



*RESPONSE TO A CONSULTATION ON THE  
PROPOSED INTRODUCTION OF CITY WIDE  
SELECTIVE LICENSING IN LIVERPOOL*

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| <b>DATE:</b>        | <b>8<sup>th</sup> April 2014</b> |

## **Introduction**

1. Liverpool Student Homes (LSH) welcomes the opportunity to respond to the consultation process with regard to the proposed introduction of Citywide Selective Licensing by Liverpool City Council (LCC).
2. This response has been formulated collectively through the LSH Policy & Strategy Committee which includes representatives of The University of Liverpool, Liverpool John Moores University, Liverpool Hope University, Liverpool Students' Union, Liverpool Guild of Students and Liverpool Hope Students' Union.

## **Background**

3. Liverpool Student Homes is the official housing service of all three city universities and has been in operation in Liverpool since 1992. LSH was established to provide a central location for students to find private rented accommodation and to improve the standards and quality of accommodation in this sector. The LSH Code of Practice (now called the 'LSH Standards') was launched in 1997 with the support of Liverpool City Council, the Northwest Property Owners Association and local landlords.
4. LSH registers more than 17,000 bedspaces annually in the student sector and deals with over 300 active landlords each year. We provide services to both students and landlords, with a continued focus on raising standards and addressing issues within the wider context of the private rented market.
5. LSH is committed to improving standards of housing for our city's students and the continual development of the LSH Standards to ensure that requirements are progressive and maintained to a high level. LSH has been at the forefront of instigating compulsory safety measures outside of the regulatory requirements in place for the private rented sector (PRS). These include:
  - Production of Periodic Electrical Safety Report – essential requirement for 17 years.
  - Compulsory fitting of smoke detection system – essential requirement for 15 years.
  - Installation of fire blanket to kitchen area - essential requirement for 22 years.
  - Compulsory fitting of carbon monoxide detectors – essential requirement for 7 years.
  - Property inspection and assessment against LSH Standards – essential requirement for 5 years.
6. LSH seeks recognition through the consultation process for the ongoing work carried out by the service and to highlight the benefits that can be achieved through effective accreditation and landlord engagement.

## **Citywide Selective Licensing**

7. The call to introduce Citywide Selective Licensing for all rented dwellings stems from the concerns surrounding empty dwellings across the city and issues in some areas of perceived anti-social behaviour. LCC is seeking to introduce licensing to combat absentee landlords and to redress the balance of dealing with anti-social behaviour.

## **Accreditation in the City**

8. LSH recognises the necessity for LCC to have a greater understanding of landlords operating in the PRS and to address the level of unregulated providers. The gap between unregulated and regulated landlords and dwellings in the student market remains largely within the traditional housing sector.
9. There is almost certainly more landlords regulated in the student sector under accreditation schemes compared to the PRS as a whole. This is largely due to the regulatory stance LSH has pursued over the past 22 years. The registration process with LSH involves property inspection to ensure dwellings comply with the LSH Standards in relation to identified risks and hazards.
10. The continued work by LSH to drive up standards, assess dwellings and ensure effective management and safety has been recognised by LCC as pivotal in bringing positive progressive change to the student PRS. The collaborative approach between LSH and LCC's CLASS Accreditation has strengthened the regulatory arm in the sector and has been a robust and effective means of managing issues raised with student landlords. It is widely recognised that accreditation provides the most effective role in educating and improving the professionalism of the PRS.

### **Selective Licensing to Improve Property Standards**

11. The Citywide Selective Licensing Business Case produced by LCC has detailed the rationale behind the council's proposals and specifies how citywide licensing will facilitate improvements. The report states that *'The licence conditions will improve standards of tenancy management'*
12. The improvement of standards in tenancy management and within rented dwellings is what LSH believes should be the main focus for the PRS within Liverpool. A greater level of landlord education and training is required to improve standards of tenancy management.
13. There is little evidence within the Business Case to support how improvements will be facilitated and how the "real improvements" will be delivered. The report states *'We recognise that in order to achieve this there is a need for a robust and coherent regulatory framework within which the PRS operate'*. The reality of sweeping budget cuts and reduction in core staffing levels cast doubt on the delivery of many aspects of the business case.
14. LSH has worked closely for many years with the Enforcement Team within LCC and recognises the excellent work this team has delivered. But more recently LSH has identified a significant strain being placed on the resources of this team and the knock on effects to the PRS through financial cutbacks and the reduction in staffing levels.

## **Evidence - Will Selective Licensing deliver the required benefits?**

15. When considering the full impact of Selective Licensing LSH has sought to establish a greater understanding of models of licensing which currently exist and schemes which have not continued following the initial five year period.

