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# Selective Licensing Consultation: Report on Consultation Events

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**Report by: Suzannah Kinsella,  
Independent Facilitator, Volition Ltd**



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# Executive Summary

Tower Hamlets has been consulting on whether to renew, alter or end the current Selective Licensing Scheme which is in operation in three wards of the borough: Weavers, Whitechapel, Spitalfields & Banglatown. The current Scheme covers all private rented properties in those wards and is due to come to an end in October 2021.

The consultation took place between August and December 2020. As part of its wider consultation, Tower Hamlets held three online consultation events in November and December 2020. The events (held on Zoom due to the COVID-19 pandemic) were targeted at local residents, tenants, landlords, agents and business owners. Most participants were landlords and agents, with others representing tenants. This report summarises the comments and questions raised at these events. A separate report on the written consultation responses is being prepared by Tower Hamlets.

## Top level summary of participants' comments and questions:

- Many participants expressed agreement with the scheme and support for the licensing goals of addressing rogue landlords: driving them out of the sector and encouraging better property management, but views differed on whether the current form of the Selective Licensing Scheme was an effective way of achieving this.
- The efficacy of the Scheme in identifying rogue landlords was either unclear to participants or, based on the figures presented at the event (see Appendix A), seemed low compared to the budget generated by the fees.
- Several participants urged the Council to take a more targeted approach to licensing, for example by using complaints and algorithms to target problem areas rather than the current geographic ward approach.
- There was also a suggestion to replace the Licensing Scheme with a scheme to educate and support tenants to identify rogue landlords.
- Some strongly supported the Scheme for what they saw as its role in protecting tenants by introducing a fit and proper test for landlords and mandating tenancy agreements and property standards
- Other participants supported the Scheme, but commented that specific aspects should be reviewed including:
  - the need to license of new builds that have been designed to meet property and safety standards
  - standard minimum room sizes and occupancy limits seen by some as unhelpful to people struggling to afford London accommodation prices
  - providing different license lengths e.g. 2-3 years or refunds for short term landlords

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- continuing/increasing communication of the scheme: not assuming that there is widespread awareness of the Scheme, increasing efforts to communicate it to those who believe that only multiple household properties need a license
  - exploring alternative areas to target the scheme, from extending the Scheme to cover all of Tower Hamlets to targeting based on complaints or areas with older/lower standard properties.

### **Conclusions based on the workshop findings:**

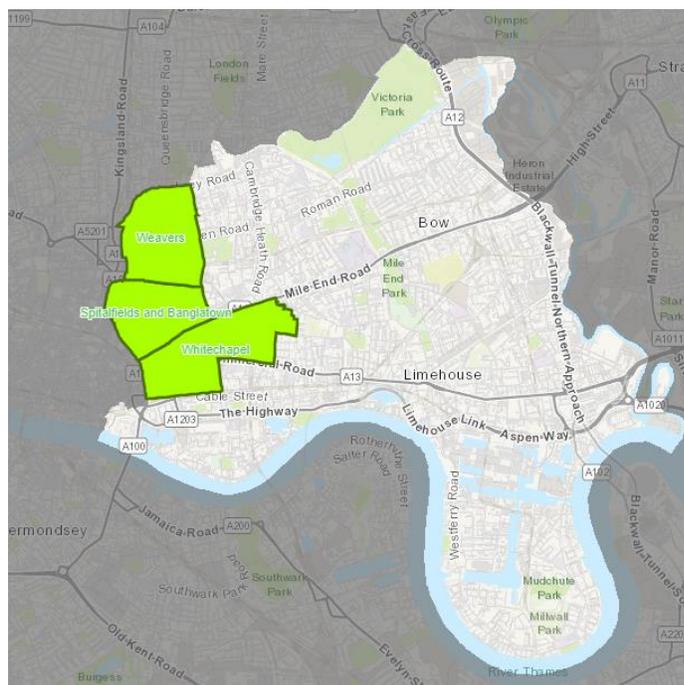
- 1.** There is widespread agreement with and support for the Council's objectives of driving out rogue landlords and improving property conditions.
- 2.** As part of its review of the Selective Licensing Scheme, the Council should be open to considering and reporting back on the feasibility and likely effectiveness of other means of identifying rogue landlords and substandard properties, for example by assessing other parts of the Borough or by exploring targeting by property type or areas of high levels of complaint.
- 3.** There is a need for greater clarity on what landlords and agents should expect once a license has been issued as there is frustration among some that they hear nothing once the license is issued.
- 4.** More transparency is called for in how the funds raised by the Scheme are spent.
- 5.** More communication is needed on the performance and impact of the Scheme: particularly on impact measures such as the number of rogue landlords identified, fined and prosecuted, the number of properties inspected and the number improved.

# 1. Background to the consultation

Between 28 August and 13 December 2020, Tower Hamlets consulted on whether to renew, alter, or end the current Selective Licensing Scheme for privately rented properties which is in operation in three areas of the borough and is due to come to an end in October 2021 (see map below).

The current Selective Licensing Scheme (under Part 3 of the Housing Action 2004) has been in operation in Weavers, Whitechapel, Spitalfields & Banglatown since October 2016. The Scheme has put a legal duty on landlords or persons responsible for the privately rented properties to apply for a licence.

Tower Hamlets commissioned an independent review of the Selective Licensing Scheme. The report, by Mayhew Associates, sets out the data and the evidence base on the performance of the Scheme. The report was shared as part of the consultation on the Scheme. Council officers and elected members will be using the findings of the Mayhew report and the feedback from the consultation to inform their decision on the future of the Selective Licensing Scheme in Tower Hamlets.



**1. Map of Tower Hamlets' Current Selective Licensing Scheme**

The consultation gathered feedback through a number of channels:

- Online surveys on <https://talk.towerhamlets.gov.uk/> for i. residents & tenants, ii. landlords & managing agents/agents and iii. businesses or service providers
- Via email to the Housing Licensing Team
- Virtual consultation events: November 3, 10 & December 10, 2020

The consultation was publicised through the following channels:

- Two direct emails to existing License Holders
- Direct email to 4000+ Property Agents and Managing Agents
- Letters to occupants of licensed properties under the Selective Licensing Scheme
- Email to voluntary and third sector organisations

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- A notice / quarter page advertisement in East region newspaper publications, including seven separate local papers covering the whole of East London
  - Direct emails to neighboring Councils, Local Police, Fire Brigades
  - Tower Hamlets' website and social media alerts including regular twitter feed.

