the number of respondents giving a valid answer within each sub-group, is provided in Figure 17 through to Figure 19.

Figure 17: Views on a 10% discount for 'Early Bird' applications made in the first two months of the scheme



- 10.52 Less than one-in-ten (8%) landlords/letting agents felt that a 10% discount for ‘Early Bird’ applications made in the first two months of the scheme was about right, whereas nine-in-ten (90%) felt the discount was too small. Tenants/residents/others however were more likely to feel this was the right amount of discount, with just over half (51%) selecting this option. Organisations were also more likely to feel that this discount was about right with two-thirds (67%) saying this. However, it is worth noting that the results for organisations are only based on 3 cases.
- 10.53 Of landlords who own or manage properties in the borough of Merton, those only owning/managing one property were more likely to feel this was the right amount of discount, with around one-in-eight (13%) saying this, compared to just 4% of those owning/managing two or more properties.

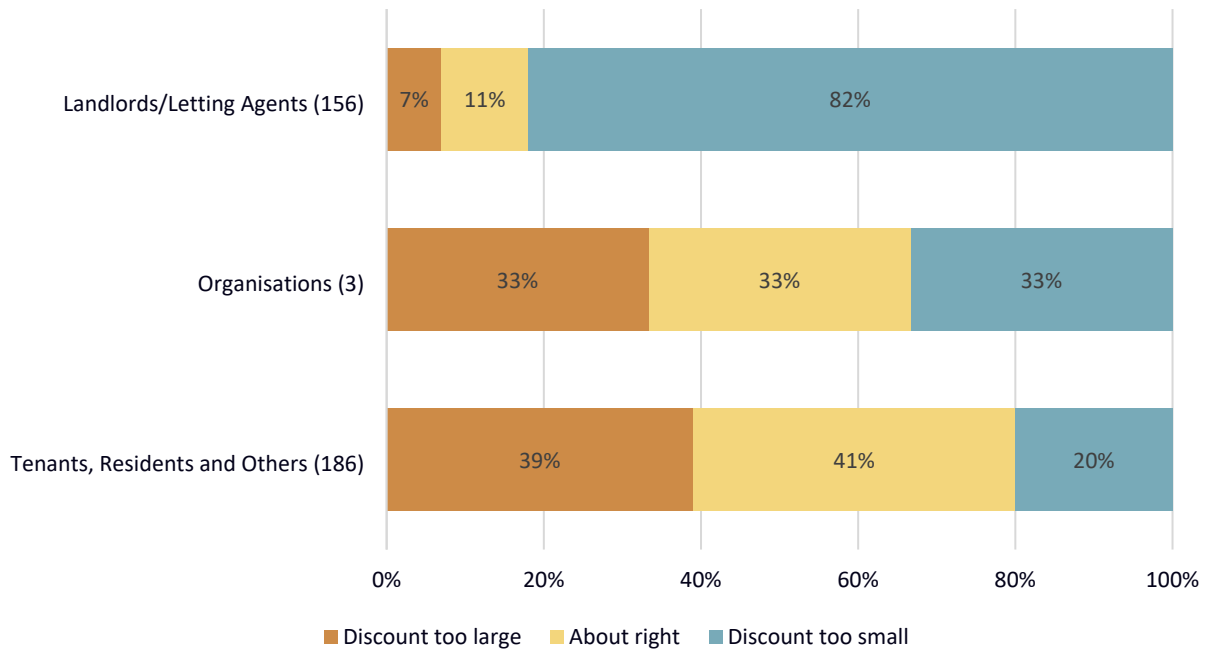
Figure 18: Views on a discount of £50 for applicants that are accredited by, or a member of, an approved body



- 10.54 Less than one-in-ten (9%) landlords/letting agents felt that a discount of £50 for applicants that are accredited by, or a member of, an approved body was about right, whereas more than eight-in-ten (86%) felt the discount was too small. Tenants/residents/others however were more likely to feel this was the right amount of discount, with nearly six-in-ten (58%) selecting this option.
- 10.55 A third (33%) of organisations said they felt that this discount was about right (NB based only on 3 cases).

10.56 Of landlords who own or manage properties in the borough of Merton, those only owning/managing one property were more likely to feel this was the right amount of discount, with around one-in-eight (13%) saying this, compared to 7% of those owning/managing two or more properties.

Figure 19: Views on a 10% discount for each subsequent property (after the first property) within a multiple property single block

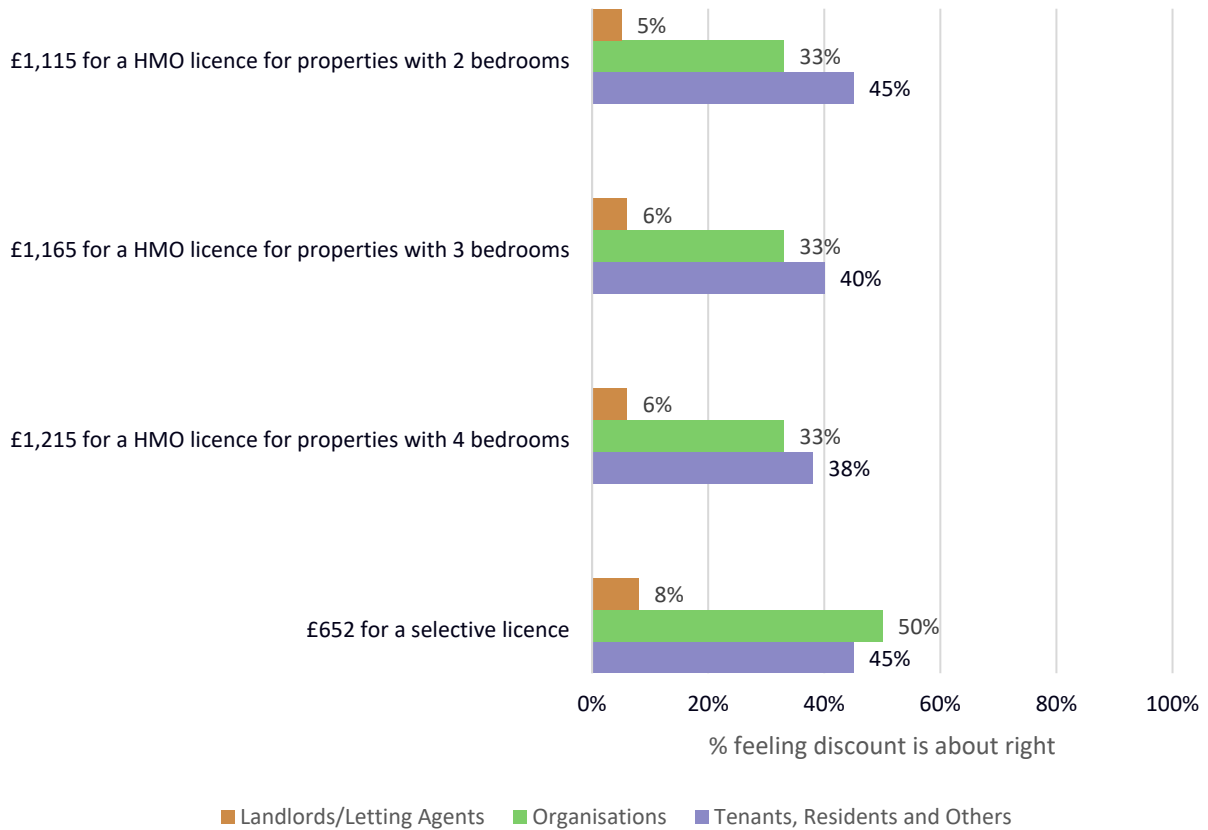


Please share your views on the proposed Additional HMO and Selective Licensing fees by indicating whether you feel each fee is too high, about right, or too low.

Fees for a licence issued for up to 5 years

10.57 Views as to whether proposed Additional HMO and Selective Licensing fees were too high, about right, or too low vary according to the type of license asked about and the type of stakeholder responding. The following figure summaries how each stakeholder type feels about each license fee proposed by providing an overview of the proportions of respondents saying that each potential fee is ‘about right’.

Figure 20: Proportion feeling licence fee is about right - High level summary

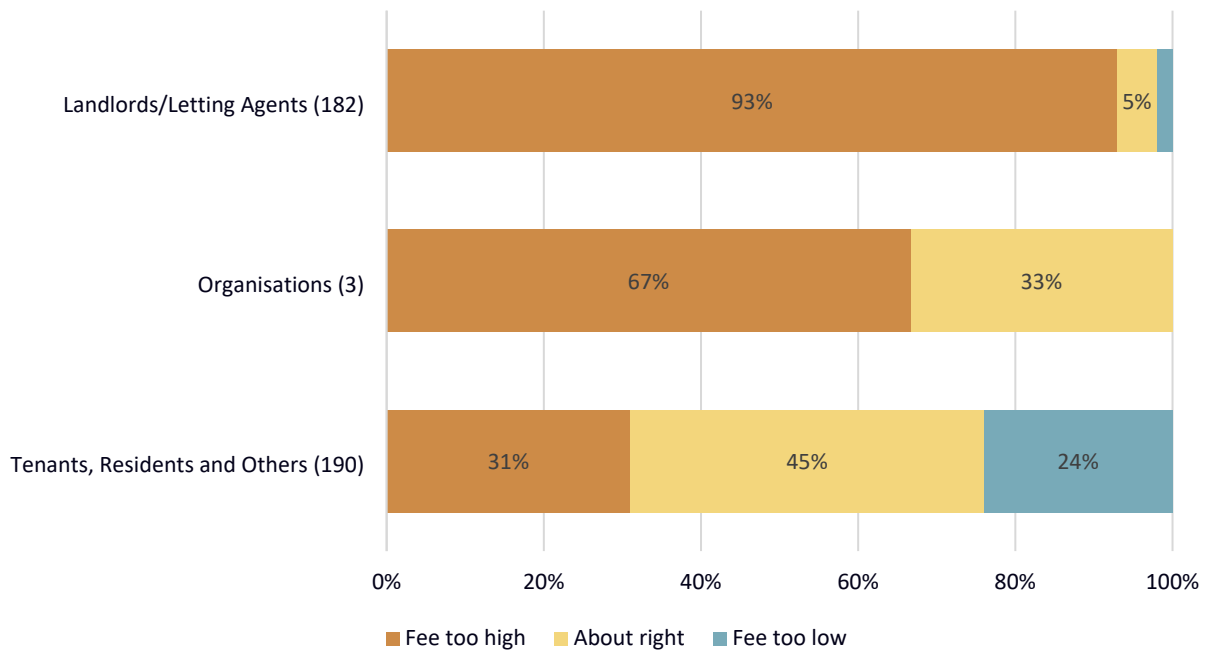


10.58 It is clear that landlords/letting agents are less likely to feel that any of these licence fees are about right compared to other stakeholder groups.

