DRAFT

Feasibility options appraisal report

London Borough of Brent

August 2022 v0.1

Aim of feasibility and options appraisal

Enable senior stakeholders to agree Private Rented Sector Licensing (PRSL) approach by:

- Summarising the evidence
- Determining implications of recommended designations
- Appraising options for implementation
- Suggesting scheme objectives to meet agreed designations
- Understanding further clarification points needed before moving to consultation phase.

The report's purpose is to gain agreement before submitting a proposal in September 2022, with the intention of undertaking consultation on PRSL to commence in November 2022.

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The report outlines a proposed approach that will be the basis for LBB agreement to move to consultation

Purpose

This review gives LB Brent (LBB) a robust basis for deciding its approach to Private Rented Sector (PRS) Selective Licensing that:

1. Meets legislative (and DLUHC guidance)

2. Identifies PRS problems (criteria) and assesses LBB's strategic goals with property licensing

3. Protects LBB's most vulnerable residents, by bridging the gap between the present and a new scheme

4. Explores options for scheme designations, including:

   - Identifying the largest possible coverage (with single or multiple designations) to protect the widest number of renters

   - Developing a first phase designation that:

     a. Identifies PRS stock up to the 20% threshold

     b. Mitigates the risk of DLUHC decision delay.

   - Identifies wards that should pass DLUHC scrutiny by benchmarking evidence and demonstrating robust criteria:

     a. Against other councils, London and UK averages

     b. For criteria that DLUHC have previously approved.

   - Makes designations internally consistent and straightforward to enforce.

5. Supports the Council to agree proposed scheme objectives and whether to move ahead

6. Provide basis for a robust consultation and strong application to the Secretary of State.

The following slide provides a timeline for this phase of the project.

Brent

Overview of Licensing

Property licensing is one tool to help the council to:

- Effectively support vulnerable residents
- Tackle the most pressing private rented housing issues
- Support and educate landlords
- Improve property conditions in PRS
- Upgrade tenancy and property management
- Generate revenue to continue to improve the PRS
- Enforce property standards.

Brent Current Licensing position

The council has two schemes currently operating:

- A Selective Licensing scheme due to end on 30th May 2023
- An Additional Licensing scheme running until 31st January 2025
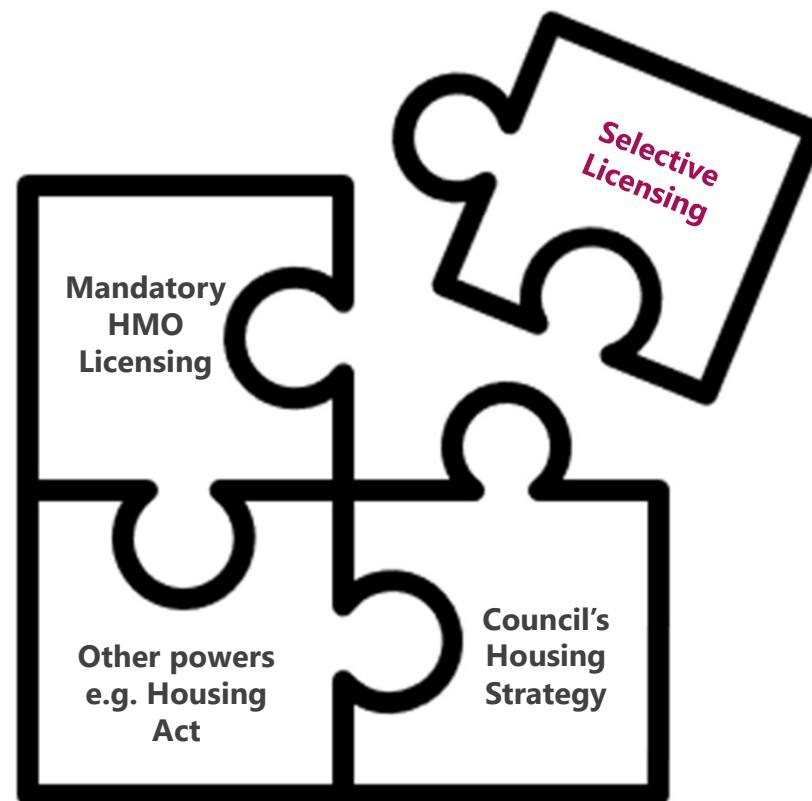
Selective Licensing is an additional tool to improve PRS conditions, along with additional and mandatory HMOs.