Separate to the Selective Licensing Scheme, there are two other property licensing schemes operating in Tower Hamlets. These schemes are not part of this consultation:

- **Additional Licensing:**  
All rented properties anywhere in the Borough which are occupied by 3 or 4 people living as 2 or more separate households who share facilities, and the property is not within the Selective area.  
Also includes flats with 5 or more tenants living as two or more households in purpose-built blocks with three or more flats.
- **Mandatory Licensing:**  
All rented properties anywhere in the Borough which are occupied by five or more people living as two or more separate households who share facilities. It has been a legal requirement to licence these properties since 2006.

## 2. About this report

This report summarises the questions and comments expressed at three online consultation events held as part of the overall consultation on Selective Licensing in Tower Hamlets. During the events, the three Tower Hamlets officials present responded where they could to the questions raised, but the purpose of this report is to focus on the issues raised by participants.

Formal responses to the consultation submitted online through the consultation portal or written responses received by post or email, are being reported on separately. Both reports will be shared with Councillors to inform their decision on whether to renew, alter or end the Selective Licensing Scheme.

### 2.1 Format of and attendance at the online consultation events

Because of social distancing restrictions in place due to the COVID-19 pandemic, the consultation events were held online via the video conferencing tool Zoom. The three 2-hour events were publicised via the talk.towerhamlets website and direct communication through emails, letters to stakeholders and through local newspaper notices / advertisements to the residents and the general public as detailed above. The purpose of the events was to:

- Provide information on the objectives of the Selective Licensing scheme and its performance to date
- Answer questions on the Selective Licensing Scheme
- Provide a space for participants to share views on the Scheme
- Encourage participants to submit formal responses to the consultation.

The events were facilitated by an independent facilitator and started with introductions and an online poll on the type of participants (landlord, agent, tenant etc.). Three members of the Tower Hamlets Housing Licensing Team were present at each event to give a presentation on and answer questions about the Selective Licensing Scheme and its performance to date. The events were audio recorded for reporting purposes and agreement to this was sought from participants at the start of each session. The events were aimed at residents, tenants, landlords, agents and managing agents and were available for anyone to attend. As can be seen in the table below, most of the 22 participants were landlords and property/managing agents.

*Table 1: Consultation events and attendance levels*

Date	Attendance
<b>3 November 2020 6pm-8pm</b>	1 Tenant/Tenant Representative 4 Landlords 1 Agent

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	<b>6 Total</b>
<b>10 November 2020</b> <b>2pm-4pm</b>	3 Landlord Agents 1 Landlord 1 Unknown <b>5 Total</b>
<b>3 December 2020</b> <b>6pm-8pm</b>	6 Landlords 2 Tenant Representatives 3 Unknown <b>11 Total</b>

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## 3. Feedback to the consultation

This section of the report focuses on the comments and questions raised by participants at the online events on the Selective Licensing Scheme (the Scheme). Views on the merits of the Scheme in the three Tower Hamlets' wards of Weavers, Spitalfields & Banglatown and Whitechapel, ranged from those who were supportive and thought it should be expanded to the entire borough, to those who thought the scheme was an easy money earner for the council which was not succeeding in its aim of driving out rogue landlord practices. Participants also expressed views on how the scheme could be altered or asked for more clarity on its impact. Some comments were common to most of the events, whilst others only came up at one. Appendix B of the report gives a summary of the themes and questions raised at each event.

### 3.1 Overall responses to the Selective Licensing Scheme

#### 3.1.1 Why include new build properties in the Selective Licensing Scheme?

At two of the events some landlords and agents raised the question of why new build properties are included in the Licensing Scheme. They asked why buildings that have been designed and built to meet standards such as fire safety, gas and electricity are being included when the Council should focus its efforts on identifying dangerous, substandard properties:

*“My building is 5 years old. It meets all standards, fire, gas, everything. I feel that we are being punished. I agree with the Scheme, because we need to get the rogue landlords out of the system 100%. But I feel like I am being punished. Why are we part of the Scheme when we are fully licensed with everything, with gas, electricity, why doesn't the scheme say right, we take over buildings that are more than 10 years old. They are buildings that probably need to be looked at after 10 years, after 10 years the building starts to become decrepit then you need to look it. But when you have buildings that are brand new and in very good condition are being licensed and shouldn't need to be licensed.”*

There was a sense among some landlords and agents with modern properties that they were being made to pay a license fee for which they saw no benefits. Some participants complained about not receiving an inspection during the license period, whilst at the same time saying that not enough was being done to target rogue landlords. Some suggested a blanket exemption from the Selective License fee for all properties less than five or ten years old.

#### 3.1.2 How effective is the Scheme at dealing with rogue landlords?

The issue of how effective the current scheme is at dealing with rogue landlords was raised at two of the three events. Some participants recognised that tracking down people who are deliberately

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evading the license fee and operating under the radar was not easy, but it needed more effort by the Council:

*“My concern is how you can cope with those people who have avoided registering, bad landlords, because they make it bad for all of us and its bad for tenants and so there are some you are missing and I think it’s very difficult but that’s where I am coming from and going to, I want to see it work better and more effectively.”*

One view was that the scheme as it is currently set up cannot hope to identify unlicensed landlords because they are operating in the shadows and will never voluntarily license their properties:

*“You will never find them through a selective license scheme because they will never sign up for it, they will never pay a license fee. You will never find them, because their tenants will never come to you. The license won’t work because it won’t address to problem you were trying to achieve.”*

When discussing how rogue landlords could be more effectively identified, some participants suggested targeting where complaints are coming from:

*“The best thing is to give priority to tracking down people who should be licensed through complaints and that kind of category. On that category thing, because those are the people, the landlords who are antisocial and so they are the priority for you to chase up for making sure that they are licensed and so that really, I think should be your priority. You have to prioritise.”*

Another suggestion was for a more targeted inspection approach to identify substandard properties and their landlords:

*“You’ve got to police them. You’ve got to go into each property in the list, gain entry, examine it and see if it’s up to standard or not. It will take manpower to do that.”*

Linked to the issue in section 3.1.1 about new builds, one view was that the Council should not include new builds in its licensing regime, but instead put its focus on higher risk, older properties and target those as being more likely to be owned by unlicensed landlords.