10.59 It is worth noting that the results for organisations are only based on between 2 and 3 cases across the different type of licenses.

10.60 A more detailed summary, showing the proportions of respondents selecting each response option and the number of respondents giving a valid answer within each sub-group, is provided in fig 21 through to fig 24.

Figure 21: Views on £1,115 for a HMO licence for properties with 2 bedrooms



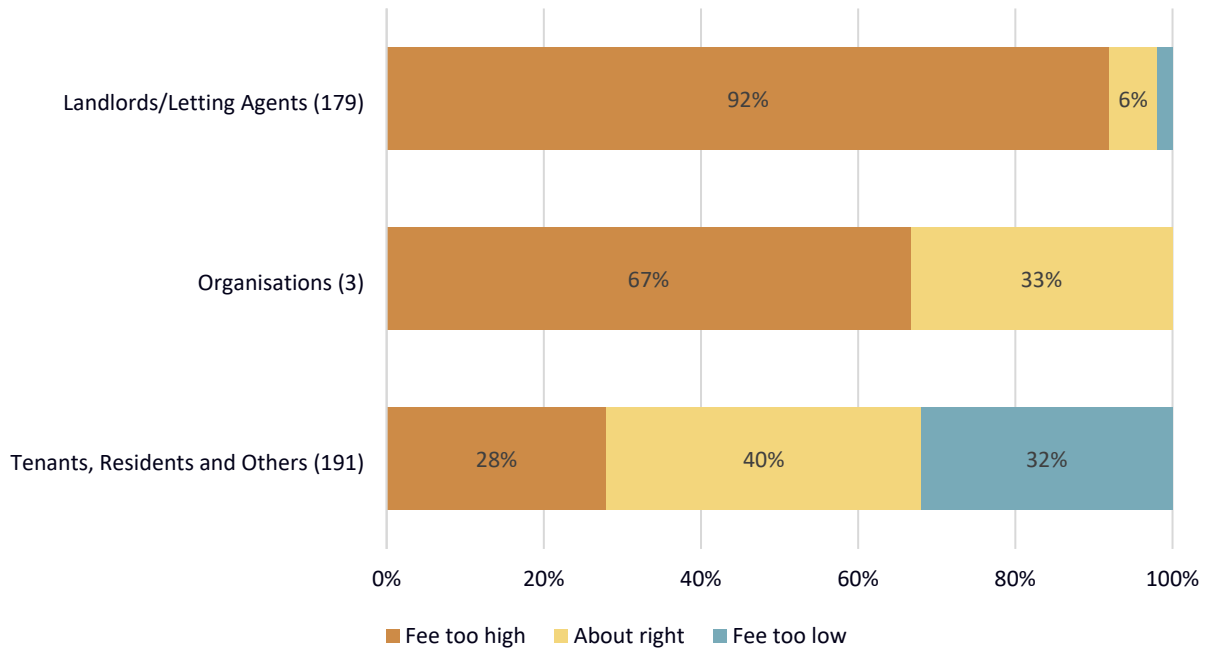
10.61 Only one-in-twenty landlords/letting agents felt that a fee of £1,115 for an HMO licence for properties with 2 bedrooms (issued for up to 5 years) was about right, whereas over nine-in-ten (93%) felt the fee was too high. Tenants/residents/others however were more likely to feel this was the right amount for this fee, with over four-in-ten (45%) selecting this option.

10.62 Organisations were also more likely to feel that this fee was about right with a third (33%) saying this. However, it is worth noting that the results for organisations are only based on just 3 cases.

10.63 Of tenants/residents living in Merton, a similar proportion of those owning their home and renting from a private landlord felt that a fee of £1,115 for an HMO licence for properties with 2 bedrooms (issued for up to 5 years) was about right, with 44% and 45% saying this respectively. However, those renting from a private landlord were more likely to feel this amount was too high with over four-in-ten (41%) giving this option compared to just under three-in-ten (29%) of those owning their home.

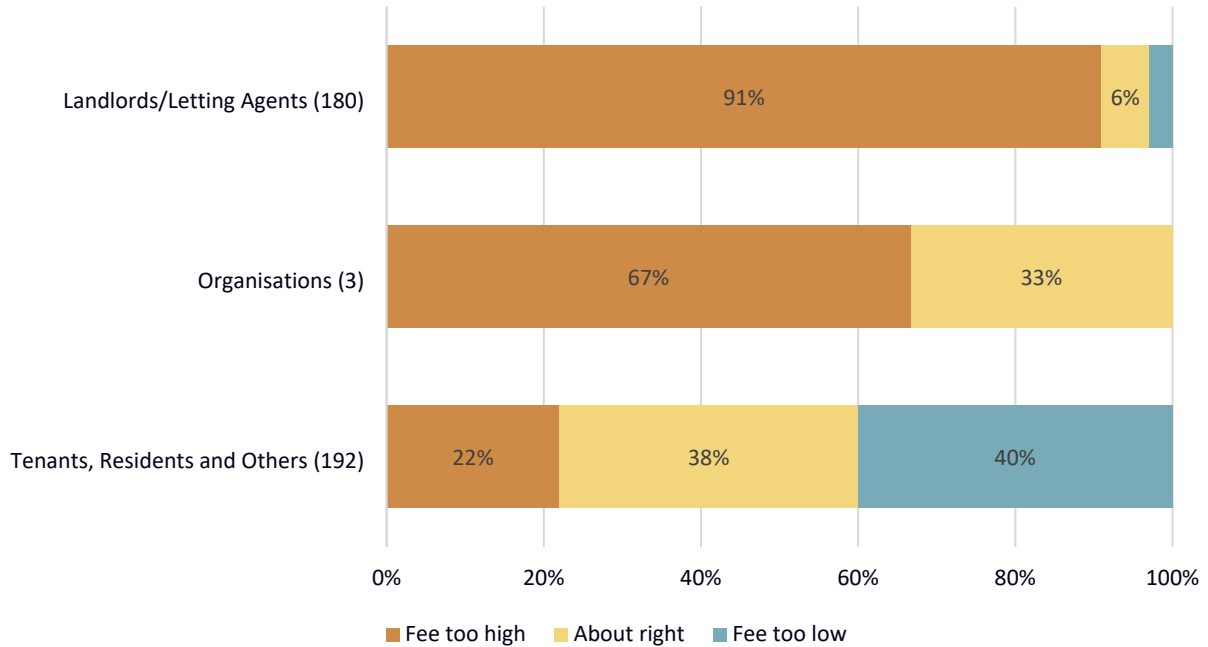
10.64 Of landlords who own or manage properties in the borough of Merton, those only owning/managing one property were less likely to feel this was the right amount of fee, with only 2% saying this, compared to 12% of those owning/managing two or more properties.

Figure 22: Views on £1,165 for an HMO licence for properties with 3 bedrooms



- 10.65 Only just over one-in-twenty (6%) landlords/letting agents felt that a fee of £1,165 for an HMO licence for properties with 3 bedrooms (issued for up to 5 years) was about right, whereas over nine-in-ten (92%) felt the fee was too high. Tenants/residents/others however were more likely to feel this was the right amount for this fee, with four-in-ten (40%) selecting this option.
- 10.66 Organisations were also more likely to feel that this fee was about right with a third (33%) saying this (NB based only on 3 cases).
- 10.67 Of tenants/residents living in Merton, four-in-ten (40%) of those owning their home felt that a fee of £1,165 for an HMO licence for properties with 3 bedrooms (issued for up to 5 years) was about right, whilst fewer (34%) renting from a private landlord gave this option. A greater proportion of those renting from a private landlord were more likely to feel this amount was too high with over four-in-ten (45%) giving this option compared to around a quarter (24%) of those owning their home.
- 10.68 Of landlords who own or manage properties in the borough of Merton, those only owning/managing one property were less likely to feel this was the right amount of fee, with only 7% saying this, compared to 12% of those owning/managing two or more properties.

