

# Selective Licensing

# Evidence Report

October 2021



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# Introduction

Birmingham City Council is consulting on a proposal to designate parts of the city as subject to a licensing scheme for private rented properties. It is proposed, subject to legislative requirements, that this would come into effect in the financial year 2023/24.

Selective licensing is an additional tool that local authorities can seek approval to use alongside their normal enforcement powers in order to target specific issues that are affecting the local authority and its communities. Selective licensing would allow the Council to regulate private landlords to manage this housing sector more effectively.

Licensing enables a privately rented property to be easily identified and as such for organisations and regulators such as the Council, the Police, Her Majesty's Revenue and Customs (HMRC) and others to be able to advise and support tenants and landlords alike. It provides a clearly defined offence in that a property is either licensed or unlicensed. It clarifies ownership and responsibility which simplifies enforcement and makes it more effective. Where a landlord is intentionally operating without a licence it is possible the inspection process will uncover further offences. Licensing also provides a clear driver for effective engagement between landlords and local authorities, and drives up landlord awareness of their responsibilities.

Selective licensing encourages the development of effective intelligence gathering mechanisms to support compliance by identifying unlicensed properties and then targeting those problematic properties. It promotes joint working within the Council and other agencies – fire and rescue services, police, border control/immigration, social services and HMRC.

The proposal is to designate an area of selective licensing which will cover 25 wards of the city. The designation would regulate the management, use and occupation of

privately rented properties that are not Houses in Multiple Occupation (HMO). The Council has reviewed the evidence available to understand the conditions in the private rented sector in the city and considers that the proposed scheme meets the statutory criteria for selective licensing based on the evidence of high levels of crime and deprivation. The designation will last for five years and will include statutory and general conditions aimed at ensuring licensed properties are safe, meet basic standards and they are managed in a satisfactory way.

The Housing Act 2004 gives powers to local authorities to require other HMOs outside of the mandatory scheme to be licensed in specific circumstances. The Council has considered if it is appropriate to include a proposal for additional licensing as part of this consultation, however, it is considered that any potential additional licensing areas are likely to overlap with those proposed for selective licensing. The Council would therefore intend to review the impact of the proposed selective licensing scheme prior to making a decision (based on evidence) on whether any proposal for additional licensing schemes would be appropriate.

The selective licensing designation will help the Council to:

- Reduce deprivation in conjunction with other key Council strategies. These include the Homelessness Prevention Strategy 2017+ and Corporate Plan.
- Reduce crime linked with the private rented sector in conjunction with the Police and community safety team.
- Improve the condition of privately rented housing in the City and thereby the wellbeing of residents from that sector.

The Council proposes the targets below in order to achieve these outcomes over a five year period:

- Ensure that at least 75% of licensable properties are licensed

- In at least 95% of licensed properties, compliance with licence conditions and improved property conditions has been achieved or enforcement action taken or in progress
- Reduce incidents of home burglary and non-domestic violent crime.
- Improve 1000 properties in the Private Rented Sector per annum as a result of the Local Authority's intervention
- Reduce the deprivation gap between that found in the 25 proposed wards and that of the city's other wards
- Reduce the number of wards within the selective licensing area that are designated as the 10% most deprived Super Output Areas nationally

The Council has historically used existing enforcement powers to deal with property conditions and management. This is predominantly as a reactive response to complaints, with the Council relying heavily on the information from tenants and neighbours to identify which properties are privately rented and are in poor condition, overcrowded and are being badly managed. The continuing increase and high number of service requests from tenants living in the private rented sector indicates current enforcement measures are not sufficient on their own. However, the number of complaints received cannot be relied upon as an absolute indicator of dissatisfaction or risk. The nature of tenants in private rented sector properties within the 25 wards identified clearly points to a deprived community who may well be reticent to make complaints for fear of losing their homes or indeed may not know their housing rights. The Council cannot solicit complaints by virtue of “marketing” its services or door knocking. It is therefore limited in proactively seeking out those tenants that may be living in poor or high risk accommodation.

Selective licensing would be beneficial in identifying all private rented properties and ensuring a minimum standard. In addition, it would allow landlords operating illegally to be identified and enable those properties to be targeted for inspection and to be brought into compliance. This would help to raise standards and improve conditions in the sector. It would provide a level playing field for legitimate landlords and reduce the risk of exploitation of tenants. Selective licensing provides clear guidance for landlords on the expected standards for property conditions and management.

The evidence shows that the 25 proposed wards have a higher than average number of private rented properties and the issues associated with properties in the private rented sector cannot continue. We believe that a selective licensing scheme is necessary and the most effective means by which we can address the current issues.

Where the proposed designation covers either 20% of the total geographic area of the authority or 20% of the total privately rented stock, the designation requires approval by the Department for Levelling Up, Housing and Communities (LUHC) (previously the Ministry of Housing, Communities and Local Government). Selective licensing applications require local authorities to first demonstrate the evidence for their concerns as well as look at alternative approaches and consult widely. Due to the size of the area to be designated in terms of geography and the size of the private rented stock in Birmingham to be included, the implementation a selective licensing scheme does require the approval of the Secretary of State for Levelling Up, Housing and Communities.

Housing is a key priority for Birmingham residents and the City Council, and it plays a significant part in all our lives. The location, type, and quality of the homes in which we live has a major impact on the rest of our lives including how children perform at school, the employment we can access and how long we can expect to live. Without

question the human need for food, water and shelter are the highest priorities in life.

We therefore urge you to consider our proposals carefully.

This evidence report outlines our proposals and approach. The consultation questionnaire seeks your views about these proposals, our objectives, our proposed licence conditions, our proposed licensing fees, and the alternatives that you think we should consider. We will listen carefully and consider the results of the consultation before making a decision about how to proceed.

The consultation questionnaire can be accessed by visiting the Council's consultation hub "Be Heard" at [www.birminghambeheard.org.uk/place/selective-licensing-consultation](http://www.birminghambeheard.org.uk/place/selective-licensing-consultation) or by visiting Opinion Research Services at [www.opinionresearch.co.uk/Birmingham](http://www.opinionresearch.co.uk/Birmingham)

## Housing Profile

The total number of residential properties in Birmingham across all tenures is estimated to be 468,048, of which the private rented sector is now estimated at 104,941 properties, an increase of more than 50% since the 2011 census. This includes 6121 HMOs, of which around half are currently licensable. It is the second largest tenure after owner occupation and represents 22.14% of housing tenure. The proposed designation is estimated to contain 54,000 private rented properties which accounts for around 51% of this housing type in the city.

Given the demand for housing in the city, it is becoming the main route to suitable accommodation for households who are homeless or on limited income.

As of April 2021, Birmingham has the third highest number of households (3316) in temporary accommodation in England, and the highest number when London councils are excluded.

Around a third of the households approaching the Council's housing advice team each year are private tenants at risk of losing their home. Although the Council will endeavour to prevent homelessness where possible, many situations will result in homelessness.

With around 18,500 households on the Council's housing waiting list, and average waiting times running to many years, particularly for larger, family sized accommodation, the importance of good quality, private sector rented accommodation cannot be underestimated.

Whilst most temporary accommodation is exempt from licensing, this form of control does allow the Council to set a standard that will help to ensure that the temporary accommodation utilised in the private rented sector is suitable. Currently private rented sector housing accounts for nearly 900 properties used as temporary accommodation. The selective licensing scheme would mean that new private rented properties that are utilised for this purpose are already at the required standard.

One of the Council's aims is to work with landlords to sustain tenancies and to reduce the prevalence of evictions, leading to a more stable private rented community. Any new licensing scheme will be aligned with Birmingham Homelessness Prevention Strategy 2017+. The strategy can be viewed at:

[www.birmingham.gov.uk/downloads/download/598/birmingham\\_homelessness\\_prevention\\_strategy\\_2017](http://www.birmingham.gov.uk/downloads/download/598/birmingham_homelessness_prevention_strategy_2017)

In implementing a selective licensing scheme, the Council not only wants to tackle non-compliant landlords, but also work with all landlords to address tenancy issues at the earliest opportunity. The eviction and reletting process can be costly for landlords, and will have a range of negative impacts on tenants including moving costs and a possible move away from an existing support network and/or children's schooling

## Legislative Framework

Legislation allows for six different reasons for the introduction of selective licensing, they are that the area:

- is, or is likely to become, an area of low housing demand
- is experiencing a significant and persistent problem caused by anti-social behaviour
- is experiencing poor housing conditions
- has experienced, or is experiencing, an influx of migration into it
- is suffering from high levels of deprivation
- is experiencing hight levels of crime

In Birmingham, the Council feels that selective licensing will contribute toward reducing deprivation and crime. The legislative context for these factors can be found in The Selective Licensing of Houses (Additional Conditions) (England) Order 2015, articles 6 and 7. The detail of this Order can be found on the Government website at [www.legislation.gov.uk](http://www.legislation.gov.uk)

Local authorities must also seek confirmation from the Secretary of State for Levelling Up, Housing, and Communities for any selective licensing scheme that covers more

than 20% of their geographical area or would affect more than 20% of privately rented homes in the local authority area.