Background to selective scheme

Selective Licensing

- Privately rented properties let to single family household or two sharers
- Designated by Council, with larger schemes approved by the DLUHC

Additional HMO Licensing

- LBB has an additional HMO Licensing scheme which will run until 2025
- Smaller houses in multiple occupation (HMOs) let to 3 or 4 unrelated people, forming 2 or more households sharing amenities e.g. kitchen or bathroom
- Includes s257 HMOs and HMOs in certain purpose built blocks of flats
- Designated by the Council

Mandatory HMO licensing

- Large HMOs, let to 5 or more unrelated people, forming 2 or more households sharing amenities e.g. kitchen or bathroom.
- National mandatory scheme

This feasibility study is focused on selective licensing only.

Legislation

The Housing Act 2004 affords Local Authorities the right to apply for licensing of privately rented properties in areas which are experiencing:

- Anti social Behaviour
- Low Housing Demand
- Immigration
- Deprivation
- Poor property conditions
- Crime

Part 3 of the Housing Act 2004 sets out the scheme for licensing private rented properties in a local housing authority area. Local Authorities can designate the whole or any part or parts of its area as subject to selective licensing.

Evidence for a selective licensing scheme must be robust. Depending on this, local authorities can apply to **designate** either the whole or a part of their area, for **selective property licensing** for up to **five years.** The application process is complex, and councils must:
- Provide robust supporting evidence as well as producing a clear proposal identifying what is to be designated, its intended objectives and consequences
- Demonstrate that the scheme is a part of a coordinated approach to tackle homelessness, empty properties and anti-social behaviour in the PRS
- Consider alternatives to achieve the intended objectives
- Consult widely for a minimum of 10-weeks (recommend 12-15 weeks.)

Schemes must be aligned to the overall housing, and other relevant council, strategies and form part of a coordinated approach for dealing with issues such as homelessness, empty homes and anti-social behaviour

Approval from the Secretary of State is required for a selective licensing scheme which:
- Covers more than 20% of their geographical area
- Affects more than 20% of privately rented homes in the local authority area.

PRSL means that **Landlords must comply with a set of scheme conditions**, or they may face enforcement action

Only where there is no practical and beneficial alternative to a designation should a scheme be made.

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Findings and recommendation

- LB Brent has very high PRS Cat. 1 hazards compared with 12% English Housing Survey 2020-21 (EHS) national average
- The recommended scheme may be one of the largest schemes in England (47,090 properties) and would have two designations implemented in two phases:
  - **Phase 1, designation 1 criteria – poor property conditions and high ASB**

    Wards covered – Dollis Hill, Harlesden & Kensal Green and Willesden Green (covering 18% of the PRS).
  - **Phase 2, designation 2 criteria – poor property conditions**

    The remaining 18 wards (excluding Wembley Park) covering 62% of the PRS.
- Licensing will be an important tool to address ASB, as it allows new approaches to combat high repeat ASB incidents
- Phased approach (not a pilot) enables LBB to include ASB criteria in the worst wards, with agreement gained through general approval
- The subsequent phase two designation will be approved by cabinet and through an application to DLUHC.

The following review outlines how these conclusions were reached and begins by looking at the LBB PRS profile.

Ward Map of LB Brent

Overall eligibility for Selective Licensing – percentage of PRS

- For an area to be suitable for selective licensing, the level of private rented properties must be over the national average of 19%
- All four proposed designations have over 30% PRS, above both the 19% national and the 27% London average
- Overall, LB Brent has 43.6% PRS (excl. known HMOs).