Figure 23: Views on £1,215 for an HMO licence for properties with 4 bedrooms



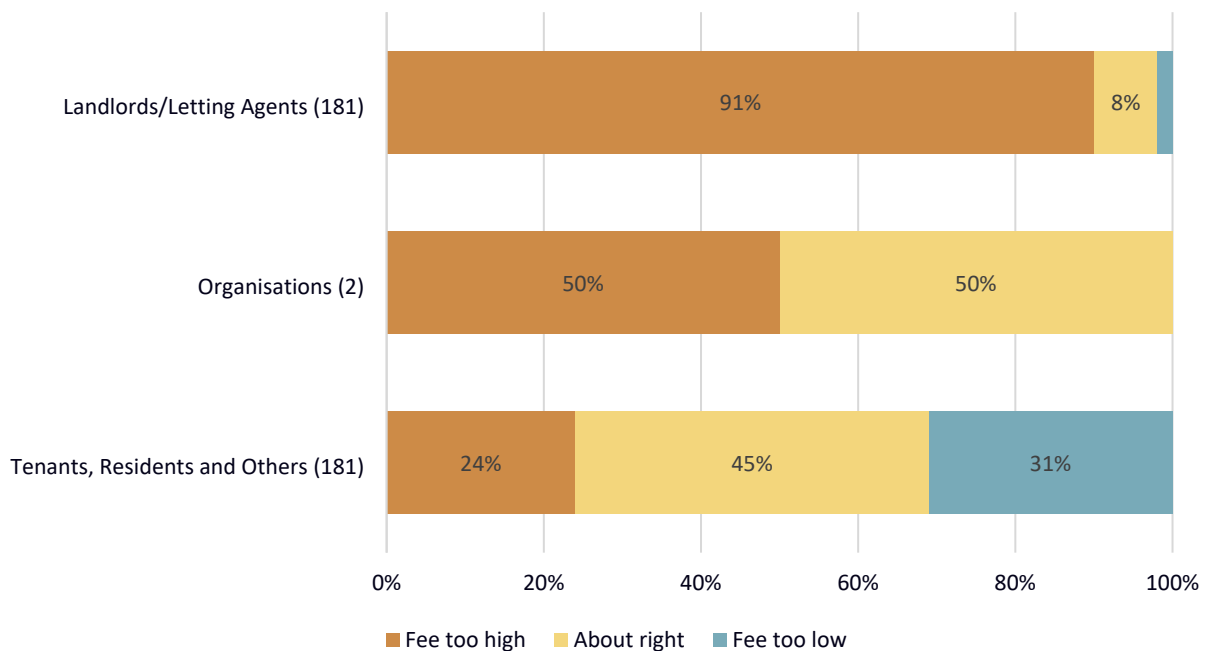
10.69 Only just over one-in-twenty (6%) landlords/letting agents felt that a fee of £1,215 for an HMO licence for properties with 4 bedrooms (issued for up to 5 years) was about right, whereas just over nine-in-ten (91%) felt the fee was too high. Tenants/residents/others however were more likely to feel this was the right amount for this fee, with just under four-in-ten (38%) selecting this option.

10.70 Organisations were also more likely to feel that this fee was about right with a third (33%) saying this (NB based only on 3 cases).

10.71 Of tenants/residents living in Merton, a similar proportion of those owning their home and renting from a private landlord felt that a fee of £1,215 for an HMO licence for properties with 4 bedrooms (issued for up to 5 years) was about right, with 37% and 33% saying this respectively. However, those renting from a private landlord were more likely to feel this amount was too high with four-in-ten (40%) giving this option compared to under one-fifth (18%) of those owning their home.

10.72 Of landlords who own or manage properties in the borough of Merton, those only owning/managing one property were less likely to feel this was the right amount of fee, with only 2% saying this, compared to 12% of those owning/managing two or more properties.

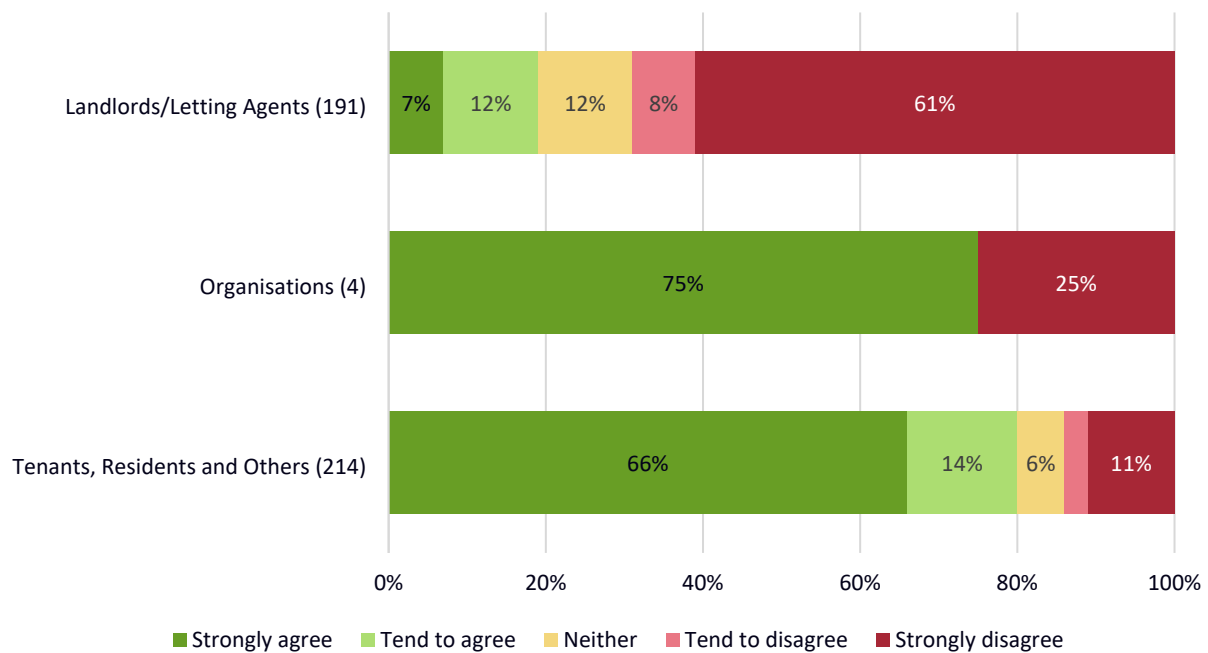
Figure 24: Views on £652 for a Selective Licence



- 10.73 Just under one-in-ten (8%) landlords/letting agents felt that a fee of £652 for a Selective Licence (issued for up to 5 years) was about right, whereas just over nine-in-ten (91%) felt the fee was too high. Tenants/residents/others however were more likely to feel this was the right amount for this fee, with over four-in-ten (45%) selecting this option.
- 10.74 Of tenants/residents living in Merton, a similar proportion of those owning their home and renting from a private landlord felt that a fee of £652 for a Selective Licence (issued for up to 5 years) was about right, with 44% and 43% saying this, respectively. However, those renting from a private landlord were more likely to feel this amount was too high with over four-in-ten (43%) giving this option compared to one-fifth (20%) of those owning their home.
- 10.75 Of landlords who own or manage properties in the borough of Merton, those only owning/managing one property were less likely to feel this was the right amount of fee, with only one-in-twenty (5%) saying this, compared to 8% of those owning/managing two or more properties.
- 10.76 Questions were then asked about the Conditions that were being applied to the Licences. These were both national conditions required by law (mandatory) and those the Council were proposing under their powers (called discretionary). These varied depending upon whether the licence was for Selective Licence or an Additional Licence.

The Council proposes that any new licensing schemes should include some additional conditions aimed at improving the management of the property, relating to: tenant responsibilities (including anti-social behaviour and the storage and disposal of waste); tenancy and occupancy agreements (covering matters such as the date of commencement, rent, termination, security of tenure, repairs, pets etc); gas and electrical safety certificates/reports; fire safety (detection systems and compliance of furniture/fittings); energy performance certificates and buildings insurance.

Figure 25: Agreement with having conditions such as these for an additional HMO licence

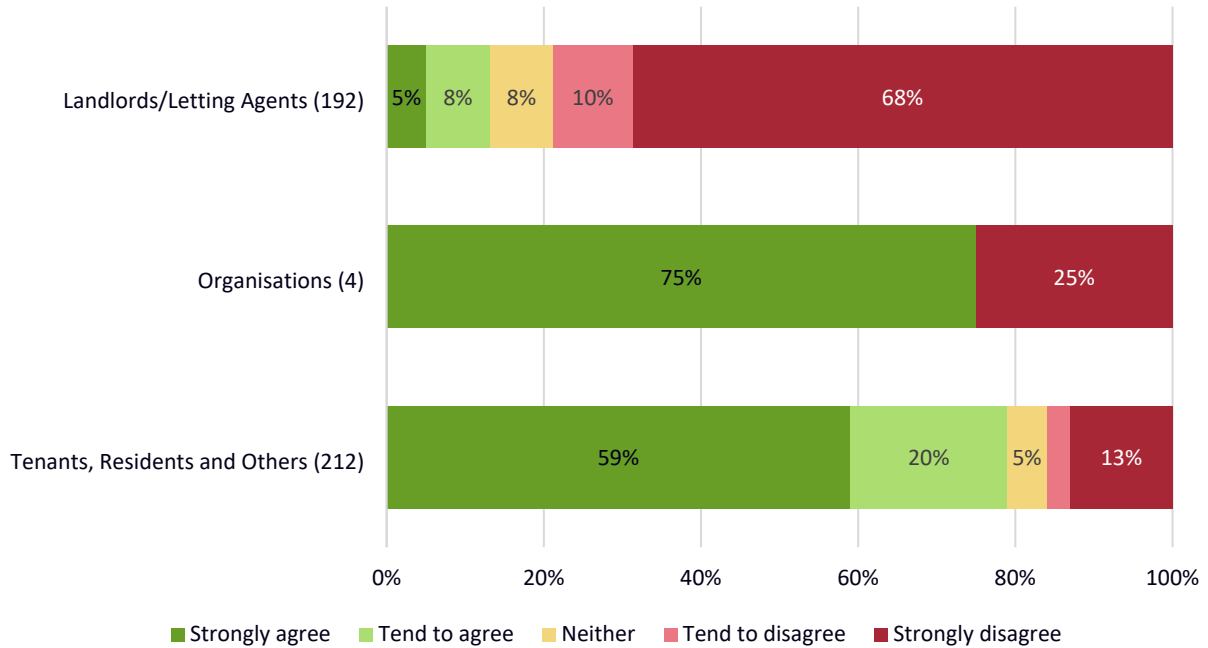


10.77 Just under one-fifth (19%) of landlords/letting agents were in agreement with having conditions such as these for an additional HMO licence, however seven-in-ten (70%) disagreed. Tenants/residents/others were far more supportive, with four-fifths (80%) in agreement and only 14% in disagreement.