A local authority may only make a designation after they have considered if there are any other available courses of action to them and if these would produce the intended outcomes that the designation would achieve; and if making the designation will significantly assist them to achieve the objectives.

## Desired Outcomes

The targeted outcomes for our scheme over the five year period are:

- Reduce the deprivation gap between that found in the 25 proposed wards and that of the city's other wards
- Reduce the number of wards within the selective licensing area that are designated as the 10% most deprived Super Output Areas nationally
- In at least 95% of licensed properties, compliance with licence conditions and improved property conditions has been achieved, or enforcement action taken or in progress
- Ensure that at least 75% of licensable properties are licensed
- Reduce incidents of home burglary and non-domestic violent crime
- Improve 1000 properties in the Private Rented Sector per annum as a result of the Local Authority's intervention

# **Related Strategies and Their Consistency with a Selective Licensing Scheme**

The guidance requires that any selective licensing scheme must be consistent with other related strategies. The following information evidences that a selective licensing scheme would be consistent with the Council's related strategies.

## **Council Plan 2018 - 2022**

The Council Plan sets out six outcomes that the Council seeks to achieve:

- Birmingham, an entrepreneurial city to learn, work and invest in
- Birmingham, an aspirational city to grow up in
- Birmingham, a fulfilling city to age well in
- Birmingham, a great, clean and green city to live in
- Birmingham, a city whose residents gain the most from hosting the Commonwealth Games; and
- Birmingham a city that takes a leading role in tackling climate change.

The Plan is currently being refreshed, but good quality housing for all is an important aspect of the City Council's goals.

A selective licensing scheme is one of the tools available to improve standards in the private rented sector. The proposed scheme would fit within the fourth outcome - 'Birmingham, a great, clean and green city to live in'. Specifically, the implementation

of a selective licensing will contribute to priorities 2 and 3 of the eight priorities to achieve this outcome:

**Priority 2 - We will have the appropriate housing to meet the needs of our citizens**

A selective licensing scheme will ensure that all privately rented properties meet a minimum housing standard, which gives the tenant a stable home and helps with building stable communities. Tenants would be confident that homes meet the minimum energy saving requirements which would contribute to the green city aspiration.

A selective licensing scheme will also contribute to alleviating fuel poverty as measures to improve standards will ensure that heating appliances are properly checked, maintained, and working efficiently. Improvements in the housing standards should also make properties more secure which should assist with reducing crime, particularly home burglary.

**Priority 3 - We will work with partners to tackle rough sleeping and homelessness.**

The availability of, and living in improved housing conditions, should contribute to the reduction in homelessness.

An awareness of all private rented sector property in the relevant 25 wards and engagement with both tenants and landlords will ensure all parties are aware of the protections in place under the tenancy. It is hoped that this will prevent illegal evictions and help support landlords by resolving tenant disputes. Enabling security of tenure and wrapping around partner services will hopefully reduce homelessness from the private rented sector which we are aware is a major contributor to homelessness in Birmingham.

## **Homelessness Prevention Strategy 2017+**

Since March 2018, the number of customers being made homeless from the private rented sector has increased. There are a variety of reasons for this, including disrepair. By ensuring that landlords meet a set housing management standard it would be expected that there would be a reduction of homeless applications for this reason.

A landlord who is required to have a licence but does not, loses the right to automatic possession of the rented property under an assured shorthold lease under Housing Act 1988, s.21 (as amended s.75). Thereby offering extra protections from illegal evictions.

With a licence the Licence holder must supply to the occupiers of the house a written statement of the terms on which they occupy the property. This is usually a tenancy or licence agreement. This ensures the tenants understand their commitment and that of their landlord, but also the agreement in terms of length of tenancy and notice periods. This adds that protection of occupying under a legal framework.

## **Empty Properties Strategy**

The Council's Empty Property Strategy aims to bring privately owned properties back into use. Empty properties adversely affect the lives of people in the vicinity. They attract vandalism and anti-social behaviour. In addition, empty properties have a negative impact on the surrounding living environment and drive down property values.

There is great demand for family accommodation in the city and most of the empty properties reported are houses. Bringing these properties back into use will contribute to the supply of family accommodation. A selective licensing scheme will assist with ensuring that the standards are maintained and reduce the likelihood of the property

becoming void/empty. This stability in a reasonable standard of accommodation should influence and reduce housing related crime and deprivation whilst ultimately contributing to the improvement of life outcomes.

## **Proposed Selective Licensing Areas**

Government regulations and guidance for the introduction of selective licensing requires local authorities to meet strict criteria before a selective licensing scheme can be implemented in an area/s. Based on the research the Council has undertaken, we have decided to consult on a proposal to introduce selective licensing on the following statutory grounds:

A significant proportion of the stock is privately rented and that this stock is in:

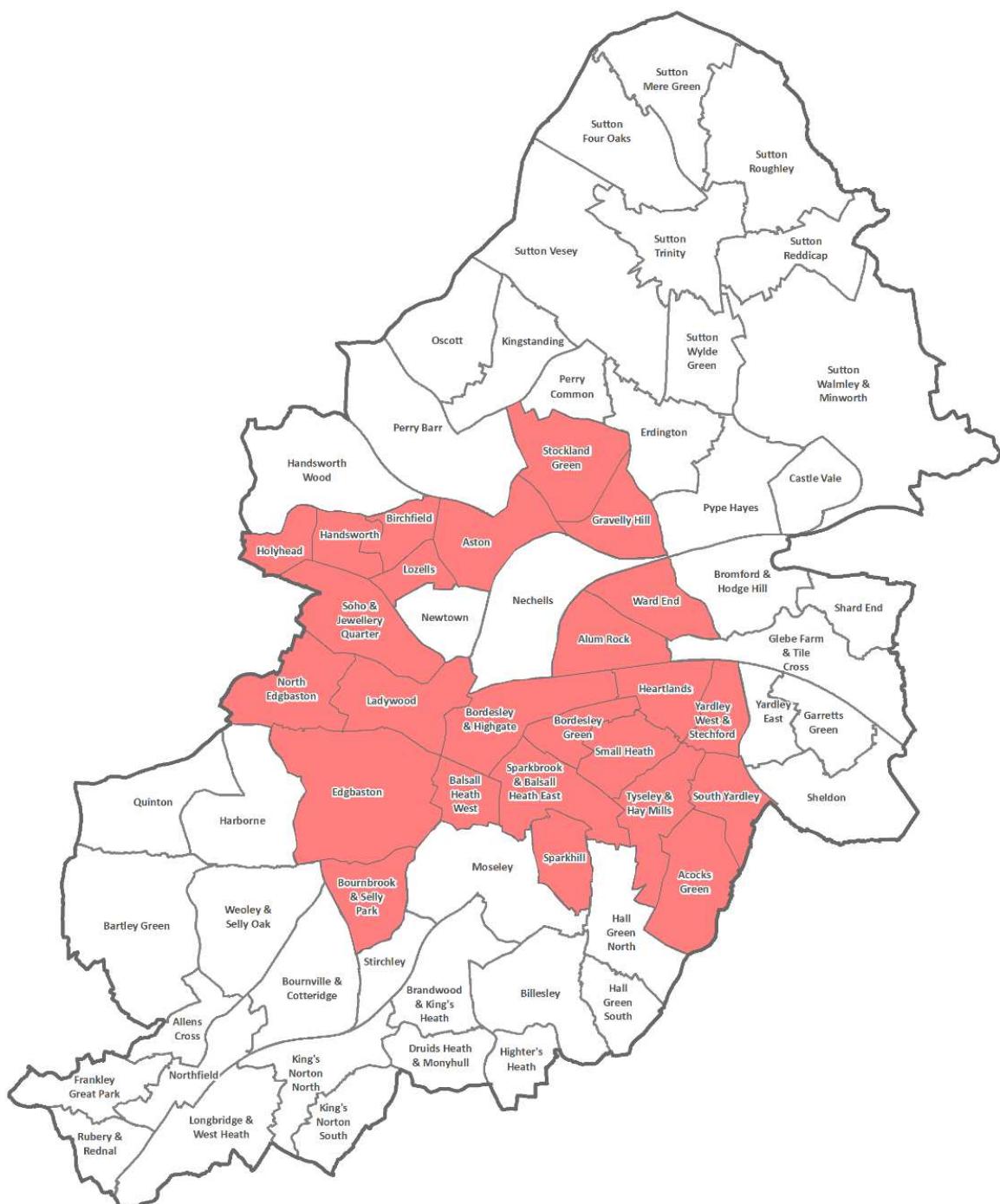
- an area that experiences high levels of deprivation
- an area that experiences high levels of crime

The data shows the proposed designation meets the criteria for selective licensing in that:-

- It contains a high proportion of privately rented homes compared to the national average (greater than 20%)
- The area is experiencing levels of crime higher than the Birmingham average
- The area within the designation is experiencing higher levels of deprivation amongst its population than the Birmingham average

A list along with a map of the proposed wards to be designated for selective licensing can be found on page 13.

