

Scarborough Borough Council

Selective Licensing of Private Rented Accommodation within the Scarborough North Area

February 2017



1. Introduction

This document sets out the Councils policy for the Selective Licensing private rented properties within parts of the Castle and the North Bay wards of Scarborough. The designated area has been given the name of “Scarborough North”.

The policy has been developed following the development of the business case in 2015/16 to consider the justification for the introduction of Selective Licensing designation, and following an extensive consultation programme in 2016.

The policy document will cover the following:

- Background to the scheme
- Aims and objectives of the scheme
- The designated area
- What properties are affected
- Licensing Conditions
- How the scheme will be delivered
- The fee schedule
- Penalties
- Options Appraisal
- Risk Assessment
- Equalities Impact Assessment

2. Background

2.1 What is Selective Licensing

Selective Licensing is a discretionary licensing scheme, which requires all private landlords operating within a designated area to operate under the terms of a licence awarded by the local authority. Licence conditions typically include a range of requirements aimed at ensuring that properties are safe and are managed in a satisfactory way. Such a scheme provides the local authority with an additional tool to help better regulate privately rented accommodation and to uplift standards of management within the area. This improvement in standards supports wider initiatives and plans to help uplift and regenerate areas.

Costs associated with the administration of a Selective Licensing scheme are recouped via fees charged to landlords. Typically fees range from £350 to £1000 depending on the size of the property. Discounts are generally awarded for accredited landlords and landlords who own multiple properties.

Selective Licensing was introduced within the Housing Act 2004 under Part 3, Section 80 and allows local housing *authorities to designate areas suffering from either significant and persistent anti-social behaviour and/or low housing demand.*

Initially local authorities were required to apply to the Secretary of State in order to have an area designated for Selective Licensing. This changed in 2010 when a general consent order was introduced that allowed local authorities to make their own designations (subject to certain criteria being met) without Secretary of State approval.

However in March 2015, the Housing Minister, Brandon Lewis, wrote to all local authorities in England to advise that, from 1 April 2015, “local authorities will have to seek confirmation from the Secretary of State for any selective licensing scheme which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes in the local authority area.”

In addition, at the same time, the Government expanded the criteria for selective licensing to cover areas experiencing “poor property conditions, large amounts of inward migration, a high level of deprivation or high levels of crime.”

2.2 Why are we introducing Selective Licensing

The private rented sector has grown considerably within Scarborough Borough over the last 15 years. In 2001 there were 6,340 privately rented households across the whole Borough. By 2011, this has risen to 9,640 privately rented households, an increase of over 50%. The Sub Regional Housing Market Assessment (SHMA) for Scarborough undertaken in 2015 calculated that the number of privately rented households had risen to almost 11,000 in 2015 representing just over 21% of the total housing stock of the Borough.

Whilst private rented housing is spread across the whole Borough, the highest concentrations are within the inner urban area of Scarborough. Parts of the Castle, North Bay and Ramshill wards in Scarborough have over 50% of their households privately renting. These 3 wards alone had 3357 privately rented households in 2011, representing almost 35% of the total number of private rented households in the Borough.

Many private landlords who provide rented housing operate professionally and provide a good standard of accommodation. Unfortunately however there are a significant amount of privately rented properties, which are of a poor quality and are poorly managed.

The impact of poor quality and badly managed accommodation can be very negative to the local neighbourhood. Problems such as anti-social behaviour, high rates of crime and low demand can blight the area and lead to low property values and lack of investment in the area.

We see Selective Licensing as one of the key tools to tackle the problems of poor quality and poorly managed accommodation in the private rented sector and also address anti-social behaviour in a neighbourhood. Ultimately it will also be important in helping to uplift and regenerate these areas and de-risk current and future investment in the residential, commercial and leisure sectors in the locality.

There is strong evidence from other authorities to show that Selective Licensing will bring positive benefits to an area. Key findings from an “*Evaluation of the impact of*

HMO and Selective Licensing” by the Building Research Establishment in 2010 showed that:

- Larger than average increases in houses prices occur in areas where a Selective Licensing scheme operates.
- It helps to safeguard investment in regeneration by dissuading the purchase of property by short term investors with little interest in providing decent homes for people in the local community.
- There are indications that standards of management improve and that landlords are compelled to “raise their game”.
- It helps to control anti-social behaviour.

The benefits of licensing in Scarborough itself are noticeable in Houses of Multiple Occupation (HMO’s) that are already subject to Mandatory and Additional Licensing schemes. Levels of enforcement are relatively low and standards of management have improved in recent years within these properties.

2.3 The Business Case for Selective Licensing

Approval was given by Cabinet in June 2015 to develop a business case for the Selective Licensing in areas of the Borough that have high levels of private rented housing and also meet the wider criteria set out by the Government within their revised guidance.

An extensive business case was developed in 2015, which analysed a wide range of key factors including:

- Levels of private rented accommodation
- Levels of deprivation
- Population change and inward migration
- Anti-social behaviour and crime levels
- Housing Enforcement and Environmental Nuisance actions

An initial assessment was undertaken of the areas with high levels of private rented stock across the whole of the Borough.