10.78 Organisations were also more likely to agree with these conditions with three-quarters (75%) in agreement. It is worth noting that the results for organisations are only based on 4 cases.

10.79 Of tenants/residents living in Merton, those owning their home were more likely to agree with conditions such as these, with over eight-in-ten (87%) saying they either ‘strongly agree’ or ‘tend to agree’ compared to just under six-in-ten (58%) of those renting from a private landlord.

Figure 26: Agreement with having conditions such as these for a Selective Licence

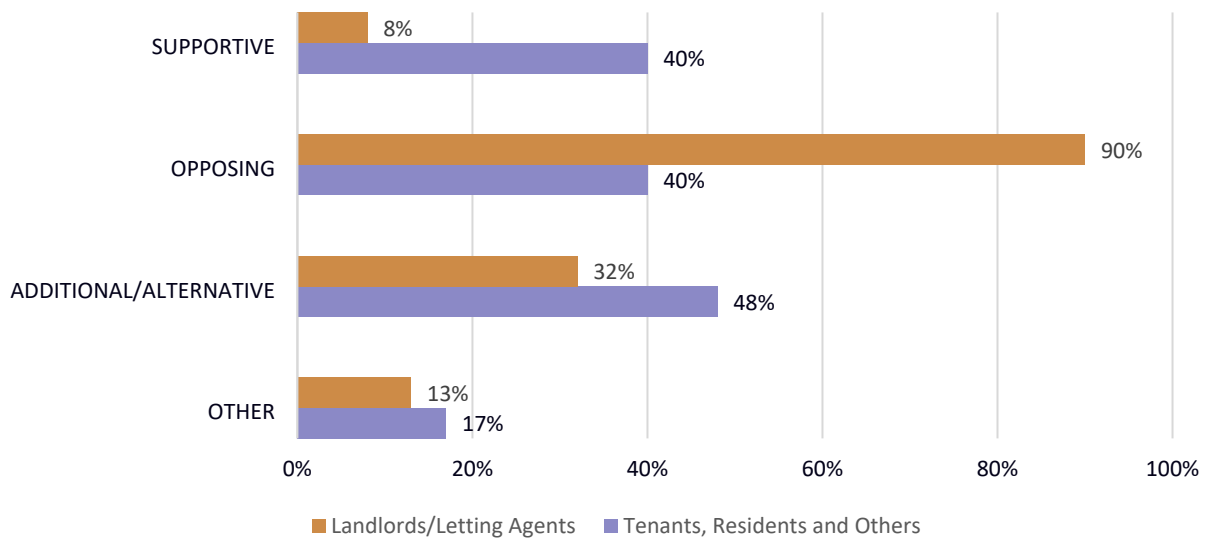


- 10.80 Around one-in-eight (13%) of landlords/letting agents were in agreement with having conditions such as these for a Selective Licence, however nearly eight-in-ten (79%) disagreed.
- 10.81 Tenants/residents/others were far more supportive, with nearly eight-in-ten (79%) in agreement and only 16% in disagreement. Organisations were also more likely to agree with this proposal with three-quarters (75%) in agreement (NB based only on 4 cases).
- 10.82 Of tenants/residents living in Merton, those owning their home were more likely to agree with these conditions, with over eight-in-ten (85%) saying they either ‘strongly agree’ or ‘tend to agree’ compared to just under six-in-ten (58%) of those renting from a private landlord.

Are there any other comments that you would like to make about the licence fees and / or conditions?

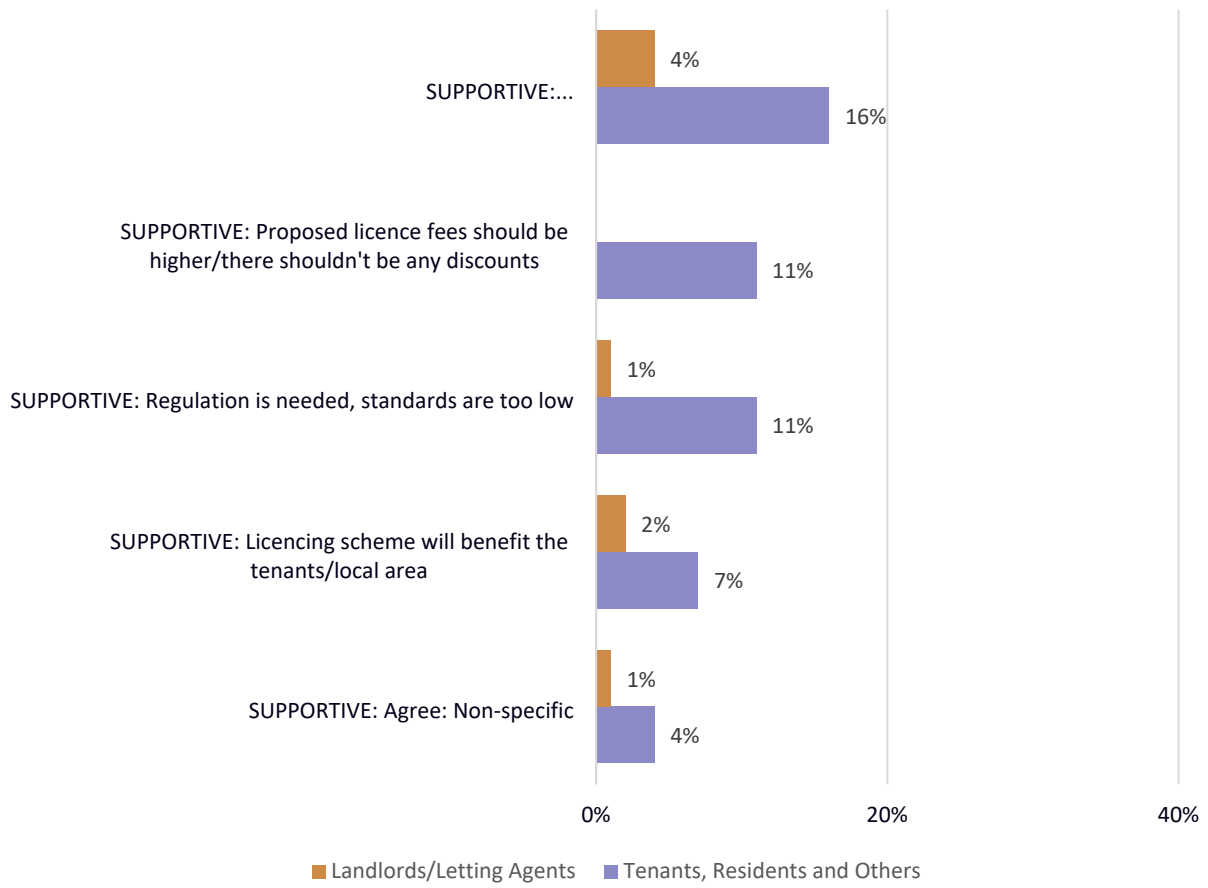
- 10.83 The following chart provides a high-level summary of the categories of response given to the above question. Not all respondents provided detailed comments, as can be seen from the limited base sizes shown. Percentages may add up to more than 100% because respondents could provide a response falling into more than one category, i.e. they could have a response that mentions something broadly in support of the proposal but also something opposing it.

Figure 27: Comments about the Licence Fees and/or Conditions - High level summary



- 10.84 Nine-in-ten (90%) landlords/letting agents providing a comment said something in their response which opposed the proposed licence fees and/or conditions, with only 8% saying something in support. Tenants/residents/others were more likely to say something in support of the proposed licence fees and/or conditions with two-fifths (40%) doing so.
- 10.85 Tenants/residents/others were more likely to mention an additional/alternative proposal with nearly half (48%) who provided a comment mentioning one in their response. This compares to just under a third (32%) of landlords/letting agents mentioning an additional/alternative proposal.
- 10.86 There were only 2 responses from organisations to this question, 1 providing an additional/alternative proposal provided and the other mentioning another type of comment.
- 10.87 The next charts look at the specific things said within these categories in more detail. All percentages in these charts are taken as a proportion from the total giving a comment but have been split over more than one chart for display purposes. Respondents may have said more than one of the things noted in each chart.