- Acocks Green
- Alum Rock
- Aston
- Balsall Heath West
- Birchfield
- Bordesley Green
- Bordesley & Highgate
- Bournbrook & Selly Park
- Edgbaston
- Gravelly Hill
- Handsworth
- Heartlands
- Holyhead
- Ladywood
- Lozells
- North Edgbaston
- Small Heath
- Soho & Jewellery Quarter
- South Yardley
- Sparkbrook & Balsall Heath
- Sparkhill
- Stockland Green
- Tyseley & Hay Mills
- Ward End
- Yardley West & Stechford



# Justification for Designating Areas for Selective Licensing

## 1) An area experiencing high levels of private renting

One of the requirements of designating an area for selective licensing scheme is that it must contain a high proportion of privately rented homes compared with the national average (currently 19%). The table below shows the percentage of the housing in each ward that is made up of the private rented sector. Each of the 25 wards identified for inclusion in the selective licensing designation have a high (greater than 19%) percentage of private rented property and are highlighted. Wards where the proportion of private sector housing stock is lower than average could be included as long as the overall designation is greater than 19%, however it is felt that the priority at this time is to focus on those areas which exceed the national average.

Ward	Percentage of private rented accommodation
Acocks Green	26.0
Alum Rock	24.00
Balsall Heath West	23.59
Billesley	15.46
Bordesley Green	28.67
Brandwood & Kings Heath	21.24
Bournville & Cotteridge	19.05
Castle Vale	12.77
Edgbaston	25.51
Frankley Great Park	10.27
Glebe Farm & Tile Cross	17.59
Hall Green North	20.37
Handsworth	27.07
Harborne	29.77

Ward	Percentage of private rented accommodation
Allens Cross	12.28
Aston	25.67
Bartley Green	11.09
Birchfield	25.52
Bordesley & Highgate	31.82
Bournbrook & Selly Park	49.28
Bromford & Hodge Hill	15.66
Druids Heath & Monyhull	11.98
Erdington	25.16
Garretts Green	12.44
Gravelly Hill	34.13
Hall Green South	19.0
Handsworth Wood	23.87
Heartlands	25.36

Ward	Percentage of private rented accommodation	Ward	Percentage of private rented accommodation
Highters Heath	15.33	Holyhead	34.26
Kings Norton North	12.03	Kings Norton South	10.07
Kingstanding	17.74	Longbridge & West Heath	14.44
Ladywood	38.63	Lozells	20.15
Moseley	35.54	Nechells	9.13
Newtown	12.63	North Edgbaston	47.47
Northfield	15.45	Oscott	18.97
Perry Barr	21.61	Perry Common	14.10
Pype Hayes	17.05	Quinton	16.40
Rubery & Rednal	14.62	Shard End	10.29
Sheldon	14.65	Small Heath	30.66
Soho & Jewellery Quarter	40.11	South Yardley	22.98
Sparkbrook & Balsall Heath	29.27	Sparkhill	34.77
Stirchley	25.64	Stockland Green	28.97
Sutton Four Oaks	13.56	Sutton Mere Green	11.65
Sutton Reddicap	14.05	Sutton Roughley	11.94
Sutton Trinity	22.39	Sutton Vesey	14.99
Sutton Walmley & Minworth	13.12	Sutton Wylde Green	14.87
Tyseley & Hay Mills	27.09	Ward End	25.24
Weoley & Selly Oak	19.64	Yardley East	15.29
Yardley West & Stechford	21.33		

## 2) An area experiencing high levels of deprivation

Deprivation is the consequence of a lack of income and other resources and can be measured and evidenced in various ways. Council's should consider the following factors when comparing to other similar neighbourhoods in the local authority area or within the region:

- the employment status of adults
- the average income of households

- the availability and ease of access to education, training and other services for households
- the health of households
- levels of crime
- living environment – both internal and external

All the above factors are combined in the Index of Multiple Deprivation (IMD) which has been used to assess the level of deprivation in Birmingham. A ranking score was used to compare the deprivation levels of Birmingham compared to the national average. A rank of 1 means that the area is the most deprived. The average rank for England is 16,422 and for Birmingham it is 7,752.

Using the rank of average scores measure, Birmingham is ranked the 7th most deprived local authority in England (of 317). The city is also the most deprived authority in the West Midlands Metropolitan area. Birmingham is ranked the third most deprived English Core City after Liverpool and Manchester. While there are pockets of deprivation in all parts of the city, deprivation is most heavily clustered in the wards surrounding the city centre.

In June 2016, Birmingham Child Poverty Commission, published an independent report on deprivation and its impact. A copy of the report can be viewed at [www.birmingham.gov.uk/downloads/file/7881/child\\_poverty\\_commission\\_report](http://www.birmingham.gov.uk/downloads/file/7881/child_poverty_commission_report)

It detailed how the significant levels of deprivation and poverty in the city, impact on the growth, development and aspirations of residents, especially young people. Given the shortage of social housing, vulnerable households and those on limited income are having to rely on private sector housing more and more.

A selective licensing scheme would mean that private sector landlords would have to adhere to any licence standards. This would include ensuring that the property is in a good state of repair, there is adequate heating, making properties secure, ensuring space standards are adequate, taking reasonable steps to prevent or reduce unacceptable behaviour by tenants and persons visiting the property, and the provision of adequate refuse disposal facilities. In addition, a landlord/managing agent would need to be a ‘fit and proper person’ and competent to manage the property.

During the period of the licence, there would be an inspection of properties to ensure that the licence is being adhered to and complaints would also be investigated.

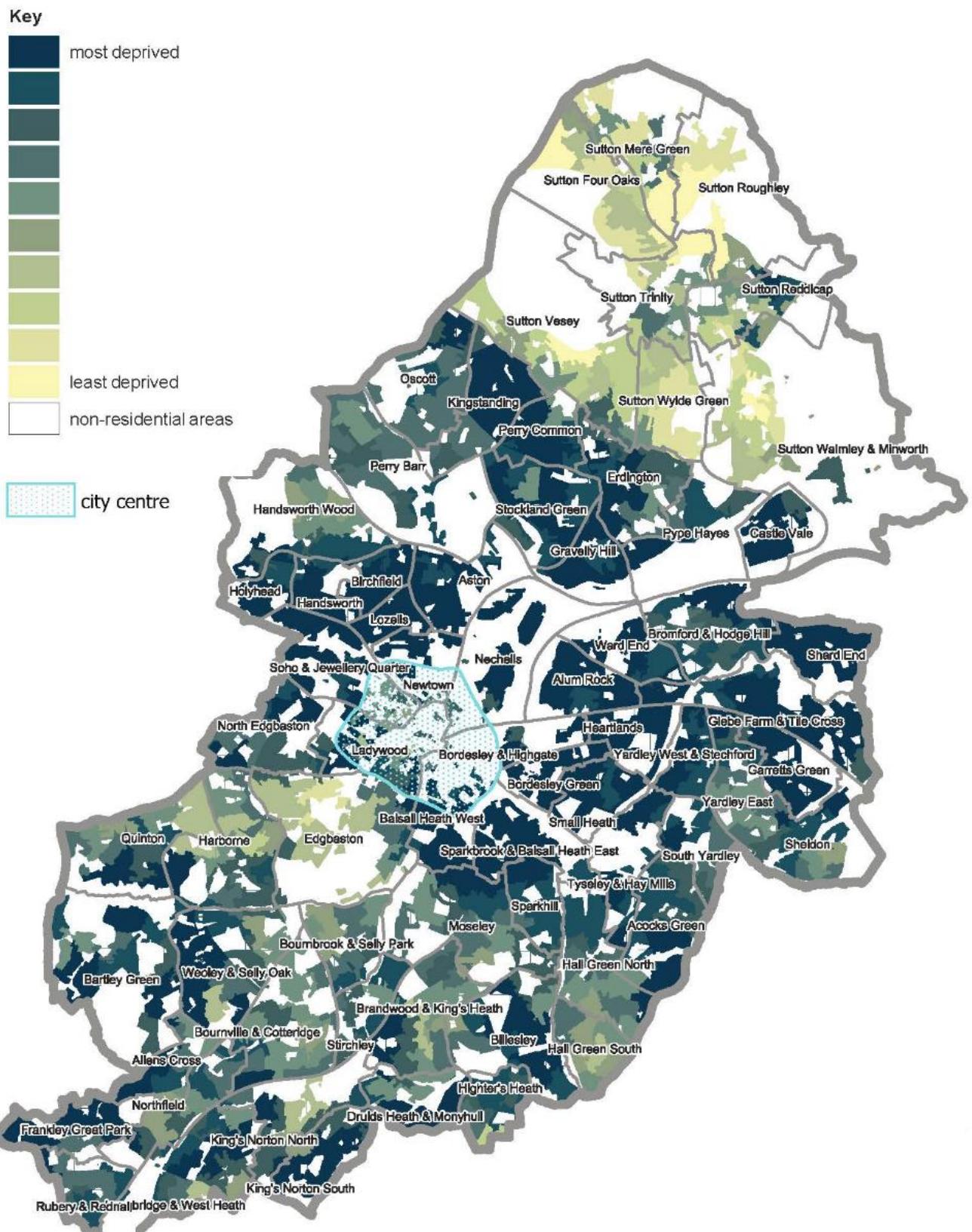
Where it was identified that licensing conditions were not being adhered to, enforcement action could be taken in compliance with the City Council’s adopted enforcement policy. This policy can be viewed at the link below and emphasises a “necessary and proportionate” (7.2.1) response depending on the type of infraction, ranging from no action or informal advice through to proceedings in Court (7.1.1).

