



London Borough of Croydon

Croydon Private Rented Property Licensing Scheme (CPRPL 2020)

Report of consultation findings: Executive Summary



Opinion Research Services
April 2020



London Borough of Croydon



Croydon Private Rented Property Licensing Scheme (CPRPL 2020)

Report of consultation findings by Opinion Research Services

Executive summary

Opinion Research Services

The Strand • Swansea • SA1 1AF
01792 535300 | www.ors.org.uk | info@ors.org.uk

As with all our studies, findings from this report are subject to Opinion Research Services' Standard Terms and Conditions of Contract.

Any press release or publication of the findings of this report requires the advance approval of ORS. Such approval will only be refused on the grounds of inaccuracy or misrepresentation

This study was conducted in accordance with ISO 20252:2012 and ISO 9001:2015.

© Copyright April 2020

Executive Summary

Summary of main findings

The commission

- 1.1 The London Borough of Croydon ('the council' or 'LBC') is seeking the views of residents, landlords and other stakeholders about the future of Selective Licensing of Private Rented Sector (PRS) properties in the borough.

The consultation

- 1.2 The formal consultation period of approximately twelve weeks began on 16th December 2020 and ended on 9th March 2020. During this period, residents and stakeholders were invited to provide feedback through the following:

A consultation questionnaire available for any interested party to complete;

A face-to-face residents' survey based on 501 interviews representative at borough level, to provide an accurate profile of opinions in the general population across Croydon (plus an additional 104 interviews just outside the borough boundary, to hear views in adjacent areas);

Five events for landlords and letting and managing agents at which 212 participants attended, and four deliberative focus groups with local residents, involving 26 participants in total;

A meeting involving key stakeholders (including the Police, London Fire Brigade, landlord and letting agents' representative bodies, organisations that support local residents/tenants and staff from several local and national government bodies); and

Stakeholders were able to provide their views by writing to the council or ORS (18 longer and 20 shorter written responses were shared with ORS and have been summarised in this report).

- 1.3 The consultation was promoted widely to landlords, the public and other stakeholders via the internet, email, online and print advertising, informations stands in public locations, a landlords' meeting and more.

Nature of consultation

- 1.4 The key good practice requirements for consultation programmes are that they should:

Be conducted at a formative stage, before decisions are taken;

Allow sufficient time for people to participate and respond;

Provide the public and stakeholders with enough background information to allow them to consider the issues and any proposals intelligently and critically; and

Be properly taken into consideration before decisions are finally taken.

Accountability

- 1.5 Accountability means that public authorities should give an account of their plans and consider public views: they should conduct fair and accessible engagement while reporting the outcomes openly and considering them fully.
- 1.6 This does not mean that the majority views should automatically decide public policy; and the popularity or unpopularity of draft proposals should not displace professional and political judgement about what is the right or best decision in the circumstances. The levels of, and reasons for, public support or opposition are very important, but as considerations to be taken into account, not as factors that necessarily determine authorities' decisions. Above all, public bodies must consider the relevance and cogency of the arguments put forward during public engagement processes, not just count heads.

Executive summary and full report

- 1.7 This executive summary report concisely reviews the full range of feedback received, and brings together those common themes that have emerged. It is not, however, intended to replace the full and details consultation report provided to the council.
- 1.8 It should be noted that consultation reports may appear more 'critical' than really is the case because: critics are often more motivated to respond to a consultation; and ORS has an obligation to report criticisms in order for the council to carefully consider the issues. Future actions, however, should not be determined *only* by consultation; the council must take decisions based on all available evidence.
- 1.9 ORS does not endorse any opinions reported here, but seeks only to portray them accurately and clearly. While ORS offer guidance on consultation methodology and interpretation, our reporting role is to profile the opinions and arguments of respondents; we make no recommendations on decisions taken by LBC.

Main Findings

Quantitative feedback

- 1.10 The two quantitative strands of the consultation differ in methodology, insofar as the self-completion consultation questionnaire is intentionally made widely available for anyone with an interest, and therefore tends to attract participation from those with particularly strong views on the proposals. The interviewer-administered survey, on the other hand, is intended to target a broad cross-section of the general public to obtain results that are representative of the whole borough. Therefore, the results from the two strands cannot simply be amalgamated but ought to be considered side-by-side in these contexts.