*“We should be on a fair playing field, but we aren’t on a fair playing field. It will take the pressure off from the Council, knowing the building is new and doesn’t need to be monitored. We need to get rid of the rogue landlords. This is going to*

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*take years to do, so we are being punished because of the rogue landlords. We aren't going to get them out of the system unless you actually target them, rather than putting everyone into the equation."*

### **3.1.3 What has the Selective Licensing Scheme achieved?**

There was a strong sense among some participants at the events that the Scheme was not effective at improving property standards and targeting rogue landlords. For some, this was drawn from the experiences of paying the fee but having no further communication or contact from the council. They had expected to have their property inspected to ensure it had met standards. Others had expected to receive clear reports on the numbers of properties improved or rogue landlords identified.

*"A scheme to eradicate dangerous properties and rogue landlords is needed but this is not it and never will be if run and managed in the way it is now."*

At two of the three events, questions were raised on what the money raised by the license fees since 2016 (approximately £3.5million) has achieved. Given that the identification of rogue landlords was an important objective of the Scheme, some participants asked for more clarity from the Council on the numbers identified and prosecuted. They felt that the numbers of landlord interventions presented during the event (see Appendix A) were either unclear or too low to justify the level of fees charged:

*"I think us landlords have not seen that transparency, we signed up for it. You are telling me this is what it's spent on. I would like to see a breakdown of where my money is going. £3.5million is a lot of money. How many of these rogue landlords have you identified? This was the main objective of your initiation of selective licensing scheme, is to identify who these rogue landlords are."*

*"£3M, 5 years... caught 14 people?"*

*"You should be held to task about why there aren't more landlords who have been asked to register and chasing them up."*

During these discussions, the Council put forward the point that the fees need to cover the costs of the scheme over a 10-year period, as licenses granted near to the end of the Scheme's five year period continue for five years.

Nonetheless, there was a call for the Council to be more transparent in reporting the impacts of the Scheme, particularly in its pursuit of the landlords of unlicensed properties. The Council's claimed benefit of the Scheme creating 'a level playing field' for landlords by ridding the borough of rogue

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landlords needed more evidence of how it has performed in that task or how it plans to do so early in the life of any renewed scheme.

### **3.1.4 What does the license fee pay for?**

As well as greater transparency on the evidence of the Scheme's impact, questions were also raised on what the license fee pays for. Participants wanted to know how many council staff are focused on the task of identifying rogue landlords. There was an understanding that staff would be needed at the start of the Scheme to perform registration and administrative tasks, but that as the Scheme matured, more resource should be focused on pursuing rogue landlords:

*“How many people have you got on chasing down those people who are causing problems? You should have 5 or 10 staff. You should be able to have that in your budget. If you have got £3-4million or something. I'd really like to see how you budget and I really do hope that you will give that area the recognition it needs.”*

Some participants understood that the purpose of the Scheme was linked to reducing antisocial behaviour and encouraging better residential areas through managed green spaces. This led to questions and a request for more clarity on if and how the funds raised through the Selective Licensing Scheme fees contributes to these areas:

*“The point I want to raise is one of transparency and landlords were told that their fee would be spent on safety and reducing ASB, but I know how councils operate and fund activities and that sort of thing usually comes from a general fund, if part of our license is paying for that, then we should be receiving a breakdown. I get that it pays for checking on building regs and fire safety, but there's a huge amount of this £3million that are to my mind unaccounted for and landlords should receive in return a breakdown of exactly how this money is being spent, otherwise how do I know that under the extra community safety work done in the area round the block in the area where my flat is, over and above what the other residents are paying?”*

Some landlords said they had paid the fee but felt they had seen nothing in return. They had expected to be contacted about inspections to ensure they were complying with standards:

*“I haven't received a single communication from Tower Hamlets about checking fire safety, electrical safety or anything at all. Neither have my tenants. I was obligated to pay £500 and haven't received any justification for this huge charge since. And no evidence whatsoever of what the licence charge is spent on.”*

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### 3.1.5 Communication of the Scheme: how to make it clear, consistent and targeted?

Issues raised around the communication of the Scheme included awareness of the Scheme itself, how consistent the advice on standards is and the issue of confusion between different schemes run by different London boroughs.

An issue was raised that some landlords were unaware of the Selective Licensing Scheme and were not deliberately evading the Scheme. This created a number of unlicensed properties that were then targeted by some tenants (for example through Facebook groups) with the explicit aim of claiming rent repayment orders. It was said that these otherwise good landlords were being exploited:

*“These people are renting this property in the best conditions, they do everything right and they didn’t even know they had to license. That is my biggest concern because then if these people have a problem with their actual tenant and if the tenant turns to them, they can do the rent repayment orders to someone who has done everything by the book. I am fine with the license and the cost, but the biggest issue is the communication...People think the licenses are only for houses with shared 3-4 bedrooms. The communication has been atrocious.”*

This led to a call for the Council to not assume that the Scheme has full awareness and that it should do more to communicate the Scheme to landlords in Tower Hamlets:

*“There isn’t enough publicity making it clear to all landlords that they must license and with the greatest respect, I respect what you are doing and its great and it’s not enough to say they should know. They won’t know and even if they do, they won’t bother if they think they won’t be chased up.”*

Another issue raised was the point that some landlords and agents are receiving conflicting advice on applying the property standards that are part of the Licensing Scheme:

*“On one day, someone gives you one bit of information and on another other information. We need clear and precise advice because if we do something wrong, we get fined for it. There is that opportunity for you to fine us. Responsibility is on our shoulders.”*

Some landlords own properties in different London boroughs and found the different standards applied by different boroughs unhelpful in ensuring their properties met the required standards:

*“It depends where you are, some rules in Hackney and Hampstead it’s very confusing, if someone is going to have a £5000 penalty it should be better*

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*communicated. Communication should be better between landlords and council. That's why I am here, to make sure going forward we can work together to get better housing for everyone."*

### **3.1.6 Comments on the property standards mandated by the Selective Licensing Scheme**

Points about the standards mandated by the Selective Licensing Scheme were raised at all three events. Some participants raised the question about whether the standards in the social housing sector were the same as those applied to the private rented sector. There was a belief held by some participants that double standards might be in operation and that the private rented sector was more tightly regulated and monitored than social housing, which if that was the case was felt to be unfair:

*"The council is taking a heavy stick out on private landlords who do have licenses and do provide fire safety etc. but you find council properties who are overcrowded and in awful conditions. So, is it just a stick for one and not the other in terms of types of standards?"*

The standard for minimum room size was raised when the example was given of an ex-council property, sold as a three-bedroom home, was subsequently not permitted to market itself as having three bedrooms for rent as one of the room sizes was less than the 6.51sqm minimum:

*"Through the licensing period the actual size of each room has been redefined and it left me as a landlord perplexed about how to accommodate the new standards of the sizes."*

Participants were told at the events that the standard on room sizes was central government legislation and therefore not something that Tower Hamlets could divert from.