[www.birmingham.gov.uk/downloads/file/405/regulation\\_and\\_enforcement\\_enforcement\\_policy](http://www.birmingham.gov.uk/downloads/file/405/regulation_and_enforcement_enforcement_policy)

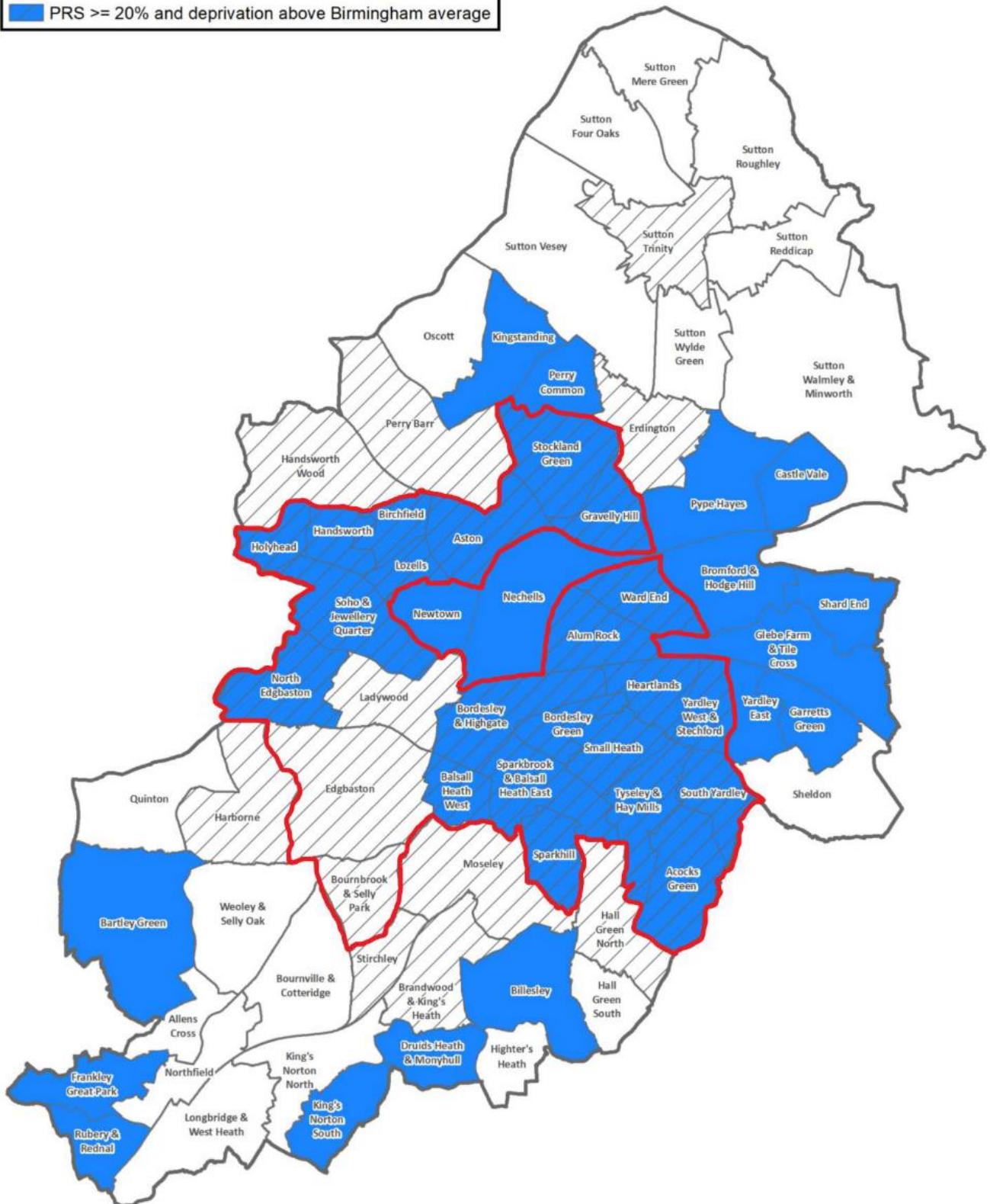
It is expected that a selective licensing scheme will aid in alleviating some of the elements that cause deprivation, particularly the internal living environment and the external physical environment

The map on page 18 shows the wards which are the most deprived in Birmingham. The darker the colour the more deprived the area. It is important to note that these levels of deprivation will not apply to every person living in these areas. Many non-deprived people live in deprived areas, and many deprived people live in non-deprived areas.

The further map on page 19 shows the wards where the deprivation ranking is greater or less than the city average, and where deprivation rankings are higher than the average and also have high levels (greater than 20%) of private rented housing. The boundary of the proposed designation is marked by the red line.



- |  |   |
|--|---|
|  | Deprivation below Birmingham average                |
|  | Deprivation above Birmingham average                |
|  | PRS >= 20%  |
|  | PRS >= 20% and deprivation above Birmingham average |



The table on page 22 and continued on pages 23 and 24 shows Birmingham's 69 wards ranked by their aggregate IMD score from 1 being the most deprived to 69 the least deprived. The table also highlights where each ward's IMD score would rank it nationally in terms of IMD decile with 1 being in the most deprived 10% of areas nationally, 2 in the top 20% of deprived areas and so on.