An area based approach was adopted through the use of the Governments recognised Lower Super Output Areas (LSOAs). These areas are used by Government to rank different localities in terms of key indicators such as levels of deprivation and levels of crime.

The assessment looked at a range of factors including:

- The percentage of households living in privately rented accommodation: Census 2011
- Overall Index of Multiple Deprivation (IMD) Score: IMD 2015
- IMD Domains for Crime and Living Environment (Indoors): IMD 2015
- Population Change: 2001-2011: Census 2001 and 2011

From this assessment, a smaller number of LSOAs were identified as having the range of factors, which could justify the designation of a Selective Licensing scheme. These LSOAs are:

- Castle: 006B
- Castle: 010A
- North Bay: 006D
- Ramshill: 010B
- Ramshill: 010D

A detailed assessment was carried out of the proposed Scarborough North designation in order to refine the proposed area as much as possible.

This more detailed assessment was carried out at Census Output Area (COA) level. Census Output Areas are used for census data and are the smallest level at which census data is provided. Each Census Output Area covers approximately 150-200 households and there are usually 6 Census Output Areas within each LSOA.

The detailed assessment was based on the following factors:

- % of households living in privately rented accommodation: Census 2011
- Population Change: 2001-2011: Census 2001 and 2011
- % of households: more than 2 deprivation indicators: IMD 2010
- Housing Enforcement: SBC Private Sector Housing : 2013-2015
- Environmental Nuisance actions: SBC Environmental Health: 2013-2015
- All recorded crime incidents: SBC Safer Communities: 2013-2015
- ASB incidents: SBC Safer Communities: 2013-2015

The analysis of the evidence base demonstrated the justification for the designation of a Selective Licensing scheme for Scarborough North.

2.4 Consultation

Approval was given by Cabinet in April 2016 to undertake a comprehensive consultation exercise on the proposed introduction of Selective Licensing for Scarborough North. The consultation took place over 12 weeks from 2 May to 24 July 2016. The consultation comprised of:

- Questionnaire and proposal document hand delivered to all residents and business premises in designated area (2,000 addresses)
- Questionnaire and proposal document also sent out to over 500 private landlords who are known to have property in the Borough
- All consultation documents posted on our website
- Community drop in sessions
- Stakeholder events including Landlords Forum, Homelessness Forum, and general Stakeholder event
- Presentations to local Community and Police groups
- Meetings with individual stakeholders including National Landlords Association, Police, Fire and Rescue Service

263 completed questionnaires were received from residents and businesses, representing a response rate of 13%. In addition, 89 completed landlord questionnaires were received, representing a response rate of 14% for the landlord's questionnaires. A combined total of 352 completed questionnaires were received out of 2640 representing an overall response rate of 13.3%.

Around 65% of the residents/business respondents either strongly agreed or agreed with the proposal that the Council should introduce a Selective Licensing scheme for privately rented properties within the proposed area, whilst 20% either disagreed or strongly disagreed.

23% of landlords either agreed or strongly agreed with the proposal that the Council should introduce a Selective Licensing scheme for privately rented properties within the proposed area, whilst 64% either disagreed or strongly disagreed.

3. Aims, objectives and outcomes of Selective Licensing

The main aim of Selective Licensing is:

“To improve the quality and management of private rented properties in the inner urban area of Scarborough, which will support the uplift and regeneration of the area.”