% PRS (excl. known HMOs) of total Housing stock

Legend: % PRS (total housing stock) Metastreet — National average - 19% PRS (EHS 2021) — London Average - 27 % PRS (EHS 2021)
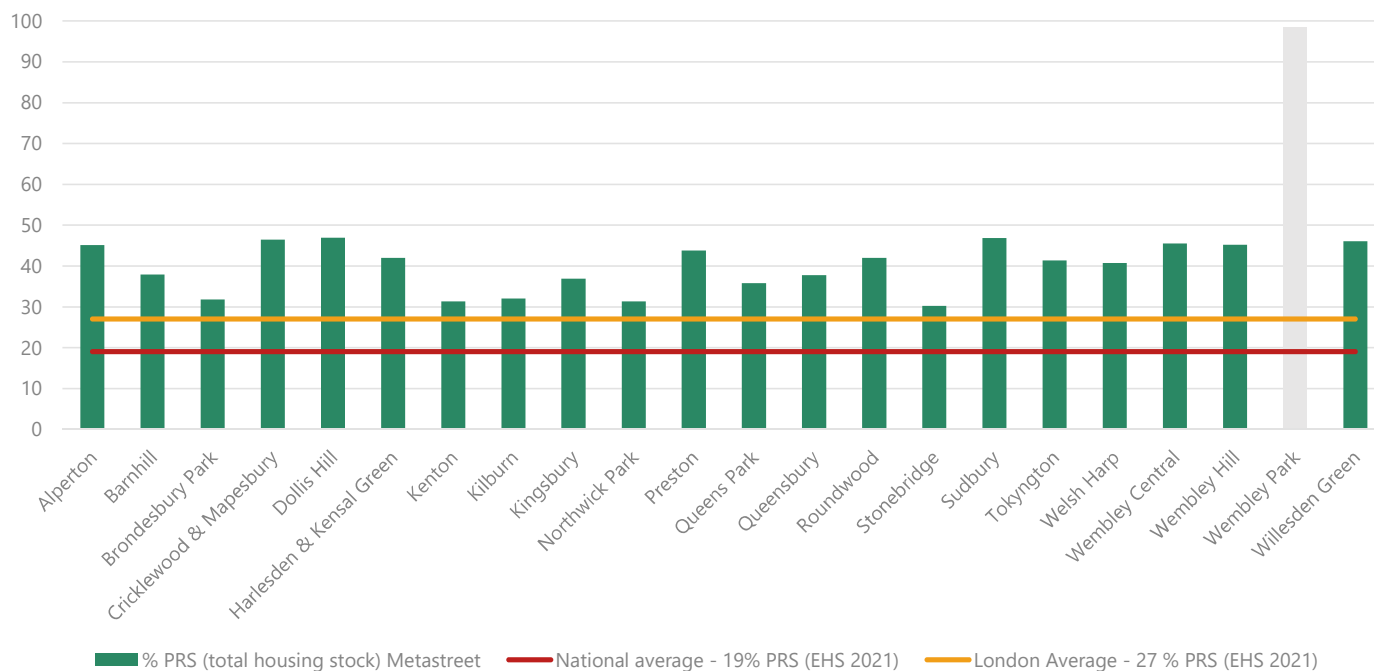
Ward	% PRS (excl. known HMOs)
Alperton	45.1
Barnhill	37.9
Brondesbury Park	31.8
Cricklewood & Mapesbury	46.4
Dollis Hill	46.9
Harlesden & Kensal Green	42
Kenton	31.3
Kilburn	32
Kingsbury	36.9
Northwick Park	31.3
Preston	43.8
Queens Park	35.8
Queensbury	37.7
Roundwood	42
Stonebridge	30.2
Sudbury	46.8
Tokyngton	41.3
Welsh Harp	40.7
Wembley Central	45.5
Wembley Hill	45.2
Wembley Park	98.4
Willesden Green	46

Due to the PRS levels all 22 wards (out of 22) are eligible to be reviewed against selective licensing criteria

Recommended designations

The proposed designations are in a phased approach, to enable the council to tackle ASB issues quickly as follows:

Designation 1 - (covering 10,595 properties, which is 18% of the total PRS and 19% of PRS excl. known HMOs)
- Criteria – poor property conditions and high ASB
- Wards covered – Dollis Hill and Harlesden & Kensal Green and Willesden Green

Designation 2 (covering 36,495 properties, which is 62% of PRS and 66% of PRS excl. known HMOs)
- Criteria – poor property conditions
- Wards covered – the remaining 18 wards (excluding Wembley Park)

The proposed designations:
- Cover 21 wards out of 22 or 46,090 properties, which is 81% of the borough PRS (85% of PRS excl. known HMOs)
- Have robust evidence that will stand up to local and government scrutiny
- Would make a LBB selective licensing schemes one of the largest in England.

Detailed evidence for the designations is outlined on the following slide.

Reviewing designation criteria

Possible criteria
1. Property conditions
2. ASB
3. Deprivation
4. Crime
5. Migration
6. Low housing demand.

LBB
Evidence indicates the following criteria can be used in designations: 1. Poor Property Conditions 2. Anti-Social Behaviour 3. Evidence for Deprivation.

Evidence indicates designations based on three criteria and/or combination thereof. The following slides outline how the housing stock is assessed for these criteria. Details for the other criteria can be found in the appendix.