The standards on the number of people who could live in a property was also raised. Some participants said that the cost of rent in London meant people were having to live with several people in one property to make it affordable. They felt this was a choice the tenants should be allowed to make and that enforcing lower occupancy rates was harming both landlords and tenants:

*"You have bought in the licenses and done the assessment and said you can only have 4 people in a property when they were 5-6 and they were quite happy there and I have told them they have to leave."*

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*If they are happy to stay in – but 2 people have to leave but the 4 can't afford the rent. Where are they going to go? Some people have children in schools. Is this part of gentrification? Are we saying only x amount of people can stay even if it is safe, with fire doors and everything? If they are happy to say in 6s, why should they not be allowed to stay, because they know that they can't get a property, because they can't afford the rent in London."*

Some agents pointed to the impact that complying with the property standards was having on their workload. They talked about the difficulty of finding building contractors who would take on relatively small projects such as installing mains powered smoke detectors. They felt this issue should be better appreciated by both the Council and landlords:

*"The work to get all these properties in line with licensing is huge. I don't think landlords know the work the agents go through right now. We have to do thousands of properties with smoke alarms, fire alarms. You try to get a builder to do a job in a property. Not easy. Landlords think it's a money-making scheme from the Council. It's not just money involved it's the time too which is huge."*

### **3.1.7 Views on licence fee level and length**

As we have seen in sections 3.1.3 and 3.1.4, most discussion about the license fee focused on what it is being spent on, what it is achieving and whether it is providing value for money for the landlords who pay it. At one of the events, the point was raised that landlords' revenue has been reduced by the impact of the COVID-19 pandemic (e.g., payment holidays/rent reductions for tenants) and that this should be acknowledged in a slightly reduced fee for the next period of the scheme:

*"At the same time the figure for the renewal should be a little less to encourage people to renew I think it could be reduced a bit more, more welcoming to landlords especially in COVID which has not only affected tenants but also landlords' income with reduced rent, and everything else."*

Responding to a comment by Tower Hamlets that its fees were lower than most other London boroughs, one participant felt that the fees were in fact high compared to those councils who don't charge for selective licensing at all:

*"The cost does not compare favourably to the cost of a licence in Greenwich or Southwark, because they don't sting private landlords with a charge at all."*

The 5-year length of the license fee was thought to be too rigid by some participants, who said it offered poor value for money for landlords planning to rent their properties for less than 5 years.

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Some asked for refunds to be made available for landlords who stop renting their properties within the five years. Others asked the Council to consider the option of offering shorter licenses:

*“Could there be an option for a shorter period of licensing rather than a 5-year license. E.g., offer a 2- or 3-year license. The per year cost could be slightly higher, I wouldn’t mind that personally. If someone plans to rent out for a short period of time and then sell it, give the landlord the option.”*

### **3.1.8 Views on extent and location of the licence scheme**

A range of views were expressed during the three events on the geographic extent and location of the Selective Licensing Scheme in Tower Hamlets. Some participants asked the Council to consider expanding the Scheme to cover the entire borough and help raise standards in all rented properties:

*“As an agent I welcome and support a renewal of the Scheme. But why stop at the three areas? I think it should be across the borough. With the Scheme it will enable landlords and agents to maintain safety compliance required with the private rented sector. Also, we know from studies that it reduces anti-social behaviour which you also pointed out and it enables making sure that landlords and agents correct any deficiencies that may exist within their properties.”*

Others felt that the Scheme should move to other areas of the borough to tackle sub-standard housing there:

*“Further to the east its more likely that you’ve got more problems – huge challenge there.”*

Some participants questioned why the council wasn’t being more ambitious in expanding the Scheme if, as it was saying in the report on its impact, it was such a success:

*“If the Scheme is as you describe it so important, why wouldn’t you cover the whole borough with it?”*

A question was raised about why other areas are not targeted by the Scheme and that it focused on ‘profitable areas’ as part of a money-making exercise:

*“Why do private landlords not in the selective area not have to pay for a licence? Doesn’t Tower Hamlets care about those landlords’ safety obligations? The impression is that Tower Hamlets have just picked the ‘profitable’ areas so that they can make more money.”*

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When hearing that the Council had the power to target up to 20% of properties in the borough with selective licensing, the suggestion was made to target by type of property or by known problem areas, rather than by ward areas. The ward area was seen as a blanket approach that targeted too many high standard compliant properties and too few lower standard properties:

*“This scheme will only have the proffered effect if it is targeted rather than blanket geographically. If you can only survey 16%, then make it the 16% where you are most likely to unearth problems.”*

*“Most of the flats in the areas you have selected are new build, have managing agents and are more likely to meet all the regs. Why haven’t you targeted areas that are more likely to have the ‘bad’ landlords you want to improve? There is bound to be an algorithm that tells you this.”*

### **3.1.9 Reasons to support selective licensing**

Whilst many of the discussions during the consultation events focused on questions about the impact of the scheme, how it has been communicated and managed, comments were also made about its positive contribution to a better private rented housing sector in Tower Hamlets. Points made in support of the Scheme included:

- Ensuring the tenant gets a tenancy agreement
- Testing landlords are fit and proper people
- Ensuring properties are maintained to standard
- Empowering the Council to fine bad landlords
- Creating the ability to contact landlords
- Overall rise in property standards.