### **Licensing Scheme Comparisons**

#### **A. Newham Council – Introduction of Selective Licensing**

16. Following the pilot scheme of licensing in designated areas, Newham Council were the first Local Authority in the country to introduce a 'Citywide Selective Licensing' scheme.
17. Whilst considering the detailed reasoning behind Newham's decision to expand their existing scheme, there appears little evidence to support the rationale behind Liverpool's decision to follow the same route. The areas are very different both in terms of the demography of tenants, but also the property type and standards). Liverpool has in excess of 50,000 students from three major universities in the city, whereas Newham has only one university but a much higher percentage of migrant workers and a problem with so-called 'beds in sheds'.
18. The Citywide Licensing Scheme in Newham has been introduced to deal with specific issues pertaining to the high proportion of migrant workers being exploited in their living conditions by landlords with little regard for the wellbeing and safety of tenants. LSH believes that the Newham experience is not representative of the housing issues which exist in Liverpool.

#### **B. Manchester City Council – Withdrawal of Selective Licensing after 5 year period**

19. Unlike Newham, Manchester as one of our neighbouring cities can be drawn upon in terms of similarities to the PRS in Liverpool. Both cities have areas of deprivation and poor housing stock and also share a similar demographic profile in terms of student numbers.
20. The model launched by Manchester City Council focused on a designated area for Selective Licensing. Following a period of 5 years Manchester City Council decided to withdraw the licensing scheme stating: *"Both the legislation and the City Council's approach to introducing Selective Licensing (SL) have created difficulties. Members and landlords have rightly criticised the scheme as being overly bureaucratic, with too much effort focussed on the paperwork and administration and not enough on tackling the poorer landlords through enforcement and prosecution."*<sup>1</sup>
22. Furthermore, Manchester City Council stated: *"An external evaluation was commissioned by the Manchester and Salford Pathfinder. The evaluation recognised that in some challenging areas SL could play a complementary role to general neighbourhood enforcement activity, providing that the associated landlord enforcement work is funded and the schemes are much more tightly focussed. However, the legislation does not allow SL fees to be used for*

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<sup>1</sup> Manchester City Council Item 8 Communities and Neighbourhoods Overview and Scrutiny Committee 11 January 2011

*this complementary activity and is only intended to be self-funding to cover the administration of the scheme.*<sup>2</sup>

### **Transfer of Costs to Tenants**

23. A major drawback of Licensing is that it impacts on all landlords and places additional burdens on reputable landlords who are already fully compliant with their obligations. This creates additional unnecessary costs for reputable landlords which tend to be passed on to tenants.<sup>3</sup>
24. LSH is concerned there will be a transfer of costs to tenants following the introduction of Licensing. Figures provided by LCC suggest that the city has over 50,000 units of accommodation within the PRS. On this basis with each Licence costing around £500, that is potentially an additional £25 million that will be paid by tenants to landlords, and handed over to LCC to create the most expensive list of good landlords ever devised!
25. LSH feels that the costs incurred through Selective Licensing would be passed directly to tenants which in turn impacts on the marketability of dwellings and affordability to the student community. LSH does not wish to see unlicensed landlords who fall “under the radar” gaining unfair advantage by offering cheaper rent levels and pulling students away from reputable landlords who have increased their rent levels in order to comply with their Selective Licensing obligations

### **Economic and Population Implications**

26. Accommodation and general living costs are an important factor in the decision making process that leads thousands of students to choose Liverpool as their preferred destination to study. LSH is committed to ensure students in our city have access to good quality accommodation with choice in terms of location, standards and price. LSH is concerned that Licensing costs passed on through rent levels will impact on the traditional housing sector.
27. This sector of the student housing market has been subject to large changes over the past ten years, with pressure applied through the development of large purpose built city centre dwellings. The migration of students out of the traditional student areas in south Liverpool is set to continue with further reductions in Halls stock in that area by the University of Liverpool and LJMU.
28. LSH and its stakeholders have worked hard to ensure sustainable student communities which engage positively in this city. Work carried out by Student Community Reps and joint initiatives with Merseyside Police and LCC have delivered positive messages relating to anti-social behaviour and community cohesion. One example is the ‘Keep Liverpool Tidy’ campaign which works to recycle unwanted student belongings within the local community.

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<sup>2</sup> Manchester City Council Item 8 Communities and Neighbourhoods Overview and Scrutiny Committee 11 January 2011

<sup>3</sup> Section 5(41) Department for Communities and Local Government – Review of Property Conditions in the Private Rented Sector – February 2014

Furthermore the stakeholders are working to encourage students to engage and participate in the electoral process whilst living in their student accommodation.

29. The economic return from students living in the traditional housing sectors remains pivotal to small businesses and services in these localities and every effort should be made to protect them as vibrant sustainable areas of the city.