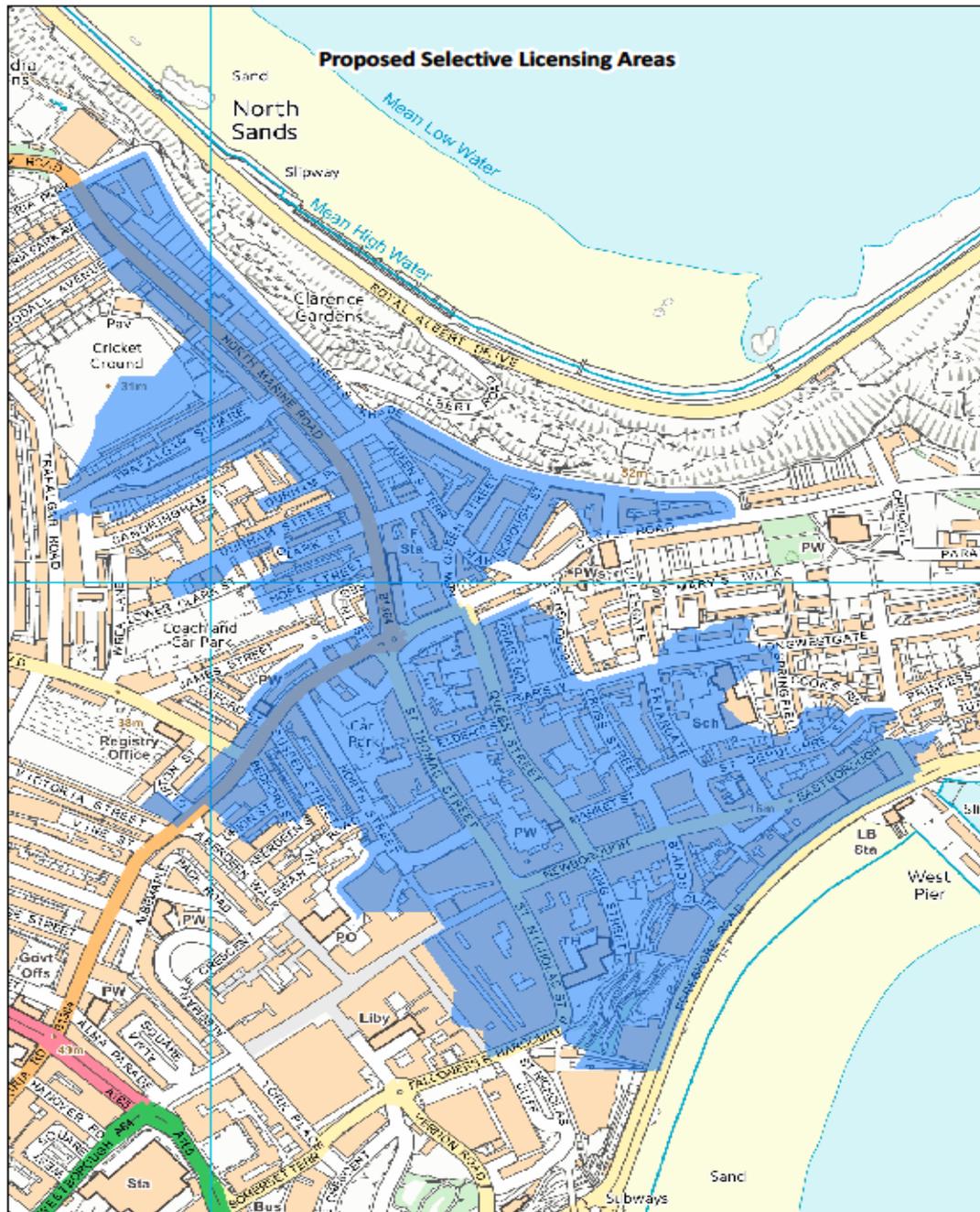
The key objectives of the scheme are:

- To ensure that all private rented properties in the designated area are safe and meet all statutory requirements for renting out property
- To improve property conditions within private rented properties in the designated area
- To improve management standards within private rented properties in the designated area
- To address anti-social behaviour within private rented properties, in conjunction, with Community Safety, in the designated area
- To improve the image and perception of the designated area:
 - The key outcomes expected from the scheme are:
 - Better services for tenants
 - Raises expectations for tenants, landlords, agents and agencies
 - Improved property conditions and management standards
 - Improved visual amenity of area
 - Reduced anti-social behaviour
 - Protecting vulnerable people in poorly managed properties
 - Improved image and perception of area
 - Helps to break cycle of decline
 - Tool to support wider regeneration and encourage investment
 - Increased values as area improves
 - Increased rents overtime

- Improved stock conditions
- Improved perception of sector
- Supports professionalism, good practice and accreditation
- Responsible landlords supported to tackle anti-social behaviour
- Support and training for underperforming landlords
- Reduced property turnover

4. The Designated Area

The designated area for Selective Licensing covers parts of the Castle and North Bay wards within Scarborough. Broadly the area covers the northern and eastern part of Scarborough town centre and its adjacent residential areas stretching from Trafalgar Square in the north down to Foreshore Road on the South Bay



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The full list of streets within the designated area are provided in Appendix 1 of this policy

5. What properties are affected

All privately rented properties within the designated area will need to be licensed in order to operate. However, there are a number of exemptions to the scheme. The principal exemptions include:

- Properties which are either Mandatory Licensed HMOs or Additional licensed HMOs as per the Council's current Additional Licensing scheme
- A temporary exemption notice is in force (s. 62 or s.86 Housing Act 2004)
- A management order is in force (s.102 or s.113 Housing Act 2004)
- The tenancies and licences are subject to a prohibition order whose operation has not been suspended (s.20/s.21 Housing Act 2004)
- Tenancies and licences granted by Registered Social Landlords and Housing Providers
- Buildings controlled or managed by the Local Housing Authority
- Buildings controlled or managed by the Police
- Buildings controlled or managed by the Fire Service
- Buildings controlled or managed by the Health Service Body

A full list of exempt properties are included in Appendix 2 of this policy

6. Licensing Conditions

The licensing conditions for the scheme will be a mix of mandatory conditions, which are applicable to mandatory HMO licensing and a range of discretionary licensing conditions, which will be for the Selective Licensing scheme.

Mandatory Conditions Schedule 4 of the Housing Act 2004

1 Gas

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

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004

2 Electrical Appliances

The Licence Holder must keep all electrical appliances and furniture supplied in a safe condition and must provide a declaration as to their safety at the time of application and thereafter on demand.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004

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.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004

4 Smoke Alarms:

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 Scarborough Borough Council on demand.

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.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004

5 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.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004

6 Tenant references

The licence holder must demand references from persons who wish to occupy the house and must provide evidence of pre-let reference checks undertaken to the Council upon request.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004

7 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. A copy of the terms will be provided to the Council on demand.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004

Additional Conditions of Licence imposed by Scarborough Council

The Licence Holder must ensure that the premises fully comply with the conditions set out below unless notified otherwise.