*“Young private renters too often don’t receive contracts, they don’t receive the how to rent guide, the gas safety certificates, so in our opinion licensing ensures that each occupier at least has a tenancy agreement. I know there is a debate about how new the property is but having a tenancy agreement really is a minimum standard, so I welcome this licensing thing in raising standards.”*

Given the protocols for rating owners of holiday lets on platforms such as Airbnb, the point was made that it felt wrong for holiday let owners to be more scrutinised than full time landlords and they felt that the Scheme went some way to ensuring that landlords were being asked to meet basic standards:

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*“I find it insane that on Airbnb that vendors are rated on every aspect of the service they provide so it feels reasonable that to have a license for 5 or 10 years it’s checked the property provided is safe.”*

## 3.2 Suggestions for Tower Hamlets as it considers the future of the Scheme

At all three events, participants put forward suggestions to Tower Hamlets to make the current Scheme more effective or to replace the Scheme with an alternative set of measures to tackle bad landlords.

### Suggestions to make the current Scheme more effective:

- Provide more resources to educate landlords about property standards to help them comply with them
- Set up an endorsement scheme for agents to help landlords work with experienced and qualified agents
- Introduce a rating scheme for landlords (this suggestion was discussed at the event and felt to be unworkable as it was open to abuse with fake ratings)
- Include a letter with the Council Tax bill chasing unregistered landlords
- Target the 20% limit on selective licensing on older/substandard properties
- Track bad landlords by complaints received e.g., noise and poor property maintenance
- Make agents responsible for standards rather than landlords
- Introduce flexible length licenses
- Produce clear, unambiguous reports on progress made by the Scheme in targeting bad landlords: e.g., number of civil penalty notices, prosecutions, rent repayment orders etc.
- Publish plans on how the Council plans to target bad landlords in the future.

### Suggestion to replace the Scheme:

- Put Council resources into educating, encouraging and supporting tenants to make complaints about housing conditions and so increase the likelihood of identifying unregistered landlords.

## 3.3 Questions raised during the consultation events

This section captures the questions raised during the consultation events. Participants asked questions about many different aspects of the Scheme and they were discussed with Council officials

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as part of the meetings. The Council should aim to provide answers to these questions and share them with the wider public as part of their response to the consultation.

### **Management of the Scheme**

- What will Tower Hamlets do to address the peak demand for licenses at the start of the Scheme that led to delays in licenses being issued in the first edition of the Scheme?
- Are you holding private sector landlords to different standards than those for the social housing sector?
- Why do license holders have to be UK residents?
- Why do you ask questions about Managing Agents when the property owner might not have control over who they are e.g., no idea about criminal records?
- If 6 people want to stay in a 2-bedroom flat and they are totally happy with it, why is Tower Hamlets coming in and saying no we have to kick three people out?
- Is overcrowding an issue in the social sector too?
- Are those properties that you target (for inspections) inside or outside the selective area?
- When you do the surveys when you go round the blocks. Are you also knocking on the door of license holders because surely that's a waste of time?
- Funding tackling antisocial behaviour and green spaces, should that not come from the general funds and licensing funds should be ring fenced?
- If the Scheme is so important why have only around 16% of the licensed properties been surveyed?

### **Fees**

- Why can't fees be refundable if you are renting a property for less than 5 year?
- Is this not another tax on landlords?

### **Impact of the Scheme**

- Do you have any evidence that it is our (private rented sector) tenants causing any of this ASB?
- How have properties been improved? The difference between the number of licences and surveys?
- How much revenue have you raised?
- On the licensing could Tower Hamlets tell me, how many rogue landlords do you have today. Scheme has been running for 4 and a bit years. How many rogue landlords have you identified?
- What is the number of rogue landlord who have paid a fine?
- How many private rented sector properties are estimated to be in the Selective License area, how many left to licence?

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- Will the council provide a detailed and comprehensive breakdown of how much money has been raised and how the money raised has been spent?

### **Scheme extent**

- Would the plan be to use current ward boundaries instead of historic ward boundaries if the Scheme is renewed or extended?
- What's the criteria for if you were to expand the Scheme? Do you have any plans to expand the Scheme? If the Scheme is as you describe it so important, why wouldn't you cover the whole borough with it?
- There seems to be an implication that you will continue with the same area. If it's so good, why not do it for a different 20% next time?
- So why have certain areas that are selective areas, why not make it a targeted borough wide operation and reach your 20% that way?
- Most of the flats in the areas you have selected are new build, have managing agents and are more likely to meet all the regs. Why haven't you targeted areas that are more likely to have the 'bad' landlords you want to improve?

### **Consultation questions**

- Do we get more weight in how we perceive things as landlords, as tenants within the borough?

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## 4. Conclusions

1. There is widespread agreement with and support for the Council's objectives of driving out rogue landlords and improving property conditions.
2. As part of its review of the Selective Licensing Scheme, the Council should be open to considering and reporting back on the feasibility and likely effectiveness of other means of identifying rogue landlords and substandard properties, for example by assessing other parts of the borough for Selective Licensing or by exploring targeting by property type or areas of high levels of complaint.
3. There is a need for greater clarity on what landlords and agents should expect once a license has been issued, as there is frustration among some that they hear nothing from the Council once the license is issued.
4. More transparency is called for in how the funds raised by the Scheme are spent.
5. More communication is needed on the performance and impact of the Scheme: particularly on impact measures such as the number of rogue landlords identified, fined and prosecuted, the number of properties inspected, and the number improved.