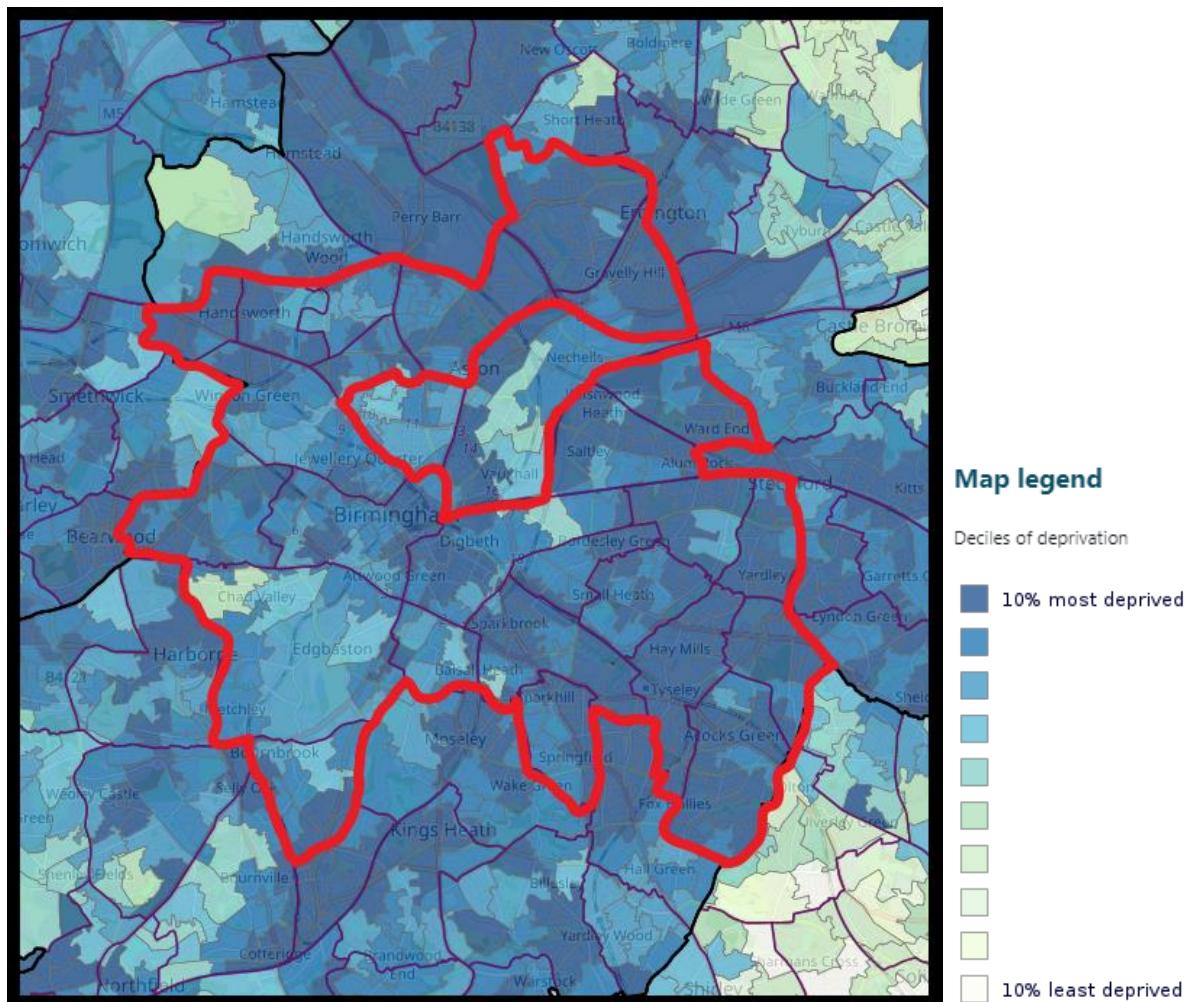
Sparkbrook & Balsall Heath East is the most deprived ward in the city. The top 10 most deprived wards are mainly comprised by inner city areas but also include some more deprived outer city and suburban areas. 27 of Birmingham's 69 wards have deprivation scores that rank them in the 10% most deprived areas nationally. 61 of the city's wards are in the top 50% of deprived areas with only eight wards being in the least deprived 50% of areas; these eight wards are comprised of Hall Green South and seven Sutton Coldfield wards

The wards which are proposed to be included in the selective licensing designation are highlighted. Readers will note that there are wards which rank highly in terms of deprivation but are excluded from the proposed designation. Equally, there are wards that are ranked relatively low in the ranking which are included in the proposed designation. As stated earlier in this report, areas with a lower than average percentage of private rented could be included within the designation, however it is felt most appropriate to focus the resources available on those areas with the highest levels of private rented accommodation and where licensing will see the greatest number of tenants benefited.

The Council recognises that the introduction of selective licensing will primarily aim to impact the living environment domain element of the IMD. This domain makes up 9.3% of the total and measures the quality of the local environment and the indicators fall into two sub-domains - the 'indoors' living environment measures the quality of

housing; while the 'outdoors' living environment contains measures of air quality and road traffic accident. The domain tells us that there are areas of the city which rank relatively low in terms of deprivation but rank highly in terms of a poor living environment. It is therefore important to recognise that whilst areas of the city may rank lower in terms of deprivation, the living environment may rank significantly higher.

The map below shows the living environment domain for the proposed designation. Large swaths of the wards are in the top 10% most deprived areas in England, with a significant proportion in the top 50%. The lighter coloured areas with the proposed designation on the map are predominantly made up of commercial or green areas.



It is the indoor living environment which the Council will aim to address with the introduction of the proposed designation. It is expected that by addressing poor living conditions that wards within the designation will show improvements in their deprivation ranking when compared to other wards over the period of the proposed scheme.

Ward	2019 Birmingham Ward Rank	2019 Decile (where 1 is 10% Most Deprived Nationally)
Sparkbrook & Balsall Heath East	1	1
Bordesley Green	2	1
Lozells	3	1
Castle Vale	4	1
Alum Rock	5	1
Newtown	6	1
Heartlands	7	1
Gravelly Hill	8	1
Balsall Heath West	9	1
Birchfield	10	1
Shard End	11	1
Kingstanding	12	1
Garretts Green	13	1
Aston	14	1
Glebe Farm & Tile Cross	15	1
Handsworth	16	1
Kings Norton South	17	1
Ward End	18	1
Bordesley & Highgate	19	1
Tyseley & Hay Mills	20	1
Small Heath	21	1
Frankley Great Park	22	1
Holyhead	23	1
Nechells	24	1
Druids Heath & Monyhull	25	1
Stockland Green	26	1
Yardley West & Stechford	27	1
Perry Common	28	2
Soho & Jewellery Quarter	29	2
Sparkhill	30	2

Ward	2019 Birmingham Ward Rank	2019 Decile (where 1 is 10% Most Deprived Nationally)
Bartley Green	31	2
Allens Cross	32	2
Bromford & Hodge Hill	33	2
Billesley	34	2
Weoley & Selly Oak	35	2
Acocks Green	36	2
Rubery & Rednal	37	2
Erdington	38	3
Pype Hayes	39	2
Longbridge & West Heath	40	2
North Edgbaston	41	2
Ladywood	42	2
Moseley	43	2
Kings Norton North	44	2
Sheldon	45	3
Stirchley	46	3
Highter's Heath	47	3
South Yardley	48	3
Yardley East	49	3
Hall Green North	50	3
Quinton	51	3
Oscott	52	3
Brandwood & King's Heath	53	3
Handsworth Wood	54	3
Harborne	55	3
Perry Barr	56	4
Bournville & Cotteridge	57	4
Sutton Reddicap	58	4
Northfield	59	4
Bournbrook & Selly Park	60	5
Edgbaston	61	5
Hall Green South	62	6
Sutton Trinity	63	6
Sutton Walmley & Minworth	64	7
Sutton Vesey	65	7
Sutton Mere Green	66	7
Sutton Wylde Green	67	7
Sutton Four Oaks	68	8
Sutton Roughley	69	9

### **3) An area experiencing high levels of crime**

The 2015 report “Safe as Houses? Crime and changing tenure patterns” by the independent think tank, The Police Foundation, found that there was a correlation between levels of burglary and the proportion of private rented housing in an area. There are two possible reasons for this. One, that the quality of security measures in place in some properties is poor which makes unlawful entry easier, and two, that areas with poor housing environments will experience a higher rate of resident churn or movement. This churn can make it harder for areas to come together as a community and challenge unlawful activity.

The report also found that opportunities for local partners to undertake positive action to address crime problems linked to the private rented sector are greater in places where a firmer regulatory grip has been achieved through licensing and related measures.

The data relating to crime was taken from the West Midlands Police open crime database. The crime ranking for England is 179.41 and for Birmingham 203.7. Any ward with a ranking greater than 203.7 can be interpreted as experiencing high levels of crime. In 2020/21 there were 123,488 recorded crimes across the city with 57,607 or 47% being recorded within the 25 wards proposed to be included in the designation. Over this period, home burglary across these wards was a significant contributor to total crime and in many wards it was the highest reported crime.

The guidance states that when assessing if an area suffers from a high level of crime, the local authority may wish to have regard to whether the area has displayed a noticeable increase in crime over a relatively short period, whether the crime rate in

the area is significantly higher than in other parts of the local authority area, or that the crime rate is higher than the national average. The crime rankings across the 69 wards have been compared with the average crime ranking for the city (203.7). The ranking for each ward is shown in the table below with the 25 wards proposed to be included in the designation highlighted.