8 Numbers of Occupiers

The Licence Holder must ensure that rooms other than bedrooms are not used for sleeping purposes. The Licence Holder must not allow the property to become over-crowded and must take steps to deal with any serious over-crowding.

Reason: to ensure that the premises comply with the space and amenity standards- see Scarborough Borough Council Amenity and Space Standards guidance.

9 Heating and Insulation/Energy Efficiency

The Licence Holder is required upon request by the authority during the period of the licence issued, to complete and return to the authority, an energy efficiency assessment questionnaire of the licensed property.

A suitable controllable fixed heating system to be provided to all licensed property.

Reason: To ensure homes are adequately heated and to safeguard the health and well-being of the occupants with regards to the reduction of fuel poverty and national energy efficiency measures and to be aware of the statutory requirements for Energy Performance Certificates (EPCs).

10 Property Management

The Licence Holder must ensure that:

- All repairs to the house or any installations, facilities or equipment within it are carried out by competent and reputable persons within reasonable timescales.
- All occupants of the house receive written confirmation detailing arrangements in place to deal with repairs and emergencies and report nuisance and anti-social behaviour.
- If accommodation is provided on a furnished basis and includes electrical appliances, the Licence Holder must provide the occupier with copies of user manuals or equipment provided as part of the agreement for the occupation of the house.
- All occupiers are made aware of the licence and conditions.
- Written confirmation is provided to the Council of who is responsible for the management of the building.
- That any tenancy is let to a new tenant in a lettable condition suitable for immediate occupation.
- A notice is displayed in the common parts of a house in multiple occupation or block of flats with the name and contact details of the manager.

Reason: to safeguard the health, safety and well- being of occupants

11 Fire Safety

The Licence Holder must ensure that the property has adequate provision for fire precautions and smoke alarms for the type of property and its occupation.

The licence holder must produce a Fire detection and alarm certificate for automatic fire detection systems demonstrating that the system is in proper working order to the Council on request.

CO alarms: see mandatory condition above in respect of CO alarms.

Reason: to safeguard the health, safety and well being of occupants in the event of fire. The Fire Safety Guidance is provided by LACORS, see www.lacors.gov.uk. <http://www.lacors.gov.uk/lacors/upload/19175.pdf> The Housing-Fire Safety guidance on fire safety provisions for certain types of existing housing can also be found at Scarborough Borough Council Website www.scarborough.gov.uk under Housing- Selective Licensing.

12 Security

The Licence Holder must ensure that:-

- the security provisions for the access to the dwelling (including but not limited to locks, latches, deadbolts and entry systems) must be maintained in good working order at all times.
- where window locks are fitted, the Licence Holder will ensure that keys are provided to the relevant occupant.
- where a burglar alarm is fitted to the house, the Licence Holder will inform the occupant in writing the circumstances under which the code for the alarm can be changed, and provide details when required on how this can be arranged.
- where previous occupants have not surrendered keys, the Licence Holder will arrange for a lock change to be undertaken, prior to new occupants moving in.
- where alley gates are installed to the rear of the licensed property, the licence holder must take responsibility for holding a key and make satisfactory arrangements for the occupier's access.
- That all ground floor and basement windows have suitable window locks or are fully secured to prevent access from outside.

Reason: to safeguard the health, safety and well-being of occupants in the event of fire and entry by intruders.

13 External areas, refuse and waste

The Licence Holder must ensure that:-

- The exterior of the property is maintained in a reasonable decorative order and state of repair;
- At all times any gardens, yards and other external areas within the curtilage of the house are kept in reasonably clean and tidy condition and free from rodent infestation, and
- Suitable and adequate 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. The receptacles or plastic refuse sacks where receptacles have not yet been issued must not be exposed for a period longer than 12 hours prior to collection and must not cause obstruction at any time.
- Access must be available at all times to adequate, external, refuse storage.

Reason: to ensure that the domestic hygiene and condition of the licensed property is maintained

14 Training

The Licence Holder and/or Manager shall undertake property management training courses where required to do so by the authority.

Reason: to enable the Council to ensure that licence holders have the knowledge and expertise to improve the management of their properties.

15 Management/ Anti-Social Behaviour

The Licence Holder must take reasonable and practical steps to reduce or prevent anti-social behaviour by persons occupying or visiting the house and the use of premises for illegal purposes.

The licence holder must:

- Provide a written action plan to Scarborough Borough Council outlining procedures for dealing with anti-social behaviour at the time of application. This must be reviewed annually and submitted on request.
- Obtain tenant references prior to granting a tenancy as to previous tenancy conduct, including behaviour of that of the proposed occupier and household.
- If a Licence holder receives a reference request for a current or former tenant for the purposes of an application to rent a property from another Licence Holder he must respond to the request in writing within a reasonable period and either i) decline the request for a reference ; or ii) when giving a reference state whether or not he is aware of any allegations of anti-social behaviour made against the tenant and if such allegations have been made give details of the same including details of whether (to his knowledge) the allegations have been admitted or have been found proven in any court or tribunal.
- Cooperate with Scarborough Borough Council, North Yorkshire Police and other agencies in resolving complaints of anti-social behaviour. The Licence Holder and/or their nominated managing agent are required to undertake an investigation of any complaints regarding their tenants. Written records of these will be required.
- In the case of a multi-occupied property with common parts the licence holder/management agents must make regular (at least monthly) inspections of the property to ensure that the property is in a decent state of repair and that the occupiers are not in breach of tenancy terms and conditions. In the case of a single occupied property with no common parts then the licence holder/management agent should make inspections of the property on a quarterly basis.
- Ensure that each tenant is made aware that they are responsible for their own behaviour and the behaviour of other occupiers and visitors. Tenants must be made aware that if they, other occupiers, or their visitors: Cause nuisance or annoyance to neighbours; or use abusive or threatening language or behaviour to neighbours; or fail to store or dispose of refuse properly; or cause damage to fixtures, fittings, fire prevention or alarm equipment or installations, or to the fabric of the premises; or fail to give access to the landlord or his agent for the purpose of maintaining communal areas or, upon reasonable notice, to inspect or undertake works within their accommodation. They will be liable to

enforcement action which may include possession proceedings either under the terms of the tenancy, pursuant to s.21 of the Housing Act 1988 or pursuant to Grounds 13 or 14 of Schedule 2 to the Housing Act 1988.

Reason: to safeguard the well-being of occupants, persons visiting the premises and persons in the immediate locality.

16 Notification/Consultation of Changes

The Licence Holder and managing agents must consult with Scarborough Borough Council before making any material changes to the layout, amenity provision, fire precautions or occupation of the house and must inform Scarborough Borough Council of:

- Details of any unspent convictions not previously disclosed to the Local Authority that may be relevant to the Licence Holder and/or the property manager and their fit and proper person status and in particular any such conviction in respect of any offence involving fraud or dishonesty, or violence or drugs or any offence listed in Schedule 3 to the Sexual Offences Act 2003;
- Details of any finding by a court or tribunal against the Licence Holder and /or the manager that he/she has practiced unlawful discrimination on grounds of sex, colour, race, ethnic or national origin or disability in, or in connection with, the carrying on of any business;
- Details of any contravention on the part of the Licence Holder or manager of any provision of any enactment relating to housing, public health, environmental health or landlord and tenant law which led to civil or criminal proceedings resulting in a judgment or finding being made against him/her;
- Information about any property the Licence Holder or manager owns or manages or has owned or managed for which a local housing authority has refused to grant a licence under Part 2 or 3 of the Act, or has revoked a licence in consequence of the Licence Holder breaching the conditions of his/her licence;
- Information about any property the Licence Holder or manager owns or manages or has owned or managed that has been the subject of an interim or final management order under the Housing Act 2004;
- Notification of repossession/foreclosure
- Successful claims against the licence holder for default of tenancy deposits.
- Change in owner, manager, managing agent or the instruction of a managing agent;
- The undertaking of substantial works to the property, including conversions and modernisations or emergency problems relating to fire, flood or disaster and the tenants are made temporarily homeless.

Reason: to safeguard the health, safety and well-being of occupants in the event of changes during the period of the licence.

17 Absence

The licence holder is required to have in place suitable emergency and other management arrangements in the event of their absence. The name and contact details of the licence holder and/or manager must be supplied to each occupier and must also be on display in a prominent place.

Reason: to safeguard the health, safety and well-being of occupants in the event of temporary absence of persons in control.

18 Compliance inspections

The licence holder must allow the Council to undertake compliance checks. Council Officers will give the licence holder a minimum of 24 hours notice of these checks and produce valid authorisation at the time of visit.

Authorised Council Officers may inspect without giving 24 hours notice where there is reason to believe that there are serious breaches of licence conditions, where prior notification will defeat the purpose of investigating breaches of licence conditions or in the event of an emergency or where the property is the subject of an enforcement notice under Part 1 of the Housing Act 2004.

Reason: To ensure that the property complies with the Housing Act 2004 and licence conditions.

7. How the scheme will be delivered

The Council is very much committed to ensuring that the introduction of Selective Licensing delivers meaningful improvements to both the way homes are managed and housing conditions within the area. As such it is our intention to ensure that all licensable properties are inspected as a matter of routine as part of the application process. The purpose of these inspections is both to ensure that properties meet required standards and provide a good opportunity to provide advice and assistance to landlords. It is also the Council's intention to ensure that the actual application process for landlords is both streamlined and simple. Web-based applications will be the norm.

The licensing conditions (see Section 6) include both mandatory and discretionary elements that support the Council's aspirations for the area. All aspects of the administration of the licensing application process, including the undertaking of inspections and the provision of general advice to support landlords through the whole process will be undertaken by dedicated Licensing Officers. Fee income from licence fees shall be used to cover the additional costs incurred by the Council in employing these staff.

It is anticipated that the introduction of Selective Licensing is likely in the short term to increase the level of housing related enforcement activity within the area. Enforcement may be needed where landlords either fail to licence their properties or fail to comply with licence conditions. In addition, it is anticipated that other wider issues regarding poor housing conditions or wider issues with anti-social behaviour are likely to be brought to the attention of the Council as an outcome of the new licensing regime. The Council sees the proactive identification and tackling of these problems as a positive outcome of the process. Where such enforcement action is needed (for example in relation to identified category one hazards within a dwelling) then this shall be taken forward by a dedicated residential enforcement unit who shall work in accordance with the Council's existing housing enforcement policy. It shall not be the role of Licensing officers to enforce such issues.