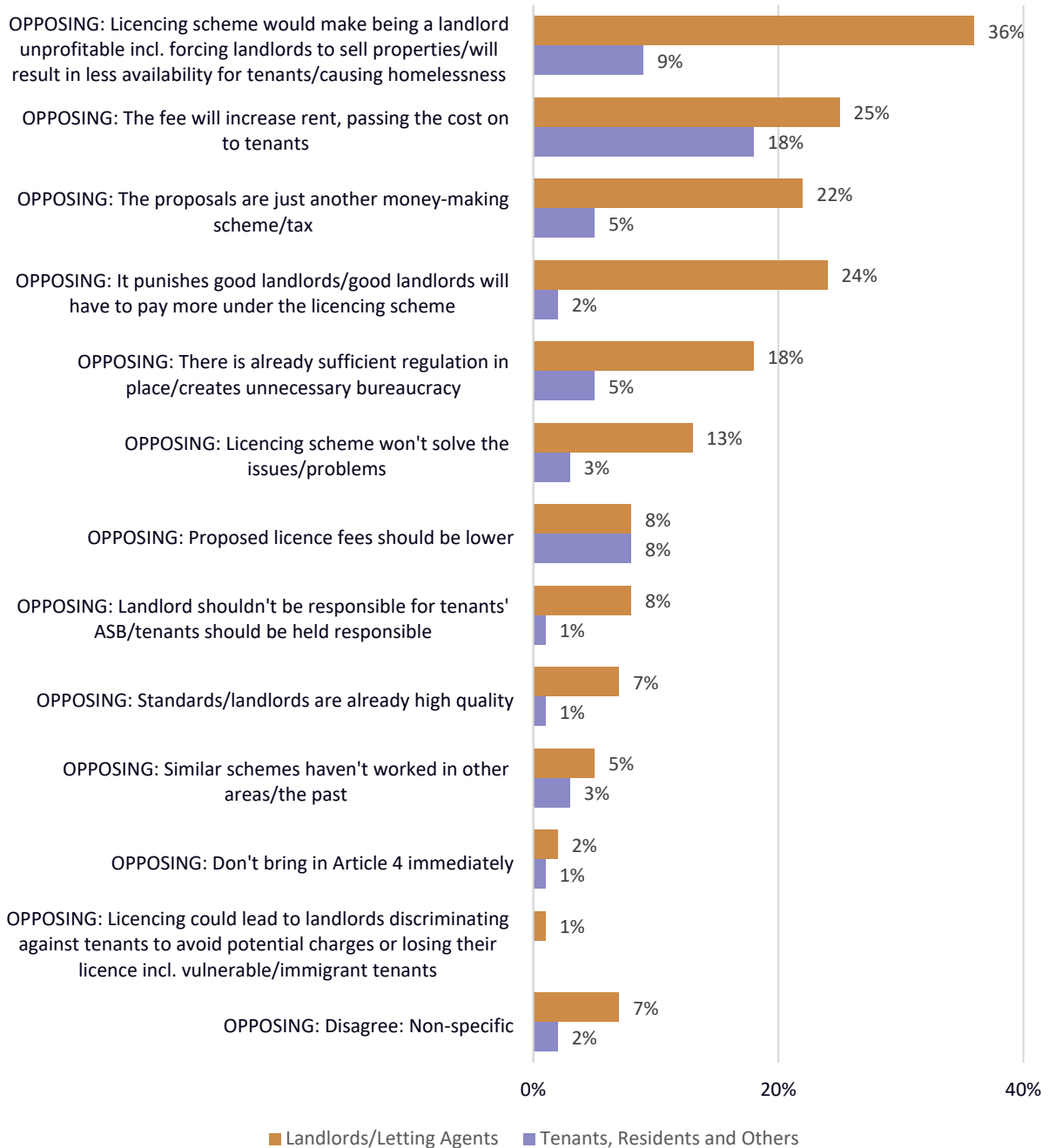
Figure 28: Comments about the Licence Fees and/or Conditions – The supportive responses



Base: Landlords/Letting agents (120 respondents), Tenants, Residents and others (92 respondents)

- 10.88 Around one-in-six (16%) tenants/residents/others providing a comment thought that the scheme will need to be properly managed/enforced efficiently including regular monitoring/inspections, with just over one-in-ten (11%) saying the proposed licence fees should be higher/there shouldn't be any discounts and the same proportion that regulation is needed, standards are too low.
- 10.89 Less than one-in-twenty (4%) landlords/letting agents giving a response said the scheme will need to be properly managed/enforced efficiently including regular monitoring/inspections.

Figure 29: Comments about the Licence Fees and/or Conditions – The opposing responses

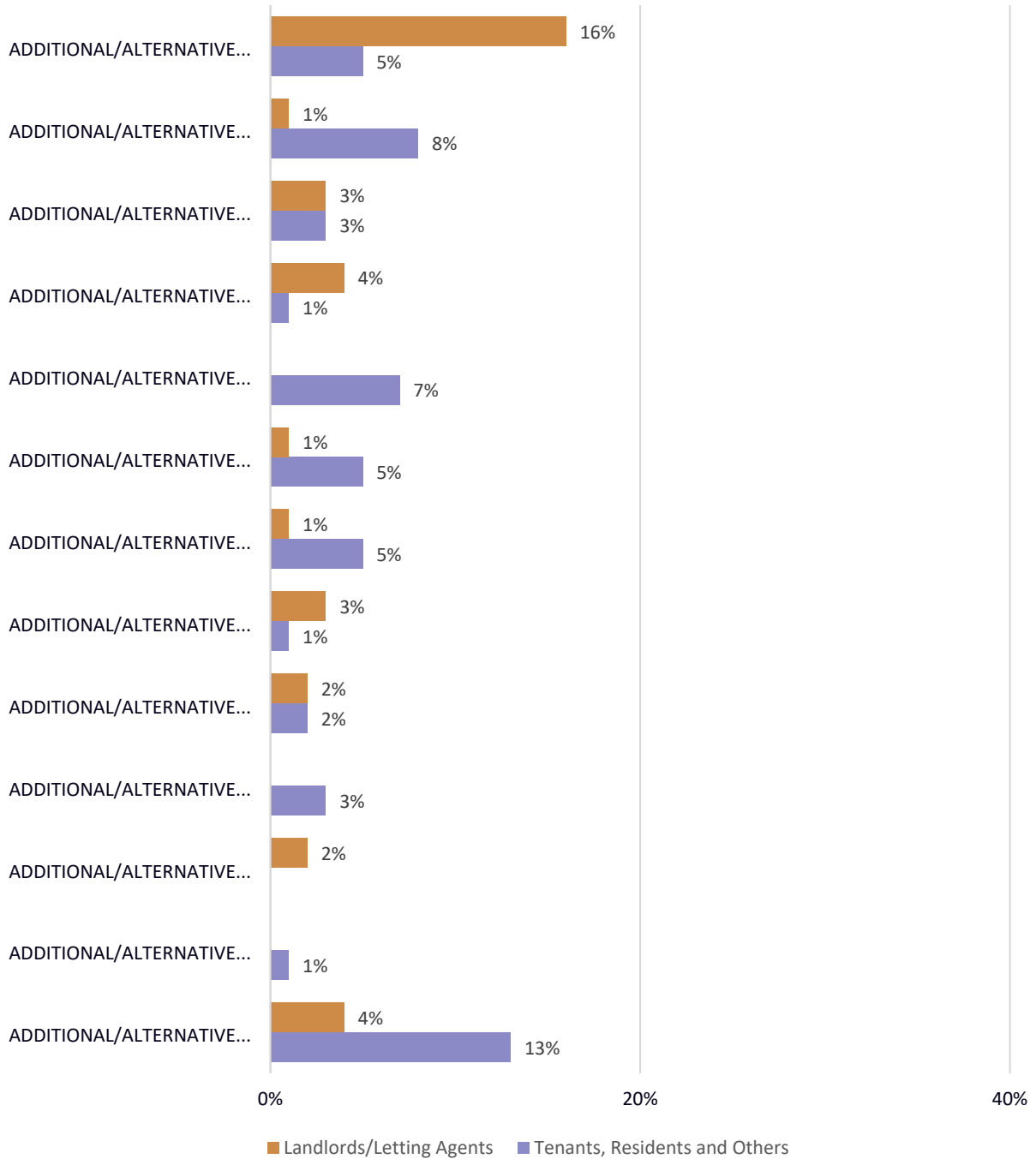


Base: Landlords/Letting agents (120 respondents), Tenants, Residents and others (92 respondents)

10.90 Over a third (36%) of landlords/letting agents giving a response had concerns that a licencing scheme would make being a landlord unprofitable including forcing landlords to sell properties / will result in less availability for tenants/causing homelessness, with a quarter (25%) saying that the fee will increase rent, passing the cost on to tenants.

10.91 Nearly a fifth (18%) of tenants/residents/others providing a comment thought the fee will increase rent, passing the cost onto tenants and nearly one-in-ten (9%) had concerns that a licencing scheme would make being a landlord unprofitable including forcing landlords to sell properties / will result in less availability for tenants/causing homelessness.

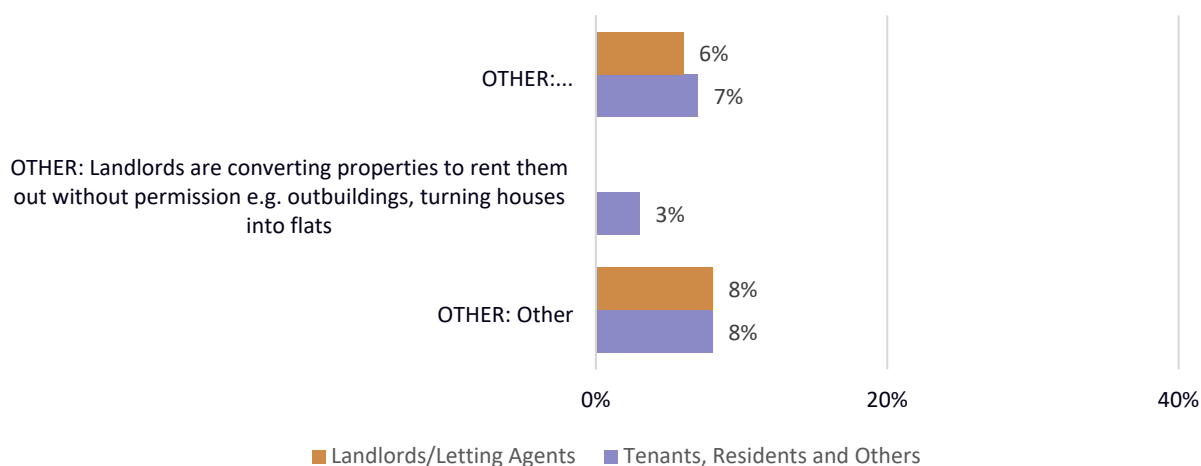
Figure 30: Comments about the Licence Fees and/or Conditions – The additional/alternative responses



Base: Landlords/Letting agents (120 respondents), Tenants, Residents and others (92 respondents)

- 10.92 Around one-in-six (16%) landlords/letting agents providing a comment mentioned that licencing should only target bad landlords including landlords with high numbers of complaints.
- 10.93 Just under one-in-ten (8%) of tenants/residents/others giving a response suggested introducing rent control/caps, with around one-in-eight (13%) giving another type of alternative suggestion.