Residents survey (face-to-face)

- 1.11 Just under two fifths of Croydon residents felt that anti-social behaviour (37%) is at least a fairly big problem in Croydon. Slightly fewer, although still a third, felt that deprivation (33%) and poor property conditions (33%) are a problem.
- 1.12 Nearly two thirds of Croydon residents (64%) agreed that the current licensing scheme has been effective in improving the quality and management of privately rented properties. Most (62%) felt that if the current licensing scheme stopped and was not continued, there would be no impact on their local area; however, over a quarter (27%) felt that there would be a negative impact.

- 1.13 Seven in ten Croydon residents agreed that the council should continue with some sort of licensing scheme; only 4% disagreed. *Out of those that stated a preference* between the possible options presented¹, most (67%) would prefer a borough-wide scheme.
- 1.14 Regarding the proposed fee structure, around seven in ten Croydon residents agreed with fee reductions for multi-let properties (69%). Similar proportions agreed with discounts for existing licences re-applied for by the start date (72%) and for newly built properties or those being let for the first time (70%).
- 1.15 Around half (52%) of Croydon residents felt that the proposed standard fee of £750 for a single dwelling licence is about the right level, but nearly as many (47%) felt it is too high. The same proportion (52%) felt the proposed standard £650 fee for multi-let dwelling licences is at about the right level, but again, more than two fifths (44%) felt it is too high. Higher proportions felt the discounted fees were at about the right level: 69% for the £350 single dwelling licence fee and 68% for the £300 multi-let dwelling licence fee.
- 1.16 Around two thirds (65%) of Croydon residents agreed that it is reasonable to issue licences for only one year where the council has concerns about the landlord's management or conduct; only 6% disagreed. Most felt the proposed one-year licence fee is about right (60%), but over a third felt it is too high (35%).
- 1.17 Just under three quarters (72%) of Croydon residents generally agreed with having licence conditions such as those outlined briefly in a summary as part of the interview.
- 1.18 An additional, smaller sample of interviews was conducted *outside of Croydon*, in wards adjacent to the borough boundary. This produced a similarly positive set of results, with (for example) a majority of residents agreeing with the general proposal to continue with some form of a licensing scheme (64%). However, these respondents also provided proportionally more neutral and 'don't know' responses compared with the main sample (i.e. of respondents living in Croydon), and fewer said that they would prefer a borough-wide scheme (46%) – though this was still the most popular option overall.

Consultation questionnaire (online and paper)

- 1.19 ORS typically reports the views of distinctive types of stakeholders in the open questionnaire separately, in order to understand any key differences in their points of view. For this reason, the views of individuals who are landlords and letting or managing agents are reported separately from those of general residents who live in the borough, and those of 'other stakeholders', i.e. local businesses and other individual respondents with a different or unconfirmed connection to the borough.
- 1.20 Most landlords and agents (60%) felt that anti-social behaviour is at least a 'fairly big' problem, while nearly half (45%) felt this way about deprivation. Just under a quarter (23%) felt poor property conditions was a fairly big problem.
- 1.21 However, landlords and agents were consistently less likely than residents and other stakeholders to be supportive of the council's proposals: only 13% of them agreed that the current licensing scheme has been effective and only 11% felt that there would be negative impacts as a result of not continuing the scheme. Around a fifth (22%) agreed with the principle that the council should continue with some form of licensing scheme.

¹ It is worth noting that 153 respondents out of the 501 interviewed in Croydon (i.e. 29%) declined to give a preference i.e. answered 'don't know'