National evaluations undertaken on the merits of Selective Licensing highlight that the key to the delivery of successful schemes is the need for close and integrated partnership working between key agencies, particularly the Council and the Police and the Fire and Rescue Service. In addition, successful schemes tend to be those supported by a wide range of organisations (including health, social care and voluntary sector support providers) who can feed into 'problem solving' relating to vulnerable or chaotic individuals within the area.

At the local level the infrastructure and arrangements to support this strong partnership approach are already in place through the work of the Community Impact Team, a co-located, multi-agency team that was set up to work in partnership, initially to help uplift the Castle and North Bay areas and which now operates across the Borough. This consists of a partnership between the Council's Community Safety and Environmental Health/Housing staff, the Police and the Fire Service, along with other co-located staff from mental health services, Remedy (restorative justice) and the County Council. The Neighbourhood Policing Team for Scarborough are now co-located with the team. Whilst it is not anticipated that this partnership shall directly support the administration of the licensing regime, it is anticipated that close joint working via this partnership will enable better joint responses to identified issues.

A key focus of that team is to shift resources away from responding to problems as they arise to dealing with issues in a planned and proactive way, using a joint problem solving approach. One of the key aims of the team is to improve the physical appearance of the area and the quality of the housing in the area, in particular to encourage effective management of properties in recognition of the correlation between poor quality housing and wider issues such as deprivation and crime. The introduction of Selective Licensing supports this approach.

8. Fee schedule

The fees are for the whole period of the Selective Licensing designation, which is for 5 years from July 1st 2017 to June 30th 2022. There are a range of fees, which differ for single and multiple unit properties. There are also a range of discounts and penalties which relate to certain circumstances.

Fees should normally be paid in full at the time of application. However provision has been made to enable applicants to make staged payments in certain circumstances.

Standard Fees

Property type	Standard Fee
<p>Single occupancy household</p> <p>For dwellings, which are occupied by a single household (house, self-contained flat or non self-contained flat): any number of dwellings</p>	£550
<p>Properties with from 2 separate units where the Landlord owns the building (1) (includes HMOs)</p> <p>HMOs include shared houses, bedsits with shared amenities and flats in multiple occupation.(2)</p>	£100 per extra unit

Discounts (3)

Discount Type	Amount
<p>Member of Scarborough Borough Council Landlord Accreditation Scheme, National Landlords Association, Residential Landlords Association or National Approved Lettings Scheme</p> <p>Discount only applies to membership of one of these organisations</p>	£50
<p>Early bird discount</p> <p>Applies to all licence applications received and fully completed with all requested documentation by 30th September 2017 (i.e. within first 3 months of commencement of scheme)</p>	£50
<p>Multiple Applications</p> <p>Applies to each licence application after initial licence application</p>	£50

Penalties (4)

Penalty	Amount
Late Application (5) Application received after 31st December 2017 (i.e. 6 months after commencement of scheme)	£100 Applies to each licence application
Finders Fee (5) Where landlord has not applied to licence their property and have to be found by the Council. Landlords may also be subject to prosecution by the Council	£100 Applies to each licence application
Incomplete application Incomplete application: e.g. incomplete information, form not signed, failure to provide certificates and requested documentation	£100 Applies to each licence application

Notes:

1. This only applies where the applicant is in control of the whole building (e.g. a landlord who owns the whole block). In cases where the applicant has one or more flats within a building, which they do not have full control of, then the applicant will require individual licence applications for each flat in the block
2. HMOs subject to mandatory licensing under Part 2 of the Housing Act 2004 or within the Additional Licensing scheme are exempt from Selective Licensing
3. Where applicable, all discounts can apply to the same licence (see examples below)
4. Applicant will not be entitled to discounts where a penalty fee has been applied
5. Both these penalties may be applied to the same application

Payment schedule

Fees should normally be paid in full at the time of application.

Fee examples

1. Landlord is member of an accredited body and applies in full by 30th September 2017 for 3 separate licences

Property type	Standard fee	Discounted fee
Block of 7 flats owned by the landlord	£1150 (£550 for first flats plus £100 each for extra flats)	£1050 (£50 discount for accreditation and £50 discount for early bird application = £100 total discount)
2 flats in block owned by other by separate freeholder	£550 for each flat	£400 for each flat (£50 discount for accreditation, £50 discount for early bird application, £50 for multiple applications = £150 total discount)
Single occupancy house	£550	£400 (£50 discount for accreditation, £50 discount for early bird application, £50 for multiple applications = £150 total discount)
Totals	£2800	£2250

2. Landlord is a member of an accredited body and applies in full in July 2017

Property type	Standard fee	Discounted fee
Block of 7 flats owned by the landlord	£1150	£1100 (£50 discount for accreditation)
2 flats in block owned by other by separate freeholder	£550 for each flat	£450 for each flat (£50 discount for accreditation, £50 for multiple applications = £100 total discount)
Single occupancy house	£550	£450 (£50 discount for accreditation, £50 for multiple application = £100 total discount)
Totals	£2800	£2450