Figure 31: Comments about the Licence Fees and/or Conditions – Other responses



- 10.94 The figure above (fig 31) summarises the other type of comments provided not falling into any of the previous categories of response.
- 10.95 Whilst the above themes cover the majority of points made by respondents in relation to this question, a few comments raised more specific points, which can be seen in detail on the consultation website:
www.merton.gov.uk/prsconsultation.

11 COUNCIL'S CONSIDERATION OF CONSULTATION RESPONSES

- 11.1 All of the comments and representations received, either direct to the Council or via ORS, both as responses to questionnaires or as separate emails, have been carefully considered and analysed. Responses to the key themes are detailed below.
- 11.2 It is important to note that the joint Consultation Exercise (for both Landlord Licensing and new Planning Controls in the form of an Article 4 Direction) went over and above what was required under the legal framework with regard to contacting affected bodies and individuals.

- 11.3 Commencing with the public Cabinet report in October, 2022, which approved the Immediate Article 4 Direction in 7 wards; the questionnaire launch on the 14th November 2022 was followed by on 17th November – the date the Immediate Article 4 Direction came into effect - the Article 4 Direction and Notice being posted on our consultation webpage; notification to the Secretary of State; notification to statutory bodies; posting of Notices on lampposts; and publication in the press.
- 11.4 The consultation period for return of questionnaires and comments to either ORS or the Council was open for 10 weeks. Additionally, during this time, 2 public landlord forums were held, as well as an additional landlord forum purely on the Article 4 Direction at the request of some landlords. There was also a stakeholder forum. These were held both virtually and in person, during the day and the evening, to give as many landlords and property agents as possible, the opportunity to attend.
- 11.5 Additionally, further publicity on both the proposed Landlord Licensing and the Immediate Article 4 Direction took place as follows:

During November

- Press releases from the Council's Communications Team
- Article in the printed Council newsletter for Nov 2022 distributed to households across the borough
- Email sent to statutory undertakers and those who have registered to be updated with changes to planning regulations/ policy in Merton (Approximately 1600+ individuals and organisations).
- Associations directly contacted by the Council's retained consultation agency, Opinion Research Services (ORS) included: NRLA, LLAS , Propertymark , The BLA, The Guild of Residential Landlords, SafeAgent, London Property Licensing, UKALA (UK Association of Lettings Agents) and RICS (Royal Institution of Chartered Surveyors)
- Letters sent to HMO licence Holders via post (royal mail first class). (Approx. 370 Landlords).
- Contacted Leaders & Chief Executives of the following Local Authorities; Wandsworth & Richmond upon Thames, Croydon, Sutton, Kingston and Lambeth to assist in raising awareness.
- MPs and Ward Councillors notified

During December

- Email to London Landlord Accreditation Scheme (LLAS). LLAS confirmed they sent the notice of the consultation to approx. 1100 Landlords.
- Email to London Property Licensing informing them of the consultation.
- Email sent to Public Health, Fire brigade, Police service inviting them to a stakeholder engagement meeting.
- Email sent to Local Landlords who are in receipt of housing Benefit informing them of the consultation
- Consultation and forums details passed to the attendees of the regular Merton landlord forum.

During January

- Reminder email sent to statutory undertakers and those who have registered to be updated with changes to planning regulations/ policy in Merton (approx. 1600 individuals and organisations)
- Reminder email sent to Landlords in receipt of Housing Benefit
- Consultation and forums details passed to the attendees of the regular Merton Landlord Forum.

- 11.6 A large number of responses were received during the consultation, as detailed in Section 10. Some key themes were apparent, and these are detailed in Appendix A which includes responses in a table format as well as the main issues which are addressed below and in other detailed sections within the report.
- 11.7 As might be expected, residents and tenants, were overwhelmingly in favour of the proposals (for specific percentages, please refer to the detailed charts in Section 10, or the full report from ORS on the consultation webpage). Approximately 80% supported the introduction of both Additional Licensing (81%) and Selective Licensing (78%) both in general and in the specific wards. 80% supported applying Conditions to licences; in the region of 40% felt the licence fees were 'about right' (with many others believing them to be too low, rather than too high). For those residents owning their own properties, the percentage supporting and perceiving there to be issues was far higher in each case.
- 11.8 There was a far higher number of residents and tenants who perceived there to be problems with poor property conditions (79%) as opposed to landlords believing this to be the case (10%). Additionally, residents and tenants also perceived anti-social behaviour; crime; poverty and/or deprivation to be bigger problems than landlords did although a higher % of landlords did recognise these issues to be a problem (30%; 35%; 25% of landlords). Then finally, a far higher proportion of residents and tenants than landlords believed that the licensing proposals would assist in tackling issues such as improving poor property conditions and management; and reducing anti-social behaviour (79% versus 10% for landlords). The responses below therefore focus on addressing the key issues raised by landlords, either through the questionnaire or during the forums, rather than responding to positive comments.
- 11.9 **Impact of Costs on Rent:** A key concern of some landlords and managing agents expressed during the consultation was that licencing schemes would result in increased rent, with landlords passing the licence fee cost onto tenants. Some tenants were also concerned about this. The 2019 study - 'Use and Effectiveness of Selective Licensing' - commissioned by MHCLG (now DLUHC) addressed the claim regularly made that licensing increases rents, as landlords passed on the licensing costs to their tenants. No substantive evidence of this effect was seen during the review.

- 11.10 In order to obtain more information about the potential costs impact, officers reviewed data from the Private Rental Market Summary Statistics in England, published by the Office of National Statistics (ONS), for the period April 2019 to September 2022. Data in relation to a sample of London Boroughs that had introduced landlord licensing and Article 4 Directions was examined. The data did not indicate very significant increases in median rental prices across all categories of accommodation during the period, or a direct correlation between licensing scheme introduction and rent increases.

	2019-20	2021-22	% Rent Change
Borough	Monthly Rent All Categories (Median)	Monthly Rent All Categories (Median)	
Haringey	1,500	1,475	-1.7
Lewisham	1,300	1,315	1.2
Barking and Dagenham	1,200	1,300	8.3
Brent	1,450	1,450	0.0
Ealing	1,425	1,450	1.8
Enfield	1,250	1,332	6.6
Havering	1,150	1,250	8.7
Hounslow	1,275	1,350	5.9
Waltham Forest	1,300	1,350	3.8
Merton	1,495	1,523	1.9

- 11.11 This data supports previous research that shows that the annual cost of a licence (the full fee divided by 5) does not explain the annual rent increases seen. Studies have shown that where rental increases have occurred in local authority areas where selective licensing has been introduced, the increases cannot be attributed significantly to the landlords passing on licensing costs and are believed to be due to market conditions.
- 11.12 **Ineffective and waste of money and questioned Council's ability to manage the schemes effectively:** A view expressed by some landlords and property related organisations was that licensing was ineffective, and in effect a waste of money. Evidence to demonstrate that licensing schemes do work is explored in greater detail in Section 8.
- 11.13 The Council has considered known examples of licensing schemes that have experienced difficulties, and these appear to reflect the findings of the earlier review by the DLUHC (formerly the MCHLG). Those findings included a key reason why some schemes had experienced difficulties which was due to licence fees not being sufficient to cover the true costs of schemes, resulting in inadequate staffing to conduct inspections and process licence applications in a timely manner.
- 11.14 In developing the proposals Merton has considered the potential risks and is confident the proposed resources are adequate to ensure that the anticipated scheme performance levels are achievable.

- 11.15 **Impact upon housing numbers:** the view being that the introduction of an Additional Licensing Scheme, as well as an Article 4 Direction for small HMOs, would reduce or stagnate the number of HMOs. As detailed in Section 9, there is no evidence of this, and it is important to note that the Article 4 Direction cannot be applied retrospectively. Also, those HMOs currently licensed will not be affected. Additionally, rents in Merton tend to be higher than average and compared with the relatively low cost of applying for either an additional licence or planning consent, it is not felt that this would be a barrier to setting up an HMO.
- 11.16 **Already sufficient regulation in place/creates unnecessary bureaucracy** Comments opposed to the licensing proposals referred to the existing powers available to the Council and whether or not these had been used or should be used rather than introducing a licensing scheme.
- 11.17 Whilst it is recognised that a range of powers and measures are available to regulate the private rented section in line with current legislation, there are limitations in respect of what the current legislation for example will allow. Under Part 1 of the Housing Act 2004, landlords are not required to declare their rental properties themselves. There is no obligation for a landlord to be proactive in addressing or improving property conditions (including minor issues that may still pose a risk to tenants' health and safety).
- 11.18 The 2021 English Housing Survey data indicated that 23% of private renters who had the intention to make a complaint to the landlord or agent, did not complain. The most common reasons for not making a complaint were: being worried about the retaliation by the landlord (15%), being worried that their tenancies would not be renewed (14%), considering complaining was too much of a hassle and takes too much time (13%), and other reasons (23%). This situation combined with absence of a landlord obligation to be proactive in dealing with property conditions highlights the need for additional measures to be considered by the Council, in addition to the current powers and measures available.
- 11.19 The Council's Licensing Enforcement Team continue to exercise the last resort option of progressing prosecutions through the Court, for serious offences. Such cases take considerable periods ranging from months to years to process a case. This will involve extensive evidence collation from a range of sources, including identifying the ownership and management of properties, and obtaining witness statements and other supporting information. The time to reach conclusion of a case, particularly if the landlord challenges a decision, will also be considerable due to the pressures on the Court system.
- 11.20 The Council has the power to issues Civil Penalty Notices as an alternative to prosecution, however, the process and timescales are also extensive, and the level of investigation and evidence collation is similar to that required for a Court case. A person subject to a Civil Penalty Notice has the right of Appeal to the First-Tier Tribunal, which can also lead to extensive periods for a case to be concluded.