# Appendix A

Tower Hamlets presentation at the online events



## Consultation on Future of Selective Licensing Scheme

David Tolley  
Head of Environmental Health and Trading Standards  
Tower Hamlets Council



## What is being consulted on

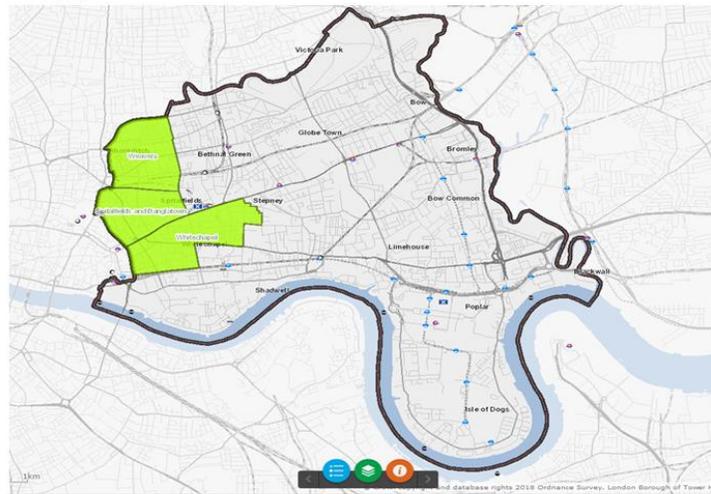


- We are consulting on the future of the current licensing scheme in operation within the three areas of **Weavers, Whitechapel and Spitalfields & Banglatown**
- Options are to:
  - Renew the scheme for a further 5 years
  - Natural ceasing of the scheme at the end of the 5 year period
  - Renew the scheme with some amendment(s)
  - Expand the scheme to rest/other parts of the borough

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# Map of the Current Selective Licensing Area



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## Why we are consulting



- We believe in listening and hearing to the stakeholders concerns, comments and ideas as this is a good way to improve what we do
- We believe in partnership and this is one of the best ways to build an effective and positive partnership
- To share experiences and ideas
- To achieve a better outcome
- We are legally required to consult for introducing or renewing such a scheme

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# What have we done in first 4 years of the Scheme



Breakdown of Selective Licensing delivery: 2016 – 2020	
No of properties have been licensed to date	7404
Notices served	1085
Property conditions improved	842
No. of tenants assisted or in the process of being assisted to recover their rent through Rent Repayment Orders	95 Clients £280K estimated claim
Civil Penalty Notice fines for failure to license	£74,875 (14 CPNs)
Prosecutions for failure to license	5
Prosecution for Management Regs	3

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# What have we done in first 4 years of the Scheme



Visits undertaken: 2016 – 2020	
Surveys	1240
survey – no access	517
Unlicensed Selective Licensing (SL)	217
Housing complaints – SL area	718
SL compliance visit - high risk	575
SL compliance visit - medium risk	49
SL compliance visit - low risk	65
SL revisit programmed	61
<b>Total</b>	<b>2745</b>

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# Two Case studies



- Images that demonstrate how selective licensing has improved PRS properties during the last 5 years.

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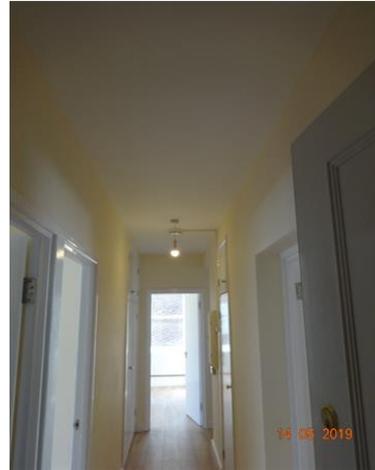
## Extensive fire damage. Property refurbished to a good standard.



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# Inadequate fire safety precautions



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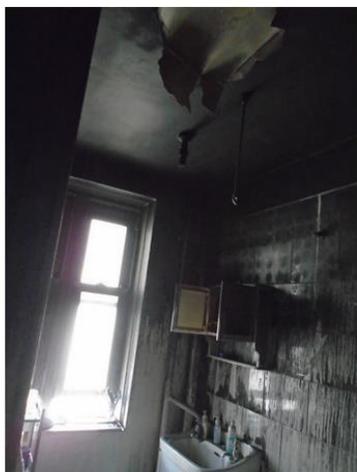


# Fire door helped stop the spread of fire and smoke



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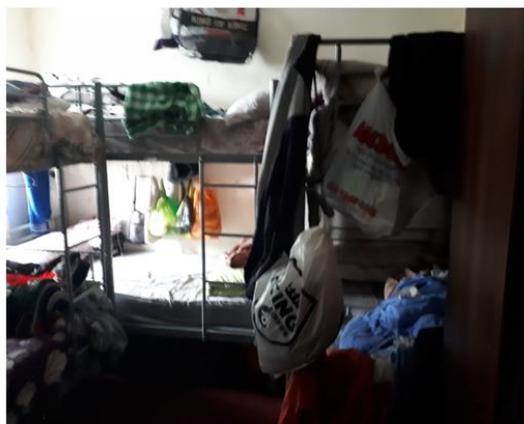
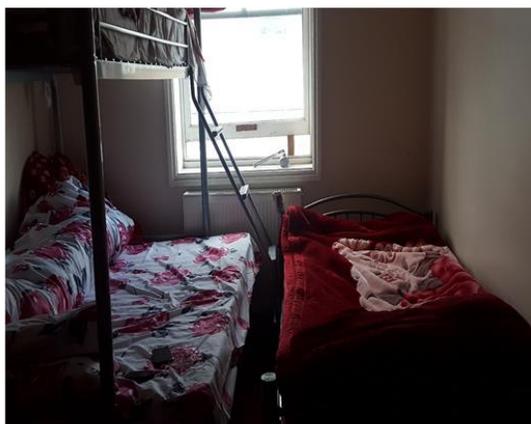




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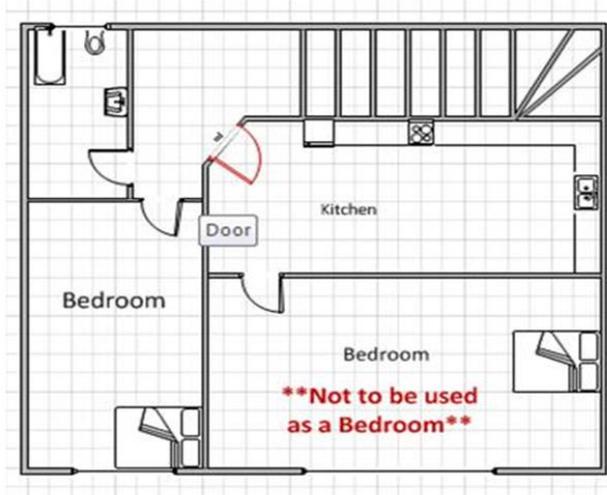
## Overcrowding issues



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# Inner rooms



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## Why do we think we may need to renew the scheme