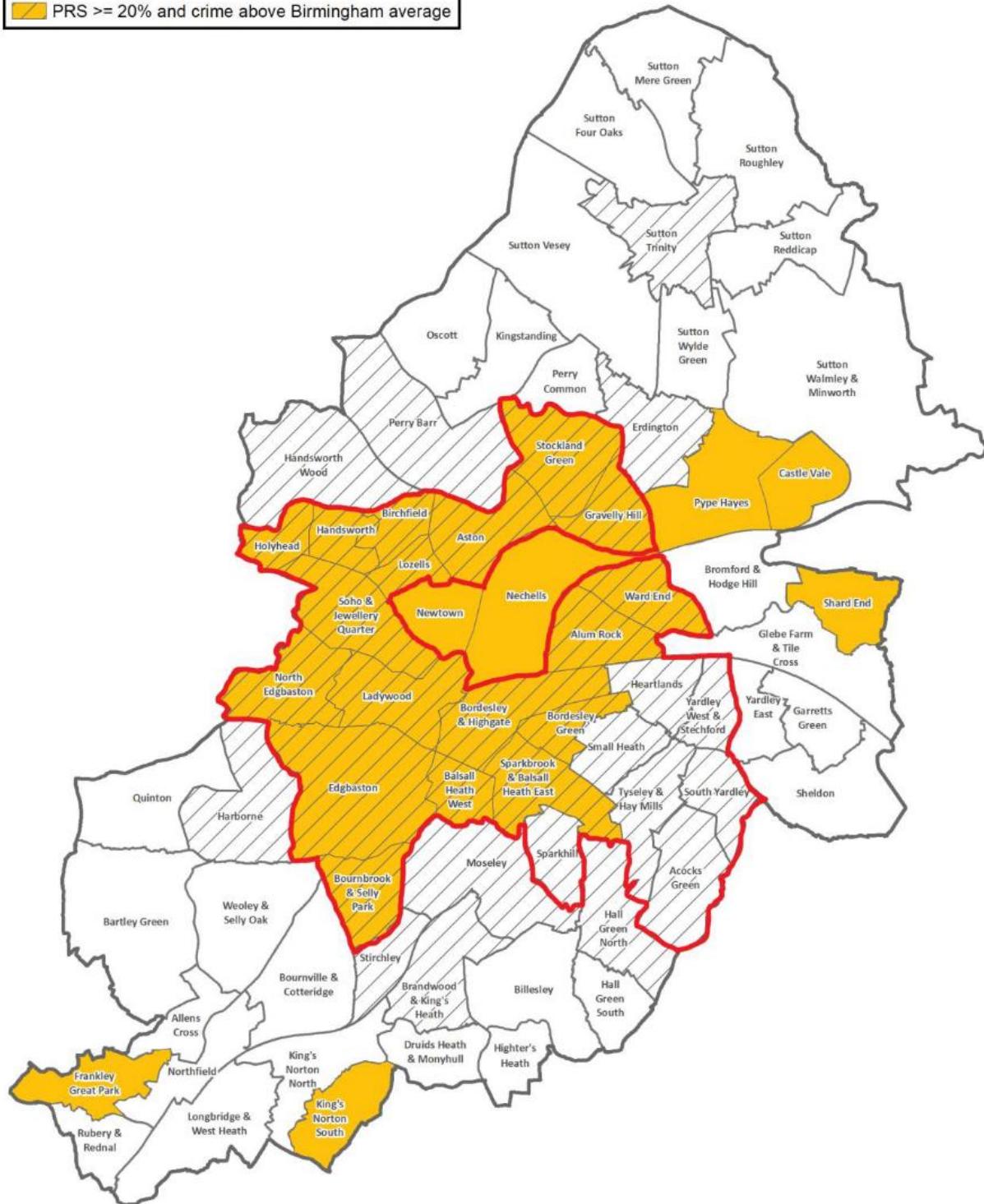
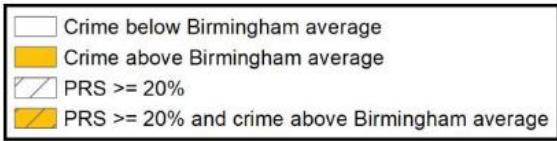
Ward	Crime Ranking (Birmingham Average Crime Ranking = 203.7)	Ward	Crime Ranking (Birmingham Average Crime Ranking = 203.7)
Acocks Green	181	Allens Cross	194
Alum Rock	209	Aston	222
Balsall Heath West	206	Bartley Green	181
Billesley	127	Birchfield	261
Bordesley Green	254	Bordesley & Highgate	590
Brandwood & Kings Heath	174	Bournbrook & Selly Park	204
Bournville & Cotteridge	171	Bromford & Hodge Hill	159
Castle Vale	215	Druids Heath & Monyhull	180
Edgbaston	287	Erdington	175
Frankley Great Park	248	Garretts Green	186
Glebe Farm & Tile Cross	201	Gravelly Hill	284
Hall Green North	133	Hall Green South	80
Handsworth	267	Handsworth Wood	170
Harborne	203	Heartlands	199
Highters Heath	145	Holyhead	215
Kings Norton North	142	Kings Norton South	209
Kingstanding	178	Longbridge & West Heath	157
Ladywood	692	Lozells	260
Moseley	151	Nechells	484
Newtown	345	North Edgbaston	251
Northfield	180	Oscott	135
Perry Barr	152	Perry Common	153
Pype Hayes	215	Quinton	158
Rubery & Rednal	185	Shard End	205
Sheldon	162	Small Heath	196
Soho & Jewellery Quarter	251	South Yardley	196
Sparkbrook & Balsall Heath	574	Sparkhill	194
Stirchley	159	Stockland Green	210

<b>Ward</b>	<b>Crime Ranking (Birmingham Average Crime Ranking = 203.7)</b>	<b>Ward</b>	<b>Crime Ranking (Birmingham Average Crime Ranking = 203.7)</b>
Sutton Four Oaks	90	Sutton Mere Green	78
Sutton Reddicap	131	Sutton Roughley	88
Sutton Trinity	150	Sutton Vesey	121
Sutton Walmley & Minworth	92	Sutton Wylde Green	149
Tyseley & Hay Mills	166	Ward End	236
Weoley & Selly Oak	193	Yardley East	140
Yardley West & Stechford	197		

As already detailed in this report, in addition to having high levels of crime, an area must also have high levels of private rented housing to be designated for selective licensing.

The map on page 28 shows the wards where the crime ranking is greater or less than the city average, and where crime rankings are higher than the average and also have high levels (greater than 20%) of private rented housing. The boundary of the proposed designation is marked by the red line.

As with the proposal to introduce selective licensing to address deprivation, the Council acknowledges that there are wards within the city that have high levels of crime that are not included in the proposed designation. The proposed designation will allow the Council to focus selective licensing resource on those areas with the highest levels of private rented with the goal of reducing crime linked to this sector.



Through selective licensing, the Council aims to:

- Reduce incidents of environmental crime by ensuring the provision of appropriate waste and recycling facilities at the property.
- Reduce incidents of home burglary. Across the proposed designation, home burglary is a significant, and in many cases the most significant, element of total reported crime. By ensuring that entry points are secure, the Council believes that incidents of home burglary will reduce.
- Ensure that the licence holder is a “fit and proper” person. This test is designed to ensure that those responsible for operating the licence and managing the property are of sufficient integrity and good character to be involved in the management of the property and that as such, they do not pose a risk to the welfare or safety of persons occupying the accommodation. This will also hopefully limit illegal evictions.
- Reduce tax avoidance by private landlords. A report released by the HMRC in 2019 found that Birmingham had the highest concentration of buy-to-let landlords across the UK admitting to rental income tax avoidance, with 494 landlords admitting to rental income tax avoidance in 2018/19. This avoidance places an unfair financial burden on us all and through lawful information sharing, the Council will work with the HMRC in reducing this.
- Reduce benefit fraud. The Department of Works and Pension estimate that £6.3 billion were overpaid in benefits in 2020/21 due to fraudulent benefit claims. Selective licensing will enable the Council to gather and share information with the Council’s Corporate Fraud Team and benefit agencies with the aim of reducing levels of fraud

# **Alternative options considered**

We have considered several other courses of action to address the issues described in this report. However, we do not believe that either individually, or collectively, that they would prove sufficiently effective, or be as an effective means of tackling deprivation and crime in the city. Below are the alternative approaches that we have considered and explains why we do not believe they are not sufficient to meet the city's objectives.

## **Use of Housing Act 2004 enforcement powers**

The Council's enforcement powers in respect of the private rented sector are largely provided by the Housing Act 2004, with other public health legislation being applied where necessary and appropriate.

Under the Act, formal notices can be served that require improvements to be carried out. Should these improvements not be carried out, the Council can carry out works in default if a notice is not complied with. Landlords also risk being prosecuted if they do not comply with a notice.

Using the range of tools at its disposal, the Council will decide on the most appropriate action on a case by case basis. Formal action is generally a slow process with appeal provisions against most types of notices served, which can significantly delay the time for compliance. These powers do not place any obligation on landlords to be proactive in improving conditions. Work in default can be effective but is expensive and time consuming for the Council, with the risk that costs will not be recovered without significant delays. Whilst it is a powerful tool, it is still reactive,

Lastly, successful prosecutions do not themselves secure improvements in property conditions and the Council's prosecution costs will not always be met in full.