3. Landlord is not a member of an accredited body, but does not apply and is found by Council in December 2017, 9 months after start of scheme

Property type	Standard fee	Fee with penalties
Block of 7 flats owned by the landlord	£1150	£1350 (£100 penalty for late application and £100 penalty for finders fee; no discounts apply)
2 flats in block owned by other by separate freeholder	£550 for each flat	£750 for each flat (£100 penalty for late application and £100 penalty for finders fee; no discounts apply)
Single occupancy house	£550	£750 (£100 penalty for late application and £100 penalty for finders fee: no discounts apply)
Totals	£2960	£3600

9. Penalties

9.1 What are the penalties for operating an HMO without a licence?

Controlling or managing a house which ought to be licensed, but is not licensed, without a reasonable excuse for doing so will be a criminal offence, subject to a maximum fine of £20,000.

Where a property is required to be licensed but is not, the landlord may not use the procedure in section 21 of the Housing Act 1988 to gain possession at the end of an Assured Shorthold Tenancy.

Where a property is required to be licensed but is not, the Council (and in certain cases the occupier) may apply to a Residential Property Tribunal (RPT) for repayment of any rent that has been paid to the landlord.

9.2 What happens if a landlord breaches the conditions of their licence?

If the conditions of a licence are breached the Council will apply the principles of its enforcement policy in order to remedy the identified issue. This means that generally, the Council would seek to resolve the matter informally through the provision of advice and by giving a reasonable period to enable the landlord to rectify the identified issue.

Where breaches of conditions are persistent and cannot be resolved informally, the Council would resort to the use of enforcement action through its various powers to force the landlord or manager to resolve the issue.

Where landlords or managers breach or fail to comply with the conditions of a licence they may be fined up to a maximum of £5,000 for each offence.

9.3.1 Can a Licence be revoked?

A licence may be revoked with the agreement of the licence holder (for example when a property ceases to be rented out). It also expires automatically after 5 years. The Council may however revoke a licence where:

- There has been a significant breach of the licence conditions.
- The Council no-longer consider the licence holder or manager to be a fit or proper person.
- The Council considers that the structure of the property has become unsuitable.

The Council cannot revoke a licence in these circumstances unless it can grant another licence on suitable terms following the revocation, or, it must make an Interim Management Order.

9.4 Appeals against licensing decisions.

An appeal may be made directly to the Council against a decision to

- Refuse to grant a licence
- Grant a licence, including any conditions imposed
- Vary a licence
- Revoke a licence
- Refuse to vary or revoke a licence.

Appeals should be made in writing and shall be considered by the Head of Environmental Services. Appeals should be submitted in writing and shall be considered within 28 days.

An appeal against a licensing decision may also be made to a Residential Property Tribunal (RPT). The RPT has the power to confirm, vary or reverse the Councils decision.

10. Risk Assessment

Risk	Consequences	Likelihood	Impact	Mitigation
Legal Challenge/Judicial Review	<p>Could delay implementation of scheme through legal process</p> <p>Legal costs incurred</p> <p>Adverse Publicity</p> <p>Worst case scenario may result in scheme not being implemented</p>	Medium	High	<p>Ensure all statutory requirements and guidance are fully met</p> <p>Ensure that the consultation programme meets all statutory requirements and guidance</p>
Landlords avoid licensing properties/fail to apply	<p>Fails to solve problems in PRS: “bad” landlords continue to operate</p> <p>Resources will be used in identifying unlicensed properties rather than improving properties</p> <p>Adverse publicity: lose good will of “good” landlords</p> <p>Fee income projections not met</p>	Low-medium	High	<p>Ensure scheme is very well publicised and landlords are informed during lead in time</p> <p>Use all data sources to identify PRS properties and landlords</p> <p>Offer “early bird” discounts and incentives to encourage early applications</p> <p>Also have range of charges to landlords who don’t come forward</p> <p>Undertake enforcement and prosecution where required and publicise</p>
Fee income projections not met	<p>Viability will be affected and may be financial shortfall</p> <p>Adverse impact on wider service in terms of resources</p>	Low-Medium	High	<p>Ensure license fees are set at rate to ensure scheme can be self funded</p> <p>Identify as any licensable properties in advance and type to ensure business plan is as realistic as possible</p>

	Adverse publicity			Ensure there is high take up of scheme (see previously) to maximise fee incomes
Landlords sell properties or leave them vacant to avoid licensing	Less PRS accommodation available Potential increase in homelessness Impact on vulnerable groups More empty properties	Low	High	Work closely with landlords to promote benefits of scheme: provide support for landlords through training, fee incentives to landlords etc.
Licence fee income could result in increased rents	Could be up to £2 per week rent increase in some cases May go above LHA rents in some cases, so could be top up for tenants	Medium	Medium	Ensure fees are set a level and provide range of discounts to minimise potential rent increases Closely monitor rent levels once Selective Licensing introduced to assess scale of any rent increases
Resources unable to meet the volume of work generated by the scheme	Delays in processing licensing applications and undertaking inspections Cashflow problems Adverse publicity	Low	High	Ensure scheme is resourced adequately to carry out comprehensive inspection programme Streamline back office processes including on-line application process and easier payment systems
Lack of resources to carry out enforcement following inspections	Fails to solve problems in PRS: "bad" landlords continue to operate Adverse publicity: lose good will of "good" landlords	Medium	High	Restructure of Environmental Services should allow more resources for enforcement Joint inspections with police and fire and rescue and use of wider enforcement powers from other agencies Prioritisation system for enforcement following inspection