- 1.22 On the other hand, clear majorities of residents and other respondents felt that there are problems with anti-social behaviour, deprivation and property conditions. Although there was some mix of opinion in terms of whether the current scheme had been effective, most (63% of residents and 58% of other stakeholders) felt there would be a negative impact on their area if licensing did not continue, and most (68% and 61% respectively for the two groups) agreed in principle with the council introducing a new licensing scheme.
- 1.23 Respondents were also invited to give their first and second preferences for any new selective licensing scheme. Three 'options' were available: a licensing scheme covering the whole of the borough (the council's preferred option), a more limited scheme covering around 97% of privately rented dwellings, and some alternative of the respondent's choosing.
- 1.24 A little over half of landlords and agents stated that an 'alternative' was their preference (and from an analysis of their comments, most of these would prefer no scheme or some more restricted or limited scheme). Among residents and other stakeholders, the most widely preferred option was a licensing scheme covering the whole of the borough.
- 1.25 Almost all landlords and agents (93%) agreed with reducing the fee when an existing licence is re-applied for, as did around three quarters of residents and other stakeholders (both 76%). Slightly fewer (63% of landlords, 57% of Croydon residents and 64% of other stakeholders) agreed with the application of a discount where the property is newly built or being and for the first time. The proposal to reduce the fee for a dwelling in a multi-let property was the least widely supported, although most still agreed (58% of landlords and agents, 52% of Croydon residents, and 54% of the businesses and other stakeholders).
- 1.26 Very clear majorities of landlords and agents felt that the proposed standard fees were 'too high': 95% for the single dwelling licence fee and 82% for the multi-let dwelling licence fee. In terms of the discounted fees, these were viewed as being slightly more acceptable; however most landlords and agents still felt these were 'too high' (62% for a single dwelling licence and 55% for the multi-let dwelling licence).
- 1.27 Residents' and other stakeholders' views were far less clear cut. For example, around half of residents living in Croydon (51%) felt the proposed £750 fee for a standard single dwelling licence was too high, while just over two fifths (42%) felt it was 'about right', while there was even less consensus around the £650 standard multi-let dwelling licence fee: 41% felt it was too high, and 36% felt it was 'about right', while almost a quarter (23%) felt it was too low. In terms of the discounted fees, around half (48%) of residents felt that each of these was at the appropriate level.
- 1.28 An absolute majority of landlords and agents (53%) agreed with the principle of one-year licences being issued in cases where there are concerns about the licence holder; however, a considerable majority (80%) felt the proposed fees for this one-year licence were too high.
- 1.29 Most residents (78%) and other stakeholders (73%) agreed with the principle of one-year licences although again, there was no particular consensus around the fee. In the case of residents living in Croydon, 44% felt the proposed one-year fee was 'about right', while 40% felt it was 'too high'.
- 1.30 Landlords and agents were quite split in terms of their views on the proposed conditions: 41% generally agreed with them while 43% disagreed. However, clear majorities of residents living in Croydon (73%) and other stakeholders (70%) agreed in general with the conditions.

- 1.31 Nineteen organisational responses were also included: these responses were generally (though not universally) positive about the scheme.
- 1.32 The questionnaire also provided three opportunities for all respondents to make open-ended comments: about their preferences in terms of any future scheme, their opinions on the proposed fees and conditions, and any other aspects of the proposed scheme about which they may have had a view.
- 1.33 It is difficult to provide a concise summary of the comments, as they ranged so widely, but in general respondents reiterated many of the views and opinions expressed by participants who offered deliberative feedback (below and in the main report). The comments typically covered themes such as: views about the effectiveness of selective licensing schemes in general; possible negative impacts of licensing, that the council could consider mitigating (mainly impacts on landlords, but also potentially on tenants); and alternative suggestions, mainly suggestions by landlords and agents seeking a more limited or targeted scheme, focusing on areas, types of property or particular landlords that are associated with the biggest problems. A fuller summary of the open-ended feedback is presented in the relevant chapter of the main report, as well as in Appendix 2 of the same.

Deliberative and written feedback

- 1.34 The majority of landlords and representative organisations who attended the events and submitted written responses were critical of selective licensing on a number of points, whilst tenants and residents and stakeholders representative bodies tended to be more positive.

Views on licensing

- 1.35 It was acknowledged among stakeholders and residents/tenants that the PRS sector in Croydon had grown rapidly in recent years, which was thought to be linked with key issues within the sector, such the lack of housing supply, ASB and poor property conditions.
- 1.36 Although a minority of landlords and representative organisations acknowledged that, in principle, the current selective licensing scheme could help to regulate the sector and improve standards, in practice there was substantial scepticism around its effectiveness to date. The primary issues were around the amount of proactive action which had been taken under the scheme to deter poor landlords, whilst all the while protecting good landlords. Specifically, it was believed that the scheme had penalised the majority of good landlords with fees and added bureaucracy, with minimal support available - particularly in light of changes to legislation with regards to no-fault evictions. Conversely, an irresponsible minority of landlords and unlicensed properties were thought to have continued to operate under the radar. Therefore, there was concern that licensing had increased the number of 'good' landlords selling up.
- 1.37 Moreover, landlords argued that the scheme had failed to evidence its effectiveness in improving issues in the PRS, whilst the number of inspections that had taken place were either criticised for being too frequent or too intermittent. These issues led some to question whether the scheme lacked value for money and how the funds raised by it had been spent, thus it was suggested that an 'audit' of spending on the current scheme should be undertaken. It was also recommended that landlords would be able to better gauge the possible advantages of the scheme's renewal and would be more likely to accept its continuation if information clearly detailing its success and potential benefits for good landlords were made available.
- 1.38 However, other stakeholders and organisations argued that the current licensing scheme had been a vital tool in ensuring that standards in the PRS, in terms of properties themselves and the practices of