- Consolidate the improvement achieved (set out above) and build on the success achieved by the scheme
- Build on the physical improvements achieved within some areas by reducing ASB through better management of rented properties.
- Bring on board all of the landlords and agents in the area, particularly those who are still avoiding their responsibilities
- Achieve large scale improvement given the continuous and incremental increase of the PRS
- Ensure rogue landlords are caught and driven out of the sector
- To create a level playing field for good and responsible landlords by licensing 95% of the rented properties within the designation area

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# Tower Hamlets Strategic Three-Year Plan - Priority 2



- *A borough that our residents are proud of and love to live in*

## *Outcomes for priority 2*

- *People live in a borough that is clean and green.*
- *People live in **good quality affordable homes** and well-designed neighbourhoods.*
- *People **feel safer in their neighbourhoods** and **anti-social behaviour is tackled**.*
- *People feel they are part of a **cohesive and vibrant community***

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## The Strategic Priorities in context



- Tower Hamlets being one of fastest growing populations in England. expected to reach 365,200 by 2027 - 15 new residents per day (2018)
- **Second** most densely populated local authority in the country (2019)
- **52,820** (42per cent) of all homes are now privately rented (2018)
- **10th most deprived** local authority in England
- 3rd highest **CO2 emitter** in London - closing the gap on other boroughs
- **33,633 crimes** reported in 2018-19
- **28,500 or 23per cent** of households rely on housing benefit to pay their rent
- **18,808** on housing waiting list - third highest in London (December 2018).

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# Current fee structure and proposed fee if renewal is considered



Application types	Current Licence Fee			Proposed Licence Fee		
	Part A	Part B	Total	Part A	Part B	Total
New Online Application	£251.50	£322.00	£573.50	£245.00	£350.00	£595.00
New Paper Application	£285.00	£378.00	£663.00	£345.00	£350.00	£695.00
Renewal Online App for existing licence	N/A	N/A	N/A	£200.00	£295.00	£495.00
Renewal Paper App for existing licence	N/A	N/A	N/A	£300.00	£295.00	£595.00

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## Licence Conditions



- By and large it is proposed to keep the current Licence conditions as they are
- We propose to make minor amendments such as the new Electrical Safety Regulation 2020 as a requirement
- We are in discussion with other relevant colleagues to include other clauses to help protect good landlords, agents and licence holders.
- We would like to hear from Landlords and Managing Agents on what else they would like us to consider and whether we are able to include these

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# How to respond to the consultation



[housinglicensing@towerhamlets.gov.uk](mailto:housinglicensing@towerhamlets.gov.uk)

[www.talk.towerhamlets.gov.uk/selective-licensing](http://www.talk.towerhamlets.gov.uk/selective-licensing)

Consultation Closes: 13th December 2020

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## What will happen next



- We continue trying to engage with as many stakeholders as possible
- Review the feedback, comments, suggestions at the end of the consultation period (after **13<sup>th</sup> December**)
- Prepare a detailed report incorporating all the inputs and contributions
- Make the output of the consultation available to all
- Submit a report to the Council's Cabinet by April detailing the outcome of the consultation including recommendation on the future of the Scheme

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# Open the floor to participants



1. Questions of clarification
2. Comments and views on the proposal

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# Appendix B

## Tower Hamlets Selective Licensing Scheme Consultation 2020:

### 1: Key points raised at consultation events

November 3 <sup>rd</sup>	November 7 <sup>th</sup>	December 3 <sup>rd</sup>
<p>Attendance: 6</p> <p><i>Summary of sentiment: Mostly supportive of licensing, with suggestions for improved delivery</i></p>	<p>Attendance: 5</p> <p><i>Summary of sentiment: No strong expressions of support or opposition, mostly comments about delivery</i></p>	<p>Attendance: 11</p> <p><i>Summary of sentiment: Some supportive of licensing as a form of regulating the sector, most frustrated by lack of clarity on impact and sense that new builds should not need to be licensed</i></p>
<p><b>REDUCE FEE</b></p> <ul style="list-style-type: none"> <li>To encourage renewal</li> <li>Landlords' financial loss due to COVID</li> </ul>	<p><b>LENGTH OF LICENSE</b></p> <ul style="list-style-type: none"> <li>Option of less than 5-year terms for landlords who are renting for shorter periods e.g. 1-2 years?</li> </ul>	<p><b>FEE VALUE FOR MONEY?</b></p> <ul style="list-style-type: none"> <li>Belief that landlords are not getting any value from their fee (linked to Transparency point below)</li> </ul>
<p><b>DEALING WITH BAD LANDLORDS</b></p> <ul style="list-style-type: none"> <li>Needs to be a priority for budget spending</li> <li>Scheme needs to be better at identifying bad landlords</li> <li>Track via complaints</li> </ul>	<p><b>INCONSISTENT ADVICE ON STANDARDS / BEHIND BACK INSPECTIONS</b></p> <ul style="list-style-type: none"> <li>Advice can differ depending on who you speak to</li> <li>Example of a property inspection without Agent/landlord</li> </ul>	<p><b>DEALING WITH BAD LANDLORDS:</b></p> <ul style="list-style-type: none"> <li>Not targeting bad landlords efficiently or effectively (see Suggestions below)</li> </ul>
<p><b>BUDGET SPENDING?</b></p> <ul style="list-style-type: none"> <li>How many staff chasing bad landlords?</li> </ul>		<p><b>TRANSPARENCY OF BUDGET SPENDING:</b></p> <ul style="list-style-type: none"> <li>Confusion on what the fees pay for e.g. green spaces, policing ASB?</li> </ul>
<p><b>SCHEME EXTENT: EXPAND</b></p> <ul style="list-style-type: none"> <li>Enable landlords and agents to adhere to safety standards</li> <li>Helps with ASB</li> <li>Leads to better property standards</li> <li>Exposes rogue landlords</li> </ul>	<p><b>IMPACT ON ASB</b></p> <ul style="list-style-type: none"> <li>Questioning the role of landlords in reducing ASB e.g., street noise</li> </ul>	<p><b>TRANSPARENCY OF IMPACT:</b></p> <ul style="list-style-type: none"> <li>Call for clarity on number of inspections, number of rogue landlords identified, fined, prosecuted, rent rebates.</li> </ul>
<p><b>COMMUNICATING NEED FOR LICENSE</b></p> <ul style="list-style-type: none"> <li>Good landlords unaware of the scheme caught out by tenants who target unlicensed properties for</li> </ul>	<p><b>BURDEN OF MEETING STANDARDS</b></p> <ul style="list-style-type: none"> <li>Difficulty of procuring small building work e.g., fitting smoke alarms</li> </ul>	<p><b>COMMUNICATING FIRST LICENSE:</b></p> <ul style="list-style-type: none"> <li>Landed with no consultation</li> </ul>