## **Voluntary landlord accreditation schemes to facilitate improvement in property conditions and management standards**

The Council supports landlords in being members of accreditation schemes and recognises the benefits it can bring to both landlord and tenant in the successful management and sustainment of tenancies. However, accreditation requires voluntary landlord engagement and rogue landlords are unlikely to actively engage in these initiatives, and a relatively low number of landlords have joined the Midland Landlord Accreditation Scheme (MLAS) in comparison to the overall number of private rented properties across the City. There are currently around 650 landlords accredited with MLAS, with Birmingham landlords making up approximately 75% or 487 of total.

There is no single intervention that will achieve an overall solution to reducing crime and deprivation, and each measure will have its limitations. Selective licensing will provide a mechanism which allows for a co-ordinated approach for strong effective partnerships, which will link agencies and services together for the benefit of tenants and the communities they live in.

# **Licence Fee**

The Council will exercise its powers to charge under Section 87(3) and (7) of the Housing Act 2004 and does so taking into account the Provision of Services Regulations 2009.

Section 87 of the Act permits the Council to require any application for a licence under Part 3 is accompanied by a licence fee and that this fee may cover all costs incurred by the Council in carrying out its function. The first part (Part A) of the licence fee is for the assessment and processing of the application to the stage of issuing the decision notice and, where applicable, the draft licence. The first part of the fee is payable when the licence application is submitted and covers the cost of . The second part (Part B) of the licence fee is due following the issue of a draft licence but prior to the licence being issued.

The fee must be paid in full in order for the licence application to be considered as having been duly made and, if it is not, then the application will not be considered, and a licence cannot be granted. If an application is unsuccessful the Part B fee will not be required.

In calculating the fee, the Council has set out the process for handling a licence application. This process includes the costs relating the set up costs, the administrative process involved in handling an application, the legal processes involved in proposing the licence and conditions and finally making the decision to either grant the licence or refuse it. The fee covers the entire period of the scheme.

Each part of the process has been assessed on the average amount of time each stage will take. The amount of time, in minutes, is then calculated against the total cost of administering the scheme.

This process has identified that the costs incurred to carry out the function of selective licensing to be £670 per licence application. This is split between a Part A fee which is due on application and covers the processing costs, and a Part B fee which covers compliance and enforcement, and must be paid before granting a licence.

The Council is not proposing to have a discounted fee structure for membership of a landlord accreditation scheme, nor an “early bird” discount. It is felt that the administration of two separate fee structures would increase the standard fee and place an additional burden on those landlords who are either existing members of accreditation schemes elsewhere in the country. Additionally, the administration of a multiple fee structure would take resources away from the team and detract from the main purpose of the scheme. The Council intends to deliver online resources and training to landlords in the future to raise awareness of property management standards.

<b>Individual Property Licence Fee(s)</b>	<b>Standard Fee</b>
Total Licence Fee	£670
Part A – Application Fee	£375
Part B - Fee on approval	£295

## Other fees

Change of licence holder	Standard fee (Part A & B)
Variation of licence – <ul style="list-style-type: none"> <li>• Change of property owner, freeholder, mortgagee, or leaseholder</li> <li>• Change of property manager</li> <li>• Change of address details</li> <li>• Agreed change in number of occupiers</li> <li>• Increase in number of rooms or changes in room size and/or amenities</li> </ul>	£80
Licence variation instigated by the Council	No fee
Licence application following revocation	Standard fee (Part A & B)
Licence application refused	Part A fee
Property ceases to be licensable during application process	Part A fee
Application withdrawn by applicant	Part A fee
Application made in error	No fee

# **Licence Conditions**

The licence conditions will include the mandatory conditions set out in schedule 4 of the Housing Act 2004 as well additional licence conditions designed to assist in meeting the objectives and desired outcomes of the scheme. The proposed conditions can be found in Appendix 1 on pages 38 to 43

## **Consequences of not having a selective licence**

The following are some of the consequences of not having a licence:

- a landlord who is required to have a licence but does not, loses the right to automatic possession of the rented property under an assured shorthold lease under Housing Act 1988, s.21 (as amended s.75)
- face a Civil Penalty Notice of up to £30,000
- prosecution including an unlimited fine and a criminal record
- being put on the National Rogue Landlord Database
- being banned from working as a landlord (and losing the licence to rent anywhere in England) for at least 12 months, and in some cases indefinitely
- tenants may make an application to a Residential Property Tribunal for a Rent Repayment Order if the landlord has been convicted of the offence of operating a licensed property without a licence. This could end up with 100% of a year's worth of rent being paid back to the tenant or the Council.
- it is a criminal offence to obstruct the Local Authority in carrying out their functions under Parts 1 to 4 and sections 239 and 240 and is liable upon conviction a fine not exceeding level 4 on the standard scale.

## Defences for not having a licence

There are three defences available to someone who does not have the requisite licence:

- when there is a reasonable excuse for his failure (section 95(1))<sup>1</sup>
- a notification had been duly given in respect of the house under section 62(1)<sup>2</sup> or 86(1)<sup>3</sup> (Temporary Exemption)
- an application for a licence had been duly made in respect of the house under section 63<sup>4</sup>, and that notification or application was still effective

However, the Council acknowledges that there may be situations beyond the landlord's control that prevent them from submitting an application. Should selective licensing be introduced, it is important that any problems are communicated to the Council as soon as possible so that agreement can be reached.

## Exemptions from Selective Licensing

There are several exemptions to a selective licensing scheme including:

- properties licensable as a House of Multiple Occupation
- properties let by a local authority or a Registered Provider (traditionally known as a not-for-profit Housing Association)
- properties already subject to a management order
- properties subject to a temporary exemption notice
- owners who reside in property they own as their main residence

<sup>1</sup> [www.legislation.gov.uk/ukpga/2004/34/section/95](http://www.legislation.gov.uk/ukpga/2004/34/section/95)

<sup>2</sup> [www.legislation.gov.uk/ukpga/2004/34/section/62](http://www.legislation.gov.uk/ukpga/2004/34/section/62)

<sup>3</sup> [www.legislation.gov.uk/ukpga/2004/34/section/86](http://www.legislation.gov.uk/ukpga/2004/34/section/86)

<sup>4</sup> [www.legislation.gov.uk/ukpga/2004/34/section/63](http://www.legislation.gov.uk/ukpga/2004/34/section/63)

- holiday lets; and tenancies under a long lease and business tenancies
- any building which is occupied principally for the purposes of a religious community whose principal occupation is prayer, contemplation, education or the relief of suffering
- student accommodation directly managed by educational institutions, e.g. halls of residence.
- properties managed by a charity registered under the Charities Act 2011 and which is a night shelter, or consists of temporary accommodation for persons suffering or recovering from drug or alcohol abuse, or a mental disorder.

and any other exemptions as specified by the Selective Licensing of Houses (Specified Exemptions) (England) Order 2006

# Data Summary

The table below and continued on pages 37 and 38 provides a summary of the main data referred to in this report. The wards have been ranked in order of deprivation with the most deprived ward at the top. The 25 wards which are proposed to be included in the selective licensing designation are highlighted.

Ward	Percentage of private rented accommodation	Birmingham Ward Deprivation Rank 2019 (1 = most deprived)	2019 Decile (where 1 is 10% Most Deprived Nationally)	Crime Ranking (higher numbers = more crime) Birmingham Average Crime Ranking = 203.7
Sparkbrook & Balsall Heath	29.27	1	1	574
Bordesley Green	28.67	2	1	254
Lozells	20.15	3	1	260
Castle Vale	12.77	4	1	215
Alum Rock	24	5	1	209
Newtown	12.63	6	1	345
Heartlands	25.36	7	1	199
Gravelly Hill	34.13	8	1	284
Balsall Heath West	23.59	9	1	206
Birchfield	25.52	10	1	261
Shard End	10.29	11	1	205
Kingstanding	17.74	12	1	178
Garretts Green	12.44	13	1	186
Aston	25.67	14	1	222
Glebe Farm & Tile Cross	17.59	15	1	201
Handsworth	27.07	16	1	267
Kings Norton South	10.07	17	1	209
Ward End	25.24	18	1	236
Bordesley & Highgate	31.82	19	1	590
Tyseley & Hay Mills	27.09	20	1	166
Small Heath	30.66	21	1	196
Frankley Great Park	10.27	22	1	248
Holyhead	34.26	23	1	215
Nechells	9.13	24	1	484