landlords and agents, were being maintained and raised. The council's collaborative approach to enforcement was also praised and considered more effective than solely relying on fines and prosecutions. Residents and tenants who attended the deliberative forums were also generally positive about the scheme, but some expressed disappointment with the apparent lack of enforcement actioned by the council to address the issues they had reported.

- 1.39 Although it was felt that landlords could possibly do more to educate tenants to prevent certain issues such as fly tipping, there was widespread concern that licensing puts an unfair burden on landlords to regulate tenants' behaviour. Indeed, there was agreement that PRS landlords were often at just as much risk from encountering problems with bad tenants as anybody else, and that it was sometimes 'out of their hands.' Moreover, it was argued landlords were not receiving the support and protection they needed to tackle tenant behaviour, and thus it was particularly unfair to expect them to be responsible for ASB and complex issues related to it, such as mental health and substance dependence issues. Stakeholders and landlords also believed that it was wider societal issues that caused ASB in the PRS, which the council should address via its alternative powers, rather than using the money generated through selective licensing.

Views on proposed options

- 1.40 Due to their strong conviction that the selective licensing scheme was not effective in its current form, landlords were reluctant to offer an opinion as to whether they would support full- versus part-borough licensing, with some explaining that they saw the licensing as a fait accompli that would go ahead regardless of what feedback was received during the consultation process. However, the overall view among the forums was that full-borough licensing was simpler, fairer and that it would raise more money to tackle problems in the borough. A homelessness charity also rationalised that borough-wide licensing to offer clarity, consistency and administrative benefits.
- 1.41 However, some landlord organisations argued that the council's preferred full-borough approach to selective licensing was unrealistic due to the limited resources available and the fact it was not able to achieve the original target of inspecting all PRS properties in the borough. Instead, many landlords and stakeholders felt that going forward, there would need to be a risk-based approach where 'problem' landlords, tenants and specific types of accommodation and tenure are targeted in terms of licensing and enforcement – rather than implementing a 'blanket approach' across all or most of the borough.
- 1.42 Whether a full-borough or an extensive part-borough scheme would even be approved by the UK Government was also questioned, particularly in light of other recent selective licensing applications elsewhere in the country having been rejected in recent months.

Views on proposed fees and conditions

- 1.43 The general view in the residents and tenants' forums was that the proposed licensing conditions were sensible. However, the consensus among landlord and representative organisations was that the standard fees being proposed for the new scheme were too high. There was also scepticism about the figures presented by the council in relation to the costs of running the scheme, leading some to suggest that the licensing was simply a 'money-making scheme.' Furthermore, it was argued that the high licensing and compliance rates under the current scheme should be reflected in reduced costs for the renewed one, whilst the council was additionally urged to be more transparent around the use of money raised by fees going forward.

- 1.44 Although the discounted fees for properties already licensed under the current scheme, and for newly renovated, newly built or new-to-market properties were welcomed by some landlords, there were many calls for additional discounts; for example:
- » For landlords that have more than one property;
 - » For ‘compliant’ and accredited landlords; and
 - » For landlords with just one or two properties, and for different sizes of dwelling.
- 1.45 Some residents were also in agreement that the fee should be tailored to the size of the property and that landlords should be given the option to be able to pay the fee in smaller instalments.
- 1.46 There was, however, some support for the introduction of multi-dwelling licenses among landlords, both from a perspective of the reduced fees, but also in terms of the burden of administration for the applicant. Moreover, the council’s proposals for a rolling scheme gained support from a number of landlords – although others preferred a move to a pro-rata fee structure instead.
- 1.47 Conversely, for other stakeholders, the level of the fees was less important than ensuring that the scheme would be able to improve the quality of the housing stock in the borough in order to protect residents and tenants. However, organisations representing vulnerable people expressed concern about how some of the proposed conditions under the new scheme may impact on tenants who fall under this category. Specifically, it was felt that the mandatory condition for licence holders to secure references for each tenant could act as a barrier – and without guidance and flexibility, homelessness in the borough could increase. How the enforcement of fines and prosecutions of landlords could negatively impact on the already short supply of housing stock for vulnerable tenants was also raised as a potential issue, although it was also acknowledged that this course of action was sometimes necessary.
- 1.48 Finally, one landlord felt concerned that the shifted emphasis toward property conditions under the new proposals might put landlords off reporting ASB because it may result in inspections having negative implications for the landlord.