November 3 <sup>rd</sup>	November 7 <sup>th</sup>	December 3 <sup>rd</sup>
rent rebates		
DIFFERENCES BETWEEN BOROUGH'S LICENSING SCHEMES = CONFUSION		<b>VIEWS ON HOUSING SITUATION IN TOWER HAMLETS:</b> <ul style="list-style-type: none"> <li>• Overcrowding because of high rent costs</li> <li>• Lack of affordable housing</li> </ul>
<b>REASONS TO SUPPORT LICENSE</b> <ul style="list-style-type: none"> <li>• Raises property standards</li> <li>• Ability to contact Landlords</li> <li>• Ability to fine bad landlords (so they pay more than good landlords)</li> </ul>		<b>REASONS TO SUPPORT LICENCE</b> <ul style="list-style-type: none"> <li>• Ensures tenant gets a tenancy agreement</li> <li>• Ensures properties are maintained to standard</li> <li>• Test of landlord as a fit &amp; proper person</li> </ul>
<b>STANDARDS: ROOM SIZE</b> <ul style="list-style-type: none"> <li>• Former council properties sold as e.g.; three bed properties can no longer be rented as three bed due to room size requirements</li> </ul>		<b>STANDARDS: NUMBER OF PEOPLE IN PROPERTY:</b> <ul style="list-style-type: none"> <li>• Remove max # people from selective licensing</li> <li>• Let tenants decide their household size: makes rent more affordable</li> </ul>
NEW BUILD: NEED FOR LICENSE?		<b>NEW BUILD: NEED FOR LICENSE?</b> <ul style="list-style-type: none"> <li>• Feels like an easy money-making exercise</li> <li>• TH should focus on bad landlords</li> </ul>
<b>SUGGESTIONS TO TOWER HAMLETS:</b> <ul style="list-style-type: none"> <li>• Educating landlords about standards</li> <li>• Endorsement scheme for Agents</li> <li>• Letter with Council Tax to chase unregistered landlords</li> <li>• Track bad landlords via complaints</li> </ul>	<b>SUGGESTIONS TO TOWER HAMLETS:</b> <ul style="list-style-type: none"> <li>• Make agents responsible for standards rather than landlords</li> <li>• Flexible length licenses</li> </ul>	<b>SUGGESTIONS TO TOWER HAMLETS:</b> <ul style="list-style-type: none"> <li>• Educate, encourage &amp; support tenants to make complaints and identify/tackle bad landlords that way</li> <li>• Register of landlords, rated A, B, C etc (idea rejected by most other participants – ratings can be rigged)</li> <li>• Need for clearer statement/evidence on impact and estimate of unidentified PRS properties</li> </ul>

## 2: Summary of questions raised

November 3 <sup>rd</sup>	November 7 <sup>th</sup>	December 3 <sup>rd</sup>
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November 3 <sup>rd</sup>	November 7 <sup>th</sup>	December 3 <sup>rd</sup>
<p>Would it be right to say that selective licensing makes it easier to take enforcement action against landlords breaching the rules which means that it's easier to get landlords to comply with the minimum standards because there is a more credible threat of action happening? Has that been borne out in your experience?</p>	<p>Why do license holders have to be UK residents?</p>	<p>How have properties been improved? The difference between the number of licences and surveys?</p>
<p>How can you proactively track down those people who are not known to be landlords because they are concealing? Pretending it's a business premise or something like that.</p>	<p>Why can't fees be refundable if you are renting a property for less than 5 year?</p>	<p>If 6 people want to stay in a 2-bedroom flat and they are totally happy with it, why is TH coming in and saying no we have to kick three people out?</p>
<p>How does the Council deal with those good landlords who have done everything, and they don't have a license because I would like to say that the communications that the council had with the landlords it has not been effective whatsoever?</p>	<p>Why do you ask questions about Managing Agents when the property owner might not have control over who they are e.g. no idea about criminal records?</p>	<p>Is overcrowding an issue in the social sector too?</p>
<p>The question is who decides on the standards of the actual rooms etc. Through the licensing period the actual size of each room has been redefined and it left me as a landlord perplexed about how to accommodate the new standards of the sizes.</p>	<p>Do you have any evidence that it's our tenants causing any of this ASB?</p>	<p>How much revenue have you raised?</p>
<p>Are you holding private sector landlords to different standards than those for the social housing sector (e.g. overcrowding)?</p>	<p>The views of what should and shouldn't be done per property can get different outcomes depending on who you speak to and what you take away from the website. What do you see as the solution going forward for professionals like ourselves who want to do the right thing?</p>	<p>What's the criteria for if you were to expand the scheme? Do you have any plans to expand the scheme? If the scheme is as you describe it so important, why wouldn't you cover the whole borough with it?</p>
<p>How will TH address the issue of managing the peak demand for renewing licensing?</p>		<p>If it's such an important scheme, why haven't you made that application (to extend)?</p>
<p>Ward boundaries: current or previous?</p>		<p>There seems to be an implication that you will continue with the same area. If it's so good, why not do for a different 20% next time?</p>
		<p>Do we get more weight in how we perceive things as landlords, as tenants within the borough?</p>

November 3 <sup>rd</sup>	November 7 <sup>th</sup>	December 3 <sup>rd</sup>
		Are those properties that you target inside or outside the selective area?
		So why have certain areas that are selective areas, why not make it a targeted borough wide operation and reach your 20% that way?
		When you do the surveys when you go round the blocks. Are you also knocking on the door of License holders because surely that's a waste of time?
		On the licensing could TH tell me, how many Rogue landlords do you have today. Scheme has been running for 4 and a bit years. How many rogue landlords have you identified?
		Number of rogue landlords who have paid a fine?
		Should funding tackling antisocial behaviour and green spaces, should that not come from the general funds and licensing funds should be ring fenced?
		How many PRS properties are estimated to be in SLA, how many left to licence?