- 11.21 Taking into account the enforcement action undertaken such as prosecutions, Civil Penalty Notices, and other interventions, and the ongoing extent of the issues presenting, the Council believes that none of the current measures that it is able to utilise to deal with poor conditions and other issues relevant to licensing, either individually or collectively, is capable of achieving the objectives that it intends to deliver through the proposed licensing schemes.
- 11.22 **Anti-Social Behaviour (ASB):** Landlords disagreed that the proposals would have a meaningful impact on antisocial behaviour. Landlords also largely agreed that they should not be held responsible for dealing with antisocial behaviour outside their rental properties, since they are generally unequipped to deal with the complex circumstances that often lead to it. The NRLA requested that landlords be assisted in dealing with antisocial behaviour complaints against tenants. In response to this request the Council will continue to develop its relationship with the landlord sector through increased and improved communication for example through the private landlords' forum and dedicated webpages on the Council's website. More information and advice will be provided to support landlords and to assist them with tenancy management issues, including dealing with occupiers presenting challenging behaviour. However, the Council is unable to provide specialist legal advice.
- 11.23 The Council believes that landlords have a responsibility to take reasonable steps to deal with ASB arising from their properties. The conditions to be applied to the proposed licensing scheme aims to make tenants and landlords aware of their rights and responsibilities. For example, the conditions will make tenants aware of the types of unacceptable behaviour and provide guidance on how to deal with issues. The licence holder will be required to set out for tenants how ASB will be dealt with. The licence holder will be expected to take reasonable steps to deal with any ASB resulting from the conduct of occupiers or visitors.
- 11.24 Under the proposals, the Council will produce an additional level of information, training and other assistance to the landlord sector. Currently this takes place via the private landlord forum which aims to promote good practice in the private rented sector by providing information for landlords including legal and case law updates relating the private rented sector. The Council will also set up a dedicated web page providing a range of information and resources, in addition to the work of the forum.
- 11.25 **Non-compliant landlords would avoid paying the fees:** Concern over this and how non-compliant landlords would be identified. A licensing scheme if approved will enable the Council to increase proactive measures to identify non-compliant landlords. As part of the licensing work the enforcement team will utilise a range of data and proactive measures to identify potential unlicensed properties. The Council will publicise the scheme widely, ensuring that landlords, tenants and residents are aware of the legal requirement for private rented properties to be licensed.

- 11.26 The Council will also continue to work with strategic partners, such as the Police, ASB and Noise and Nuisance enforcement teams, and other agencies as part of the information gathering process.
- 11.27 **Licence Fees are too High:** A range of comments were made around the fees, including requests for Part B to be payable monthly; discounts to be available in certain circumstances etc. It should be noted that the NRLA disagreed that the proposed fees were too high, stating that fees were higher in other parts of the country. However, responses to the questionnaire indicated that in all categories, landlords felt the fees were too high.
- 11.28 The discounts have been reviewed in light of the consultation feedback and the Council is satisfied that the proposals are reasonable. Fees are covered in more detail in Section 12.
- 11.29 The fee structure for the proposed scheme has been kept as low as possible to minimise cost to landlords whilst ensuring that the scheme remains cost neutral, so it is deemed to be fair and reasonable, over the five-year period. The proposed fee is also fully tax deductible for landlords.
- 11.30 Taking account of the views expressed during the consultation, as well as the likely higher than expected adjustments arising from the current negotiations for staff salaries, some of the proposed licence fees have been increased:
- Standard undiscounted selective licensing fee £692 (£40 increase)
 - Standard undiscounted additional licence 2-bed unit £1,450; 3-bed £1,500; 4-bed £1,550 (£335 increase).
- 11.31 Also, again taking on board comments received, the Council is considering reviewing the position of applicants applying for a licence towards the end of the scheme, e.g. in the last year and considering extending the licence period across part of a subsequent scheme licence period if approved, or granting a part refund if no alternative or subsequent scheme is approved.
- 11.32 **Opposition to Conditions:** with regard to the proposal to apply additional conditions to the licences to improve matters such as property condition; help reduce ASB etc through improved management, a large number of landlords were in disagreement with 70% and 79% opposed to such conditions being applied to Additional Licensing (for HMOs) and Selective Licensing, respectively. Some conditions to be applied are required nationally whilst others are proposed by the Council. Please refer to Section 13.
- 11.33 Another comment relating to conditions was that complying with conditions in older, terraced, properties could be particularly costly. The Council recognises that meeting property standards in older properties may be more challenging for some landlords, however, the objective of licensing is to improve conditions and ensure that private rented properties meet the health and safety standards required.
- 11.34 Further consideration was given to representations relating to the proposed conditions, and the decision is that no changes will be made.

12 PROPOSED LICENCE FEES

- 12.1 Modelling has been undertaken based upon expected licence numbers uptake and the current financial projections are that the selective and additional licensing scheme will require £3.3m of expenditure over the five-year scheme period, including £3m staffing expenditure, based upon a staff resource of 9.5 staff.
- 12.2 Scheme operating costs will be required to be covered by the licence fee income. The Council is not legally able to generate a profit on the scheme, it has to be cost neutral, and income is ring-fenced to the scheme. The scheme is intended to break even over several years with no material subsidy from the Council. It will operate as a ring-fenced trading account with the General Fund, carrying over surpluses and deficits as appropriate.
- 12.3 Licence fees are valid for the 5-year term of the scheme and landlords will be required to purchase a licence either for the full 5 years or the remaining term of the scheme, should they not purchase until a later date.
- 12.4 There are a number of discounts available, including (please see Appendix B for full details):
- 10% Early Bird Discount for those applying within first 2 months
 - £50 discount for membership of an accredited Scheme
 - Combined Early Bird and Accredited Member
 - 10% discount on subsequent properties an applicant owns in a single block
- 12.5 Licence fees are payable in two instalments. Part A, payable at application stage and non-refundable, and Part B, payable once the decision has been made to grant a licence.
- 12.6 Some respondents, including the NRLA thought that the fees were too low to operate the scheme. This is because in some parts the country, licence fees are higher.
- 12.7 However, licence fees are required to be based on the cost of implementing and running the scheme and should not make a profit. The proposed fees have been calculated on the cost of setting up and operating the schemes and will reviewed annually to help ensure that the scheme remains cost neutral, although there is always a risk that licence fees will not cover the costs of the scheme due to the difficulty of modelling take-up of licences.
- 12.8 In accordance with the Housing Act 2004 Section 87 (7), the fee amounts are based on:
- Staff employed to process and issue the application; and
 - Costs of monitoring and delivering the scheme, including staffing, operating; inspections; and enforcement.

- 12.9 Proposed licence fees formed part of the consultation. Following the responses to the consultation, as well as an anticipated higher than expected staff settlement, further consideration was given to the fee structure and it has been decided that some of the proposed fees will be increased. The proposed fees are set out in Appendix D.
- 12.10 Finance; IT; and Housing have been working together to ensure that systems will be in place to enable management and processing of the licence structure by September 2023.
- 12.11 Rather than procuring a completely new external system to handle the licence applications, it has been agreed to develop a customer facing online application form using the Microsoft PowerApps system, currently in use within the Council. This will enable customised processes, data handling and integration with the Council's existing systems.

13 PROPOSED CONDITIONS

- 13.1 A number of Conditions are applied to each licence. These are different for Selective Licensing and Additional Licensing. For full details, please refer to Appendices B and C.
- 13.2 Certain conditions are a national requirement which the Council must impose by law, and these are headed as Mandatory. Others are chosen by the Council under their power to impose conditions and are headed as Discretionary.
- 13.3 Further consideration was given to representations relating to the proposed conditions, and the decision is that no changes will be made to the proposed conditions. Responses to the consultation feedback in relation to Conditions is set out in Section 11.

14 STAFFING

- 14.1 A key aspect of the scheme is ensuring that there is a new team in place by the start of 'Go Live' to ensure that:
- Applications are processed in a timely manner
 - Licence applications are considered
 - Fees are taken
 - Properties are inspected
 - Enforcement action is taken where necessary.
- 14.2 As already mentioned, schemes should be cost neutral, and the Council is not permitted, by law, to make a profit. Equally, it is important that the scheme should not place additional costs on the Council.

14.3 The cost of the staff required has to be met from the income generated by the Council. Modelling has taken place to estimate as accurately as possible the number of licences that will be generated and the size of the team required to administer the scheme.

14.4 The anticipated staff resource for selective and additional licensing is set out in the table below:

No.	Posts: 4 SL Wards + 7AL	Scale Point	Grade	Full Year Cost
5	Full-time Enforcement Officers/Principal Enforcement Officer- (incl. on-costs)	37	ME13/ME15	306,968
1	Team Manager	39	ME16/MGA	73,754
3	Full-time Licensing Officers- (incl. on-costs)	25	ME9	136,994
	Senior Manager Apportionment			10,888
0.5	Finance Support Officer	29	ME11	26,345
	(Note: Costs subject to Pay Settlement) Total			554,949

15 HOUSING RELATED STRATEGIES

15.1 Statutory guidance requires that selective licensing is not a tool to be used in isolation. The Council is required to show how a designation will form part of the overall strategic borough wide approach and how it fits with existing policies on:

- homelessness
- empty homes
- regeneration
- anti-social behaviour associated with privately renting tenants

15.2 The Council must also ensure that licensing complements other measures and should only be used where existing measures alone are insufficient to tackle the underlying housing problems of a specific area. The Council should also carefully consider any potential negative economic impact that licensing may have on their area, particularly the risk of increased costs to landlords who are already fully compliant with their obligations. The guidance recognises the potential for additional costs to reduce further investment and to be passed on to tenants through higher rents.