Alternatives and additional suggestions to the current proposals

- 1.49 Along with the aforementioned recommendations, additional suggestions as to increase the robustness of the proposals included the following:
- » Going for an accredited landlord scheme;
 - » Landlords should be licensed, not individual properties;
 - » Rewarding current and future subscribers with “tangible” benefits in the form of specific discounts and reduced fees;
 - » Landlords should be able to send third party documents as evidence as a way of cutting the cost of fees;
 - » Including mechanisms for better communication and partnership working between the council and landlords/letting agents;
 - » Delivering a proper inspection and enforcement regime via a well-resourced and effective enforcement team. Moreover, by introducing forms and procedures for landlords to use during their own six-monthly inspections, the council could accept evidence of those inspections taking place as part of any new licensing scheme;

- » A smaller scheme could enable the council (possibly with a delivery partner) to inspect all licensed properties and work to root out criminal and negligent landlords;
- » Providing a clear spending and resourcing plan;
- » Being subject to proper monitoring and impact evaluation (the results of which should be widely communicated); and
- » Ensuring that adequate guidance, flexibility and support is in place so that vulnerable tenants are not discriminated against.

Additional concerns

^{1.50} Landlords and landlord representatives raised additional concerns and further areas for consideration around the following areas:

- » Internet-based short-term lettings being exempt from licensing, despite this type of landlord being on the increase throughout the borough;
- » It is unfair that selective licensing does not apply to landlords in the social housing sector;
- » The need for more efficient IT systems to make applying for and receive licenses easier and quicker, for example, being able to pre-populate online forms with data about the licence holder; and
- » The abolition of Section 21 notices would impact on landlords' ability to deal quickly with misbehaving tenants or repossess their properties. It was also argued that the legislation effectively forces landlords to take court action against tenants, creating problems later on when they try to gain access to other accommodation.

^{1.51} At the residents' focus groups, it was felt that some additional support to help these tenants who might not find it easy to understand the information available about selective licensing would be appropriate.

Overall conclusions

^{1.52} Both the quantitative and deliberate elements of the consultation showed a contrast in views between landlords and agents (who were largely negative about the proposals) and general residents and other stakeholders (who were generally more positive).

^{1.53} Having said that, while many landlords were simply unwilling to countenance any form of selective licensing scheme and often saw it simply as a mechanism for the council to make money, others outlined particular concerns or grievances that they felt currently make licensing less effective and/or more onerous, and which they might wish to see addressed as part of any future scheme. To this end, a large number put forward suggestions for a more targeted or limited scheme (e.g. based on certain types of property or on the landlord's previous 'track record') or asked the council to rethink certain aspects of the fee structure, in order to alleviate the financial burden for responsible landlords.

^{1.54} Other stakeholders (including residents) also put forward several detailed points for the council's consideration. While many were supportive in general about licensing and the proposal for renewing the scheme, some felt that a lack of robust enforcement had limited the current scheme's effectiveness (albeit some landlords and agents welcomed a 'lighter touch' approach). Others echoed concerns expressed by landlords about the level of the proposed fees (particularly the standard fees) and around how far the licence holder can be expected to meet some of the conditions e.g. such as those around

managing tenants' anti-social behaviour. Others considered possible impacts on tenants and on the wider area, as a result of rent rises and potentially higher levels of homelessness.

- ^{1.55} Across all of the various consultation strands, there was some sense that a full-borough scheme would offer greater simplicity and a more consistent approach compared with an extensive part-borough scheme covering 97% of privately rented properties. However, it was also claimed by some landlord organisations that any more or less 'blanket' coverage of the borough was infeasible, and that the council should instead adopt a more targeted, risk-based approach.
- ^{1.56} In summary, various views were expressed around the proposals for the renewal of selective licensing in Croydon. It will be up to the council to decide how best to proceed, and to consider what (if any) possible mitigations it might introduce to address the various concerns that were raised.