Selective Licensing area becomes stigmatised. Financial institutions unwilling to invest in the area for PRS	Landlords unable to raise finance/investment to improve properties and meet licensing requirements Landlords sell or leave property vacant	Low	Medium	Lenders unlikely to base lending decisions on whether property is located within a Selective licensing area. Decisions usually made on risk and local market factors
“Good” landlords leave and replaced with “bad” landlords	Problems in the area will increase Will create extra enforcement work and strain on resources	Low	Medium	Little indication that this will happen. Many “good” landlords have significant property portfolio in area
Has negative impact on area causing area to decline and reducing property and rental values	Problems in the area will increase May impact on investment across all sectors in the area May result in speculative investment from “bad” landlords	Low	Medium	Rental and property values already below Scarborough average. Unlikely to reduce significantly lower If scheme is successful will result in increased property and rental values in medium to long term
Displacement of tenants to other areas of Scarborough	Potential increase in problems in other areas Potential increase in demand for PRS in other areas and properties converted to PRS accommodation	Low	Medium	Proposed to extend Selective Licensing to neighbouring areas (rest of Castle and Ramshill) over next 2 years Unlikely to see displacement outside of proposed SL areas due to nature of stock and local housing market
Loss of PRS accommodation could cause increase in	Increased strain on Housing Options team and other	Medium	High	Closely monitor any loss of PRS either through landlord actions or enforcement actions

homelessness	<p>agencies</p> <p>Risk of increase in rough sleeping</p> <p>Increased strain on other accommodation providers including Social Landlords</p>			<p>Liaise with Housing Options team and other agencies as early as possible when possible threat of closure is known</p> <p>Liaise with other PRS landlords in the scheme whose accommodation has been inspected and meets all licensing requirements</p>
Increase in poverty/tenants in arrears as a result of rent increases	<p>Increased arrears on PRS landlords: potential risk of evictions</p> <p>Increased strain on support agencies</p>			

Appendix 1: List of streets included within area for proposed Selective Licensing scheme

Albert Street	St Thomas Street
Bar Street	Sussex Street
Bedford Street	Trafalgar Square
Blands Cliff	Union Street
Blenheim Street	West Sandgate (1 and 2)
Castle Road (Odds 1-81, Evens 2-86 and 110-124)	Westborough (1 and 2)
Clarence Place	Vincent Street
Clarence Road	
Clark Street	
Cooks Row (9-11)	
Cross Street	
Durham Place	
Durham Street	
Eastborough	
Elders Street	
Fire Station Yard	
Foreshore Road	
Friargate	
Friars Gardens	
Friars Way	
Globe Street	
Granby Place, Queen Street	
Harcourt Place	
Hope Street	
Huntriss Row (evens only 24-50)	
King Street	
Leading Post Street	
Longwestgate (Odds 1-73, Evens 2-34)	
Marias Court, Queen Street	
Market Street	
Market Way	
Marlborough Street	
Marlborough Terrace	
Merchants Row	
Newborough (1- 85 inclusive)	
New Queen Street	
North Marine Road	
North Street	
Palace Hill	
Palace Hill Lane	
Peel Terrace	
Princess Square (1-3)	
Prospect Place	
Providence Place	
Queen Street	
Queens Parade (including Blenheim Terrace and Rutland Terrace)	
Queens Terrace	
Silver Street	
St Helens Square	
St Nicholas Street	
St Sepulchre Street	

Appendix Two: List of Exemptions

There are certain types of tenancies which will be exempt from Selective Licensing. These are listed as follows:

- Properties which are either Mandatory Licensed HMOs or Additional licensed HMOs as per the Council's current Additional Licensing scheme
- A temporary exemption notice is in force (s. 62 or s.86 Housing Act 2004)
- A management order is in force (s.102 or s.113 Housing Act 2004)
- The tenancies and licences are subject to a prohibition order whose operation has not been suspended (s.20/s.21 Housing Act 2004)
- The tenancy is a business tenancy
- Certain premises licensed for alcohol consumption (only on-licences not off licences)
- Certain agricultural tenancies
- Tenancies and licences granted by Registered Social Landlords and Housing Providers
- Buildings controlled or managed by the Local Housing Authority
- Buildings controlled or managed by the Police
- Buildings controlled or managed by the Fire Service
- Buildings controlled or managed by the Health Service Body
- Tenancies and licences regulated by other enactments (A full list of these can be found within "*The Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) England Regulations 2006 lists*")
- Certain University/College accommodation occupied by students
- Where the owner or his relatives occupy a property on a long leasehold
- Where the landlord lets to certain relatives
- Holiday Homes
- Where the landlord/licensor or his relative lives at the property and shares facilities