Summary evidence for recommended designations

Ward	% PRS (excl. known HMOs)		% Cat 1 hazards		Properties with 1 or more ASB incidents		Total ASB incidents		PRS Properties with Repeat ASB	
Alperton	45.1	✓	19%	✓	326		448		80	
Barnhill	37.9	✓	28%	✓	291		413		74	
Brondesbury Park	31.8	✓	19%	✓	251		336		58	
Cricklewood & Mapesbury	46.4	✓	20%	✓	350		443		72	
Dollis Hill	46.9	✓	23%	✓	648	✓	878	✓	165	✓
Harlesden & Kensal Green	42	✓	22%	✓	592	✓	812	✓	145	✓
Kenton	31.3	✓	29%	✓	352		493		96	
Kilburn	32	✓	16%	✓	376		496		85	
Kingsbury	36.9	✓	22%	✓	246		348		57	
Northwick Park	31.3	✓	31%	✓	259		380		82	
Preston	43.8	✓	21%	✓	262		342		50	
Queens Park	35.8	✓	19%	✓	377		495		87	
Queensbury	37.7	✓	23%	✓	367		505		89	
Roundwood	42	✓	18%	✓	391		548		111	
Stonebridge	30.2	✓	16%	✓	324		483		105	
Sudbury	46.8	✓	22%	✓	330		435		68	
Tokyngton	41.3	✓	23%	✓	215		284		49	
Welsh Harp	40.7	✓	25%	✓	417		570		111	
Wembley Central	45.5	✓	22%	✓	372		495		85	
Wembley Hill	45.2	✓	19%	✓	318		411		70	
Wembley Park	98.4	✓	0%		44		52		5	
Willesden Green	46	✓	**22%**	✓	555	✓	731	✓	114	✓

Designation criteria	Number of properties	% of all PRS
PRS Stock (excl. known HMOs)	55,495	
20% of the total PRS	11,099	
1. Poor property conditions,& ASB	10,595	18%
2. Poor property conditions	36,495	62%
Total properties within the three designations	47,090	81%

We have reviewed the evidence and:
a. Identified 2 designations with robust evidence covering 81% of LBB's PRS stock (47,090 properties)
b. Determined that Poor p[property Conditions and ASAB provide the most straightforward designations.

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How the designations were shaped

The analysis:

1. Identifies all wards that will pass DLUHC scrutiny by benchmarking evidence to demonstrate robust criteria:

   a. Against other councils, London and UK averages

   b. For criteria that DLUHC have previously approved.

2. Makes designations internally consistent and straightforward to enforce

3. Identifies the largest possible coverage (with single or multiple designations) to protect the widest number of renters

4. Shows the figures used in this report:

   a. Meet the legislation for % PRS in the designations, based on total number of predicted PRS properties without differentiating between HMOs and single-family dwellings, in line with the Housing Act and Government guidance

   b. Are used to assess which of the general conditions are met – migration, deprivation, low housing demand, high crime, poor property conditions, ASB

   c. The scheme objectives should be based on numbers for single family dwellings, therefore we used the figures for the PRS with known HMOs removed for the objectives

   d. The report will clearly state when using PRS figures with known HMOs removed.

The evidence for the designations are shown below:

- **Designation 1 - (covering 18% of the total PRS and 19% of PRS excl. known HMOs)**

  Criteria – poor property conditions and high ASB

  Wards covered – Dollis Hill and Harlesden & Kensal Green and Willesden Green

- **Designation 2 (covering 62% of PRS and 66% of PRS excl. known HMOs)**

  Criteria – poor property conditions

  Wards covered – the remaining 18 wards (excluding Wembley Park)

1. Evidence for Poor Property Conditions

According to "Selective licensing in the private rented sector: A Guide for local authorities" (2015):

- "Local housing authorities can address poor property conditions through their powers in Part 1 of the Act, which are extensive…There may, however, be circumstances in which a significant number of properties in the private rented sector are in poor condition and are adversely affecting the character of the area and/ or the health and safety of their occupants. In that case, as part of wider strategy to tackle housing conditions, the local housing authority may consider it appropriate to make a selective licensing scheme"

- It is recommended that local housing authorities consider the following factors to help determine whether there are poor property conditions in their area:

    - **The age and visual appearance of properties in the area and that a high proportion of those properties are in the private rented sector**.