- 15.3 In line with the guidance proposed licensing forms part of wide range of strategies and measures that the Council is pursuing to achieve its key housing supply, improvement, and enforcement objectives. The key strategy and policies are:
- Housing Delivery Strategy 2022-27
 - Housing Register and Nominations Policy
 - Housing Strategy
 - Homelessness Strategy
 - Tenancy Strategy
 - Local Plan
 - Equality and Community Cohesion Strategy
 - Safer Merton Hate Crime Strategy
 - Merton Violence Against Women and Girls Strategy
- 15.4 The Council is a non-stock holding authority and the private sector housing plays a significant role in the housing provision within Merton, and the Council is committed to strategies that improve the provision of well managed private rented homes in the borough. Key priorities to enable achievement of key strategic objectives include improved partnership working with strategic partners, the private rented sector, and enhancing enforcement and regulatory interventions where issues are identified.
- 15.5 New initiatives have been proposed or have already been implemented to enable the Council to achieve its objectives, including:
- Selective Licensing
 - Additional Licensing
 - An Empty Homes Strategy
 - Article 4 Direction - planning controls for small HMOs in seven wards in Merton
 - Private Sector Housing Assistance Policy (Disabled Adaptations Services)
 - Rent Deposit Scheme / private rental procurement via partnership with Capital Letters
- 15.6 These policy initiatives underpin our approach to housing delivery and enforcement, utilising the range of options available to improve conditions in the sector. In furtherance of this objective the Council will continue to work with strategic partners such as Police, Fire Service, Community Safety Teams, housing associations, landlord forums, third sector and advice agencies, and ensure that Council services such as Noise and Nuisance, ASB support strategic objectives to improve housing conditions in the private rented sector.
- 15.7 In 2022 the Council adopted the Housing Delivery Strategy 2022-27, an overarching five-year strategy which aligned with a wider group of policies and strategies, designed to:

- Increase the supply of affordable housing
- Support residents to access affordable, well managed private rented homes
- Improve the condition of housing in the private rented sector including effective regulation
- Develop strong partnerships to support the delivery of new supply
- Enhance homelessness and rough sleeping services
- Achieve Merton's Local Plan objectives and the Climate Strategy and Action Plan
- Meeting the needs of vulnerable households, including older people, those with physical or learning disabilities, and care leavers.

16 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 16.1 The current financial projections are that the selective and additional licensing scheme will require £3.3m expenditure over the five-year scheme period, including £3m staffing expenditure, based on a staff resource of 9.5 staff.
- 16.2 Projected income and expenditure for the selective and additional licensing schemes is based on the expected applications processed each year of the scheme and the licence fee income, based on the fee and discount permutations.
- 16.3 The fees are expected to cover the costs of the ring-fenced schemes, and the Council is unable to make a profit. Any surplus remaining at the end a scheme would be used to roll over to a subsequent if approved or returned to licence holders. The current legal position at the time will be reviewed to ensure that the Council complies with government guidance. The Council is required to keep the schemes under review, and income and expenditure will be reviewed as part of the annual scheme reviews.
- 16.4 There will be an increase in the number of planning applications received following the introduction of the Article 4 Direction. It is difficult to quantify how many at this stage but there will additionally be an increase in planning application fees, which could be used to bolster the team. This is being monitored.
- 16.5 Any compensation claims that may be submitted as a result of introducing an Immediate Article 4 Direction are deemed to be capital expenditure and no provision exists in the capital programme for these.

17 LEGAL AND STATUTORY IMPLICATIONS.

- 17.1 This report sets out the statutory and regulatory requirements relevant for Landlord Licensing and the Article 4 Direction. It also highlights the need for robust data in support of both schemes, and for them to apply to the smallest,

- clearly defined, geographical areas based upon the evidence to avoid challenge.
- 17.2 The statutory framework for selective and additional licensing is set out in S.80 of the Housing Act 2004. Selective Licensing of Houses (Additional Conditions) (England) Order 2015, and in the Ministry of Housing and Local Government (MHCLG) (now the Department for Levelling Up, Housing and Communities (DLUCH)) 2015 publication, Selective Licensing in the Private Rented Sector.
- 17.3 The Town and Country Planning (General Permitted Development) (Amendment) (No.2) (England) Order 2010 makes a change of use from a use falling within Class C3 (dwelling houses) to a use falling within Class C4 (houses in multiple occupation) 'permitted development' – i.e., planning permission is no longer needed to do this. Under Article 4 of the General Development Order (as amended) ("GDO") local planning authorities can make directions withdrawing permitted development rights from development across a defined area listed in Schedule 2 of the same order. For all article 4 directions the legal requirement set out in paragraph (1) of article 4 of the GDO is that the local planning authority is satisfied that it is expedient that development that would normally benefit from permitted development rights should not be carried out unless permission is granted for it on an application.
- 17.4 Under section 108 of the Town and Country Planning Act 1990 there is an entitlement to compensation where planning permission is refused for development that would have been permitted development but for an Article 4 Direction or granted subject to conditions, which were not also imposed under the permitted development, if that has resulted in the property having a lesser open market value than it would have had but for the Article 4 Direction and subject to such planning refusal or conditional planning permission being in respect of a planning application made within a year of the date of the Article 4 Direction.
- 17.5 The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 states that approval to make an Article 4 Direction is not a Cabinet function and therefore should be made by resolution of full Council.
- 17.6 New PD rules that came in force in July 2021, are set out in the National Planning Policy Framework (NPPF)
- 17.7 The Government are currently proposing changes to the NPPF. Under the proposals, In the reformed planning system, authorities will no longer be able to prepare supplementary planning documents (SPDs). Instead, they will be able to prepare Supplementary Plans, which will be afforded the same weight as a local plan or minerals and waste plan.
- 17.8 It is proposed that when the new planning system comes into force (expected late 2024), existing SPDs will remain in force for a time-bound period; until the local planning authority is required to adopt a new-style plan. Current SPDs will automatically cease to have effect at the point at which authorities are required to have a new-style plan in place. For example, if a planning authority's plan is more than 5 years old when the new system comes into force and that planning authority is required to begin new-style plan-making

straight away, their SPDs will expire on the date at which they are required to adopt a new-style plan i.e. 30 months after they commence plan preparation. Where an authority is working towards the 30 June 2025 deadline and they miss it, their SPDs will expire 30 months after that date i.e. at the end of December 2027.

- 17.9 The Secretary of State has considered the evidence for the Article 4 Direction and has said it will not intervene. For Selective Licensing, as the wards selected are under the 20% threshold, the Secretary of State does not have to give consent.
- 17.10 There is a risk of Legal Challenge to the introduction of both Selective and Additional Licensing.
- 17.11 The data will need to constantly be reviewed during the term of the Selective Licensing scheme should it proceed, and Members should be aware of the enforcement powers available to the Council under the Housing Act 2004 to ensure compliance with the scheme.

18 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 18.1 The Council has carried out an equalities assessment at each stage of developing the Article 4 Direction, considering the impact of the proposal on each of the protected characteristics (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion/belief, sex, sexual orientation, and socio-economic status).
- 18.2 The outcome is that Equalities Assessment has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. The Council has also considered the “in-combination” effects of the Article 4 Direction and the proposed new licensing regime.
- 18.3 The Equalities Assessment has considered the potential effects of introducing licensing in the seven wards in-combination with the effects of introducing the Article 4 Direction in the same wards. Possible in-combination effects include:
- Improvements to the quality of HMOs and the whole private rented sector in the seven wards.
 - Reduction in private rented properties, particularly HMOs if some prospective landlords exit the market, or are deterred from setting up or providing rented accommodation within a licensing and Article 4 designated area.
- 18.4 There is very little data available to enable assessment of the in-combination effects of licensing and Article 4 Directions, however, the data indicates a reduction in ASB and improved mental health and provides evidence in support of licensing.

- 18.5 The intended benefits of licensing, including improvement of conditions in the PRS along with the controls that the Article 4 Direction aims to deliver, will improve the lives of those households' dependent on the rented sector for safe and well managed housing.
- 18.6 The data obtained from the ONS private rental market statistics indicates that in the sample boroughs with selective licensing and Article 4 Directions in place, around half showed increases in the median rent across all categories from -1.7% to 3.8%.increase over the three-year period 2019 to 2022. Just over half showed increases in the three-year period of between 5.9 and 8.3%. The data does not indicate that rental prices rose to a significant extent due to licensing.
- 18.7 The Council will keep this equalities assessment under review.

19 CRIME AND DISORDER IMPLICATIONS

- 19.1 The selective licensing proposals are intended to reduce incidents of crime and anti-social behaviour related to poorly managed properties in the private rented sector. KPI measures will be set and monitored in relation to these indices if the scheme is progressed.
- 19.2 There are no direct crime and disorder implications in relation to the introduction of an Article 4 Direction although the requirement to seek planning consent could lead to an improvement through greater awareness and controls.

20 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 20.1 Following the introduction in November 2022 of an Immediate Article 4 Direction, and its Confirmation at April 2023 Council, there remains a risk of compensation claims being received should a planning application for a development that previously relied on Permitted Development be refused or have conditions attached that affects the development's value. This only applies to those applications submitted by 17th November 2023.
- 20.2 There is a risk of a Judicial Review being brought against the Council for both Selective, and Additional Licensing for 3 months from the date of Confirmation/Designation.
- 20.3 There is a risk that the team of staff required will not be able to be recruited successfully within the timescale to commence Landlord Licensing in September.

21 APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

Appendix A: Summary of Consultation Responses

Appendix B: Selective Licensing Conditions

Appendix C: Additional Licensing Conditions

Appendix D: Schedule of Proposed Charges for Licensing

22 BACKGROUND PAPERS

LSG Report 22 November 2021 – Selective Licensing Options and report on Article 4 Directions

LSG Report 7 March 2022 – Selective Licensing Update and Empty Homes

LSG Report 13 June 2022 - Update on Selective Licensing & Article 4 Directions

LSG Report 22 September 2022 - Update on Selective Licensing & Article 4 Directions

LSG Report 5 June 2023

Cabinet Report 10 October 2022

Cabinet Report 20 March 2023

Council Report 19 April 2023

Metastreet Report

Opinion Research Services Final Report