### **Selective Licensing to address Anti-Social Behaviour in the Student Market**

30. Liverpool City Council state: *“When considering the effectiveness of selective licensing we need to give due regard to the problems LCC is aiming to address with this process. Section 80 of the Housing Act 2004 gives local authorities the power to designate areas as subject to selective licensing - provided certain conditions are met. Such a designation can be made if the area is experiencing low housing demand and/or significant levels of persistent anti-social behaviour which is not being addressed by private landlords”*<sup>4</sup>.
31. Taking into account the introduction of Licensing, the areas of the Act which LCC seek to address in the student housing sector fall largely in the areas of anti-social behaviour. LSH is concerned that the expectation to manage anti-social behaviour will shift from the combined efforts of trained professionals at LCC, landlords and other agencies to the property owner or manager. This may result in increased threats of eviction as landlords react to the potential threat of having their license revoked, following anti-social complaints about their property.
33. LSH believes that pockets of anti-social behaviour which have occurred within the student sector have been identified and addressed through collaborative partnership between key agencies formulating a way forward to address the issues. The effectiveness of this approach has been evident through the recognised success of working groups and the joint action applied to deal with anti-social cases quickly and directly.
34. The Home Office states: *“In terms of the behaviour itself, what is seen as ‘anti-social’ will vary from victim to victim, and neighbourhood to neighbourhood. The right response in each case will depend on a range of factors, but most importantly, on the needs of the victim and the impact the behaviour is having on their lives. As a result, solutions need to be jointly developed by local agencies, each with their own understanding of the situation and context, working together with victims and communities.”*<sup>5</sup>
35. Recent legislative changes proposed through the Anti-Social Behaviour, Crime and Policing Act 2014 aim to address the existing legal remedies, with emphasis placed on effective tools and eradication of problems associated with bureaucratic and protracted processes. The effectiveness of passing the responsibility onto landlords to deal with anti-social behaviour in effect contradicts the current government’s vision of how best to deal with these issues. LSH would encourage LCC to promote strategies that have successfully operated in the localities such as the ‘Dales’ area of south Liverpool and facilitate other local community groups to replicate this model.

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<sup>4</sup> Liverpool City Council – Ten Point Pledge – Citywide Selective Licensing Scheme

<sup>5</sup>Home Office Paper: May 2012 Putting Victims First - More effective responses to anti-social behaviour

## CONCLUSIONS

36. In considering the Citywide Selective Licensing Business Case, LSH does not feel that Citywide Selective Licensing is the correct mechanism to improve standards in the PRS sector or to tackle the issues raised in the document.
37. LSH would welcome LCC adopting a more robust approach to identifying and addressing poor housing conditions and taking steps to deal with ineffective management of dwellings from landlords who persistently fall short of regulatory standards. LSH believes the inability to utilise license fees to deliver enforcement and property inspections to facilitate real change impacts negatively on the ability to deliver actual change to the PRS through Selective Licensing.
38. LSH believes that by introducing Citywide Selective Licensing, LCC is failing to recognise the value of accreditation schemes and the proven benefits which are facilitated in terms of improvements to property standards and professional management of rented dwellings.
39. The universities in Liverpool support the statement made in the 'Homes Fit for Study' report produced by the NUS (National Union of Students):  
*'Universities should work with their students' union, local authority, other stakeholders and specialist agencies to create robust, well-trusted accreditation schemes, building on best practices from cities with established schemes that drive standards of accommodation in the private rented sector upwards'*
40. LSH has genuine concerns in relation to the continued cuts in LCC spending and staffing in the core enforcement departments, which questions the ability of LCC foresee to deliver core objectives in the Selective Licensing proposals. The inability of LCC to utilise any of the license fee income to deliver enforcement, property assessment/inspection or direct improvements to the PRS is a regressive step in terms of property standards and enforcement in the city as whole.
41. LSH does not accept that the introduction of City Wide Selective Licensing will effectively deal with issues relating to anti-social behaviour. It has been proven through our city's working community groups and on a national scale that anti-social behaviour is more effectively and robustly dealt with through a multi-agency approach facilitating immediate action through dialog and engagement. LSH feels that the onus placed on landlords to deal with anti-social issues will result in an increase in the use of legal procedures to deal with these issues, which are costly, lengthy and ineffective.
42. In providing input into the Selective Licensing consultation process, LSH would encourage LCC to consider alternatives to Licensing. The city has proven accreditation schemes both in the student and private rented sector as a whole. LSH believes LCC has the opportunity to impart change through enforcement, investing in raising standards through accreditation and taking the much required legal action against criminal landlords who fail to comply with any form of regulatory or legal processes.

43. The city wide promotion of the LSH Standards and the CLASS scheme will contribute most significantly to improve standards in the PRS. Alongside this, appropriate investment in the enforcement teams to deal with the landlords who fail to comply with existing housing legislation. LSH believes this two pronged approach is the most effective way of dealing with the issues contained within the Mayor's pledges.
45. Liverpool Student Homes urges Liverpool City Council to recognise the long term benefits that LSH has brought to the PRS in the student community and in doing so, acknowledge the efforts that LSH-registered landlords have made to raise standards above and beyond their existing legal requirements.