    - Whether following a review of housing conditions under section 3(1) of the Act, the authority considers **a significant number of properties in the private rented sector need to be inspected in order to determine whether any of those properties contain category 1 or 2 hazards.** In this context "significant" means more than a small number, although it does not have to be a majority of the private rented stock in the sector."

Other councils have:

- Provided evidence of the **rate of Category 1 hazards predicted** in PRS properties in the designated area, compared with the national average (13%)

- Also submitted the age profile of properties within the designated area.

The following slide shows evidence to support how the housing stock is assessed for this criteria.

1. Poor Property conditions

- For 'Poor property conditions,' DLUHC accept evidence of the level of category 1 hazards

- To be included, according to the Housing Act, a Local Authority must deem it appropriate to inspect a large number of properties to determine the existence of Cat1 Hazard properties

- For benchmarking we have recommended areas must show levels above the national average of 12% (EHS 2021)

- In LBB, 21 of 22 wards have levels of Cat 1 hazards above the national average

- Overall, 18% of PRS (excl. known HMOs) are predicted to have Cat 1 hazards.

% of PRS (excl. known HMOs) predicted to have Cat.1 hazards
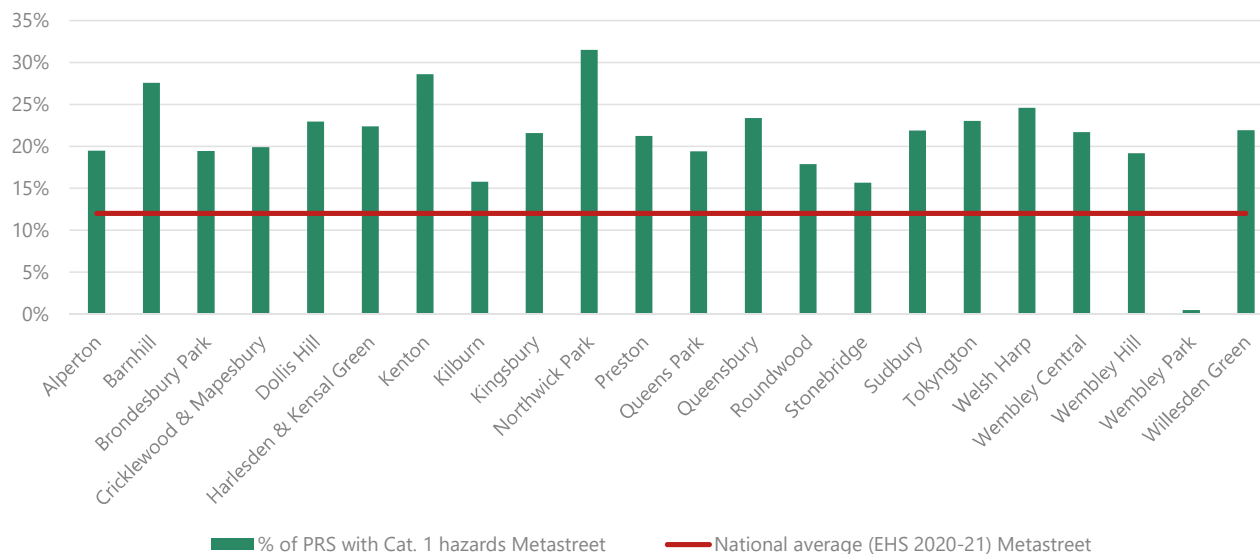
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Tokyngton	41.3	23%
Welsh Harp	40.7	25%
Wembley Central	45.5	22%
Wembley Hill	45.2	19%
Wembley Park	98.4	0%
Willesden Green	46	**22%**

Excluding Wembley Park, all wards have more than 12% of cat 1 hazards, making this is an appropriate category for designations.

2. Evidence for Anti-Social Behaviour

According to "Selective licensing in the private rented sector: A Guide for local authorities" (2015):

- In deciding whether an area suffers from anti-social behaviour, it is recommended that local housing authorities consider whether private sector landlords in the designated area are not effectively managing their properties so as to combat incidences of anti-social behaviour caused by their tenants or people visiting their properties and in particular that the area suffers from anti-social behaviour as a result of this failure or because that failure significantly contributes to this problem. In considering whether the area is suffering from anti-social behaviour, which a landlord should address, the council should consider acts of (but not limited to):

  - **intimidation and harassment of tenants or neighbours;**
  - **noise, rowdy and nuisance behaviour affecting persons living in or visiting the vicinity;**
  - **animal related problems;**
  - **vehicle related nuisance;**
  - **anti-social drinking or prostitution;**
  - **illegal drug taking or dealing;**
  - **graffiti and fly posting;**
  - **and litter and waste within the curtilage of the property.**

Other councils have provided the **numbers of untidy front gardens, nuisance pets complaints, graffiti, fly boarding, domestic noise, rates of ASB and repeat ASB, and comparisons with local rates**.