Ward	Percentage of private rented accommodation	Birmingham Ward Deprivation Rank 2019 (1 = most deprived)	2019 Decile (where 1 is 10% Most Deprived Nationally)	Crime Ranking (higher numbers = more crime) Birmingham Average Crime Ranking = 203.7
Druids Heath & Monyhull	11.98	25	1	180
Stockland Green	28.97	26	1	210
Yardley West & Stechford	21.33	27	1	197
Perry Common	14.1	28	2	153
Soho & Jewellery Quarter	40.11	29	2	251
Sparkhill	34.77	30	2	194
Bartley Green	11.09	31	2	181
Allens Cross	12.28	32	2	194
Bromford & Hodge Hill	15.66	33	2	159
Billesley	15.46	34	2	127
Weoley & Selly Oak	19.64	35	2	193
Acocks Green	26	36	2	181
Rubery & Rednal	14.62	37	2	185
Erdington	25.16	38	3	175
Pype Hayes	17.05	39	2	215
Longbridge & West Heath	14.44	40	2	157
North Edgbaston	47.47	41	2	251
Ladywood	38.63	42	2	692
Moseley	35.54	43	2	151
Kings Norton North	12.03	44	2	142
Sheldon	14.65	45	3	162
Stirchley	25.64	46	3	159
Highters Heath	15.33	47	3	145
South Yardley	22.98	48	3	196
Yardley East	15.29	49	3	140
Hall Green North	20.37	50	3	133
Quinton	16.4	51	3	158
Oscott	18.97	52	3	135
Brandwood & Kings Heath	21.24	53	3	174
Handsworth Wood	23.87	54	3	170
Harborne	29.77	55	3	203
Perry Barr	21.61	56	4	152

Ward	Percentage of private rented accommodation	Birmingham Ward Deprivation Rank 2019 (1 = most deprived)	2019 Decile (where 1 is 10% Most Deprived Nationally)	Crime Ranking (higher numbers = more crime) Birmingham Average Crime Ranking = 203.7
Bournville & Cotteridge	19.05	57	4	171
Sutton Reddicap	14.05	58	4	131
Northfield	15.45	59	4	180
Bournbrook & Selly Park	49.28	60	5	204
Edgbaston	25.51	61	5	287
Hall Green South	19	62	6	80
Sutton Trinity	22.39	63	6	150
Sutton Walmley & Minworth	13.12	64	7	92
Sutton Vesey	14.99	65	7	121
Sutton Mere Green	11.65	66	7	78
Sutton Wylde Green	14.87	67	7	149
Sutton Four Oaks	13.56	68	8	90
Sutton Roughley	11.94	69	9	88

# **Appendix - Proposed licence conditions**

## **Mandatory conditions under Part 3 Housing Act 2004**

### **Condition 1 – Gas**

If gas is supplied to the house, the licence holder must provide Birmingham City Council a Gas Safety Certificate issued within the previous 12 months at the time of the application and thereafter on demand.

### **Condition 2 – Electrical Appliances**

The licence holder must keep electrical appliances made available by them in the house in a safe condition and supply the authority (at the time of the application and on demand thereafter) a declaration by the licence holder as to the safety of such appliances.

### **Condition 3 – Furniture and Furnishings**

The licence holder must ensure that furniture and furnishings supplied by them are compliant with the Furniture and Furnishings (Fire) (Safety) Regulations 1988 (as amended 1989 and 1993) and must provide a declaration as to their safety at the time of application and thereafter on demand.

### **Condition 4 - Smoke Alarms**

- i) The licence holder must ensure that smoke alarms are installed on each storey of the house on which there is a room used wholly or partly as living accommodation. A declaration as to the positioning of such alarms must be provided to Birmingham City Council on demand.

- ii) The licence holder must ensure that the smoke alarms are kept in proper working order. A declaration as to the proper working order of the alarms must be supplied to the Council on request.

### **Condition 6 - Carbon Monoxide Alarms**

The licence holder must ensure that a carbon monoxide alarm is installed in any room which is used wholly or partly as living accommodation and contains a solid fuel combustion appliance. A declaration as to the positioning of such alarms must be supplied to the Council on demand. Note: Room includes a hall or landing. A bathroom or lavatory is to be treated as a room used for living accommodation. The Licence holder must ensure that the carbon monoxide alarms are kept in proper working order. A declaration as to the proper working order of such alarms must be supplied to the Council on demand.

### **Condition 7 - Tenant references**

The Licence Holder must obtain references from all persons who wish to occupy the house. Where references cannot be obtained, the Licence Holder must provide evidence of efforts made for reference checks. Copies of references or evidence of efforts made must be made available to the Council upon demand.

### **Condition 8 - Terms of Occupation**

The Licence Holder must supply to the occupiers of the house a written statement of the terms on which they occupy the property. This is usually a tenancy or licence agreement. A copy of the terms will be provided to the Council on demand.

## **Prescribed Conditions**

### **Condition 9 – Change of Circumstances**

The Licence Holder must notify the Council within 14 days of any material change in circumstances that may affect the validity and terms of the licence. This would include

- i) a change of address
- ii) change of manager, management arrangements, or property ownership
- iii) any change in the licence holders and, if appropriate, a person on whom restrictions or obligations under the licence are imposed, or any associate's circumstances that may affect their status as a fit and proper person under the Housing Act 2004
- iv) any proposed changes to the house, including its layout.

### **Condition 10 – Energy Performance Certificate**

Each new tenant must be issued with a valid Energy Performance Certificate

### **Condition 11 – Occupancy**

The licence holder must ensure that the occupancy of the property does not exceed the level set within the Licence, and that no rooms other than bedrooms are used for the purposes of sleeping.

## **Condition 12 – Security**

The licence holder must:

- ii) Carry out a lock change prior to a new tenant taking up occupation when the previous tenant has not returned all keys.
- iii) Ensure that provisions for securing access to the premises are maintained in good working order at all times, and sufficient to prevent reasonable attempts of forced entry.
- iv) Ensure occupiers have access to the necessary keys to access the security provisions, including window locks if fitted.
- v) Where a burglar alarm is fitted to the Property, the Tenant(s) is (are) made aware of the code, how the alarm is operated and the circumstances under which the code for the alarm can be changed.
- vi) So far as reasonably practicable, any works necessary to protect the security of the property are undertaken within 24 hours of notification e.g. damage to windows/entry points to the property.

## **Condition 13 – Crime and Anti-Social Behaviour**

The Licence Holder must:

- i) ensure that all reasonable and practical steps are taken to prevent or reduce criminality or anti-social behaviour by the occupants of, and visitors to, the Property.
- ii) where complaints of criminality or anti-social behaviour are made to the Licence Holder, the Licence Holder shall investigate them and take appropriate action to resolve them. Copies of the complaint shall be kept together with notes arising during the course

of the investigation and how the matter was resolved; and the Licence Holder must keep them for the duration of the Licence. Where the Licence Holder has reason to believe that criminal activity is taking place at the property or the curtilage of it, the Licence Holder must ensure that the appropriate authorities e.g. Police, are informed.

- iii) There may be instances where anti-social behaviour occurs more than once, but not continuously and possibly intermittently over several months. In such circumstances the Licence Holder shall, as far as is reasonably practicable, take all steps required to ensure that it is effectively dealt with, up to and including eviction.

### **Condition 14 – Refuse and recycling**

The Licence Holder must:

- i) Provide suitable and sufficient provision is made for storage of refuse generated in the property and that occupants use receptacles provided by the Council for storage prior to collection. No waste or waste receptacle must cause obstruction.

- ii) Ensure that the occupiers of the house are given the information in writing about waste and recycling within 7 days of the start of their occupation

Ensure that any kind of refuse which the Council will not ordinarily collect (e.g. large items, bedding, furniture, hazardous waste etc.) are disposed of responsibly and appropriately.

### **Condition 15 – References**

The licence holder must demand references from persons who wish to occupy the house. No new occupiers should be allowed to occupy the property if they are unable to provide a suitable reference. When referencing, consideration must be given to the prospective

tenant's previous tenancy history, and right to rent checks. The licence holder must provide evidence of such reference and checks carried out when requested by the Council.

### **Condition 16 – Inventory**

The Licence Holder must arrange to carry out a detailed inventory to be agreed with each tenant at the start of their occupation of the house. The Licence Holder must provide the tenant with a copy of the agreed inventory and keep their own copy.

### **Condition 17 – Rent Payments**

The licence holder must ensure that there is a record of all rent payments received in respect of the property. All occupiers should be given a rent book or similar receipt for payments made, such as a rent statement. If rent is due weekly, this should be provided to the tenant each week. If rent is due monthly, this should be provided to the tenant at monthly intervals as a minimum.

### **Condition 18 - Emergency Arrangements**

The Licence Holder must have in place appropriate emergency and other management arrangements in the event of their absence. The name and contact details of the alternative contact must be provided to the occupant/occupiers.