The following slide shows evidence to support how the housing stock is assessed for this criteria.

2. Anti-Social Behaviour

- To be included, the proposed selective licensing area must suffer from significant and persistent ASB
- The three wards with the highest number of ASB incidents are Dollis Hill, Harlesden & Kensal Green and Willesden Green.

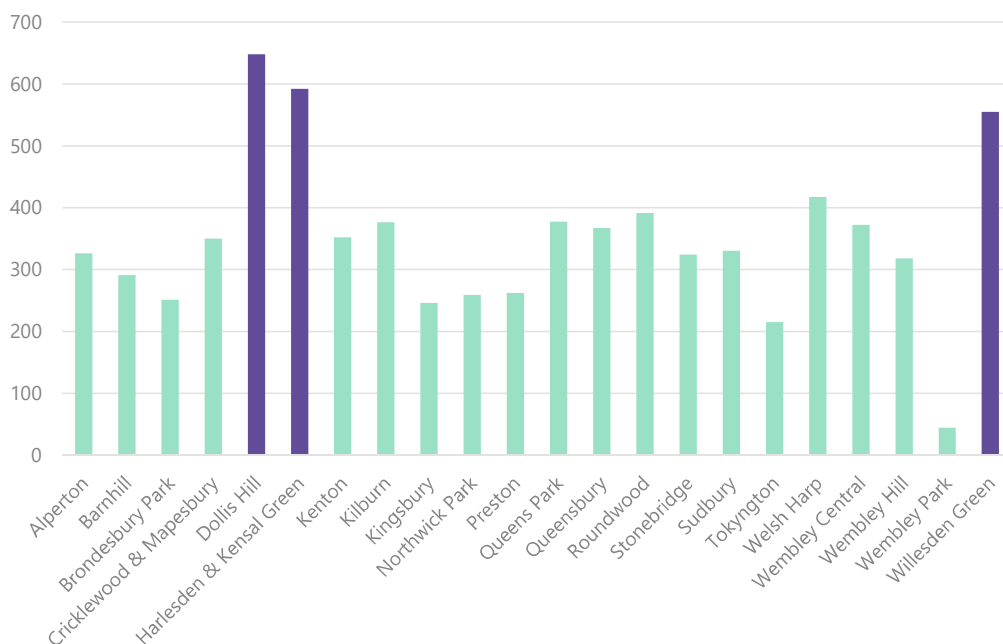Total ASB incidents (2017-2022) Metastreet
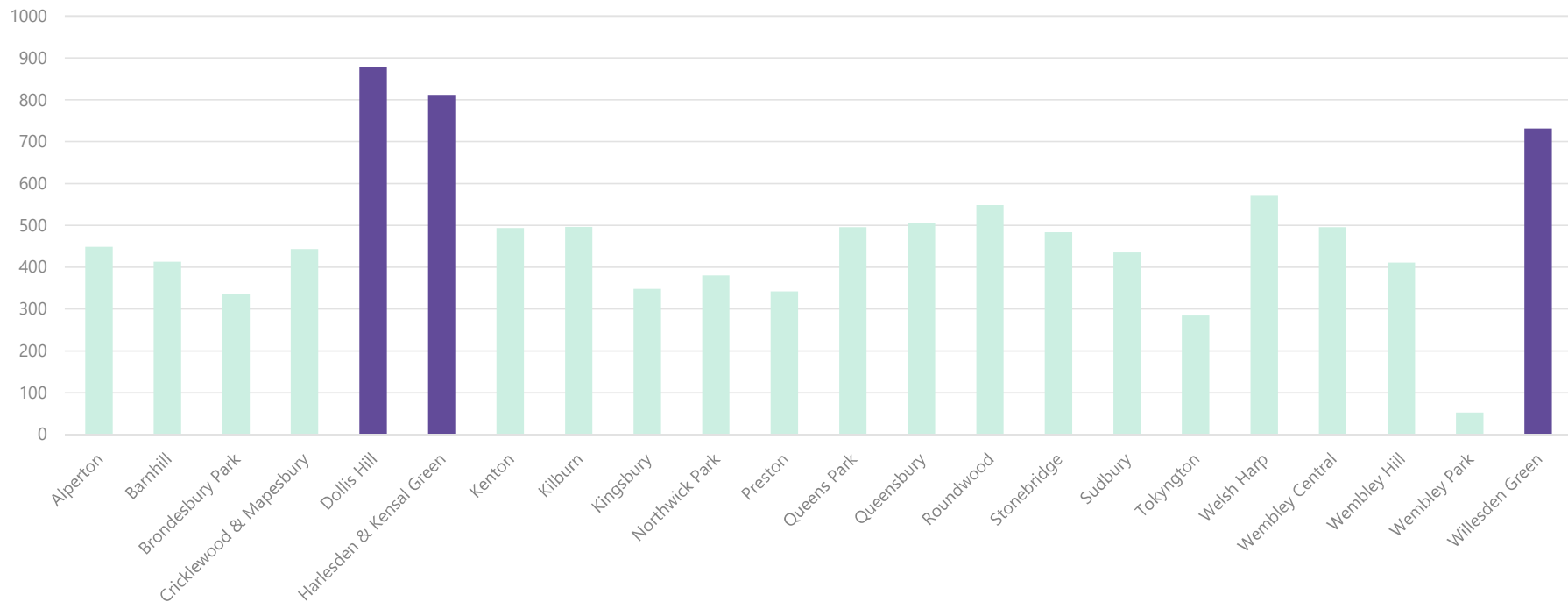
However, to qualify for the criteria there must be evidence of incidents of repeat ASB.
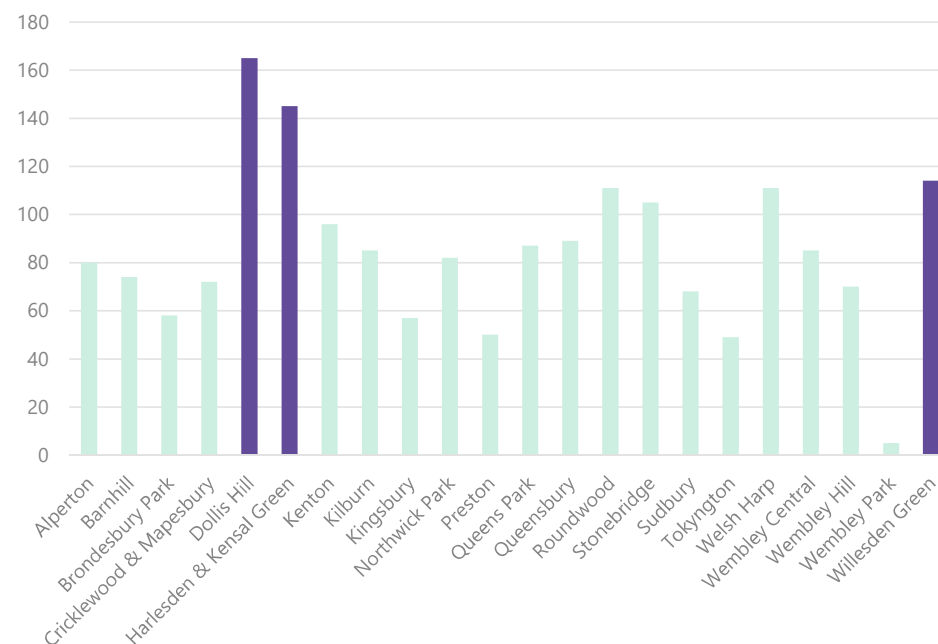
2. Anti-Social Behaviour continued

Dollis Hill, Harlesden & Kensal Green and Willesden Green have the highest properties with ASB incidents, including repeat ASB.

Number of PRS Properties with ASB incidents (2017-2022) Metastreet

Number of PRS Properties with Repeat (2 or more) ASB incidents (2017-2022) Metastreet

The evidence suggests these three wards qualify for the ASB criteria. The following slides outline the designation options.

Options

Options	Description	Strengths	Weaknesses
Option 1 • **Two phases** • **4 designations** • **21 of 22 wards.**	Four designations cover 47,090 (85%) PRS properties (excl. known HMOs,) they are: 1. Poor property conditions, ASB & deprivation (Dollis Hill and Harlesden & Kensal Green) 2. Poor property conditions & ASB (Willesden Green) 3. Poor property conditions & deprivation (Kilburn, Roundwood and Stonebridge) 4. Poor property conditions (remaining 15 wards, excluding Wembley Park).	• Enables LBB to address ASB while waiting for DLUHC approval for larger phases • Addresses largest number of issues for most PRS residents.	• As one of the largest schemes (if not the largest,) in the country may attract more attention. • Will require more resources to implement this option.
Option 2 (recommended) • **Two phases** • **Two designations** • **21 of 22 wards.**	Two designations cover 47,090 (85%) PRS properties (excl. known HMOs) they are: 1. Poor property conditions & ASB (Dollis Hill and Harlesden & Kensal Green and Willesden Green) – Covers 18% of PRS and can be approved at Cabinet 2. Poor property conditions (remaining 18 wards, excluding Wembley Park).	• Simplifies designations • Enables LBB to address ASB while waiting for DLUHC approval for larger phases • Addresses largest number of issues for most PRS residents.	• As one of the largest schemes (if not the largest,) in the country may attract more attention. • Will require more resources to implement this option.
Option 3 • **One phase** • **Poor property conditions only** • **21 of 22 wards.**	All wards except Wembley Park - 47,090 PRS properties and 85% of PRS (excl. known HMOs)	• Would withstand scrutiny • Potentially easier to implement.	• Would need to wait for DLHUC approval • Would not enable the council to address ASB and deprivation.

Options

Options	Description	Strengths	Weaknesses
Option 4 • **Two phases** • **Phase one - worst Cat 1 hazards <20% wards** • **21 of 22 poor property conditions wards.**	Phase 1 - Barnhill, Kenton, Northwick Park, Queensbury, Tokyngton and Welsh Park 10,082 properties,18% of PRS (excl. known HMOs) Phase 2 – (remaining 15 wards excluding Wembley Park). 37,008 properties , 67% of PRS (excl. known HMOs)	Enables LBB to address areas with the worst poor property conditions first	• Difficult to draw the line at 23% • Not geographically coherent
Option 5 • **Submit wards meeting two or more criteria** • **Two phases** • **6 of 22 wards**	Three designations covering 18,372 (33%) PRS properties (excl. known HMOs), they are 1. Poor property conditions, ASB & deprivation (Dollis Hill and Harlesden & Kensal Green) 2. Poor property conditions & ASB (Willsden Green) 3. Poor property conditions & deprivation (Kilburn, Roundwood and Stonebridge)	Smaller scheme to easier to implement	• May not stand up to scrutiny as high cat .1 hazards across LBB not be addressed by SL

Five options were identified and discussed with LBB. **Option 2 was recommended** as it:

• Simplifies Option 1 and phases implementation – designation 1 is based on poor property conditions & ASB for three wards covering 18% of PRS

• Doesn't use 'deprivation' as a criteria as this is difficult to demonstrate how licensing can directly address this

• Is the most internally consistent in terms of evidence

• Simplifies implementation and enforcement

• Addresses largest number of issues for most PRS residents – covers 47,090 (85%) PRS properties (excl. known HMOs,)

Conclusion

Brent

Our recent review of the national licensing landscape found:

- 11 schemes submitted to DLUHC for approval and are in place or had recently been approved and would start in 2022

- It took between 4 and 17 months to get approval

- They range in size from 2,300 to 45,000 properties

- The criteria (in order of most used) are:
  - o Property conditions
  - o ASB
  - o Deprivation
  - o Crime
  - o Migration
  - o Low housing demand

- Three LAs tried to bring in large SL schemes, but were rejected by the SOS (2) or were Judicially Reviewed((1). Subsequently smaller schemes resubmitted and approved

- License fees ranged from £500 to £900

- Consultation ranged from 12 weeks to 5 months* with the largest having 2,063 respondents and lowest having 336 responses.

* This consultation was extended to 5 months due to the 2020 COVID lockdown.

LBB proposed scheme:

- Will be one of the largest schemes with 47,090 (85%) of PRS properties compared to the 45,000 of the largest scheme

- Follows the patterns of most used criteria:
  - o Property conditions
  - o ASB

- Criteria and benchmarking means we are confident that evidence will support consultation and an application

- Bridges the gap between the present scheme ending and the implementation of the full scheme

- Helps to address the issues of fuel poverty

- Focuses on biggest PRS issues for your most vulnerable residents

- Can be aligned to your strategic housing goals.

Need a problem solved in a different way? Get in touch:

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