



## ENVIRONMENT OVERVIEW & SCRUTINY SUB-COMMITTEE

12 FEBRUARY 2020

**Subject Heading:**

Statement of PRS and implementation of Additional Licensing Scheme

**SLT Lead:**

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**Policy context:**

The policy context is associated with the Council's statutory duties in connection with the Housing Act 2004

**Financial summary:**

There are no significant financial implications associated with this report which is for information only

**The subject matter of this report deals with the following Council Objectives**

Communities making Havering  
Places making Havering

[x]  
[x]

**SUMMARY**

The service had been asked to provide an update on the following:-

1. Impact of House of Multiple Occupancy (HMOS) on the environment
2. Information on the HMO indicators that the Sub-Committee are currently reviewing which are as follows:
  - a) Number of HMOs licenses issued (includes link to the public register)
  - b) The amount of HMOs enforced against

## RECOMMENDATIONS

The Committee is asked to note the report.

## REPORT DETAIL

### **The impact of HMOs on the environment**

There are local concerns that this has resulted in; increasing levels of anti-social

behaviour (noise, litter), a decline in visual amenity through – for example – a proliferation of lettings boards, satellite dishes and poor maintenance of properties, as well as the impact that concentrations of HMOs have on the stability of local communities as first time buyers and renters compete with buy-to-let landlords.

However, whilst there are local concerns, there is also an acknowledgement of the important contribution that HMOs make to housing supply through offering a source of accommodation to those who require additional flexibility regarding length of tenancy or who are unable to purchase or rent self-contained accommodation.

### **Understanding the Issues**

HMOs serve an important purpose in providing accommodation for specific groups including students, individuals in small households unable to afford self-contained accommodation and other casual/transient workers.

Nationally, the private rented sector, of which HMOs form part, has undergone significant growth and now accommodates around 4.3 million households in England.

Issues that can arise from high concentrations of HMOs can include:

- Anti-social behaviour, noise and nuisance
- Imbalanced and unsuitable communities
- Pressures on parking provision
- Increased crime
- Growth in private rented sectors at the expense of owner occupation
- Pressure on local community facilities and
- The restructuring of retail, commercial services and recreational facilities to suit the lifestyles of the predominant population.

Due to the transient nature of many HMO tenancies, where individuals may be vulnerable and strangers to each other, concerns can arise with the management of these properties. Poor management may impact on both the residents of HMOs,

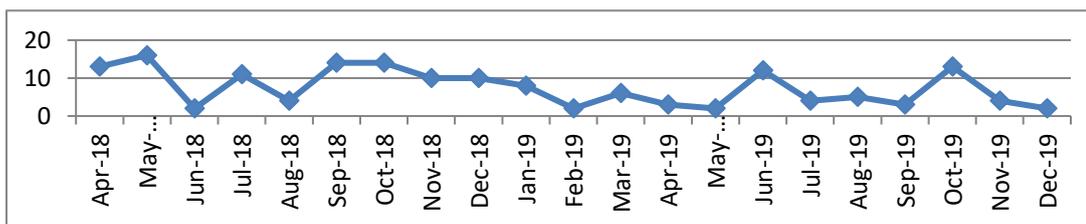
and the wider neighbourhood. Whilst most HMOs are reportedly well-managed, on a national basis, in some areas there remains a particular issue with management and the quality of accommodation.

**2**

**a) Number of HMO Licences issued**

<b>256</b>	<b>242</b>	<b>£226,634</b>	<b>58.7%</b>
<b>Total licence applications to date</b>	<b>Total final licences issued</b>	<b>Total licensing income</b>	<b>Licensed and exempt* HMOs of predicted 800 HMO's</b>

\* exempt HMOs includes 214 HMO's that are either temporarily exempt, Registered Social Landlords and owner occupiers with lodgers that don't require licensing



*Graph 1 -Licence applications by month 2018-19*

Below is link to the public register which has all licensed properties on there:-

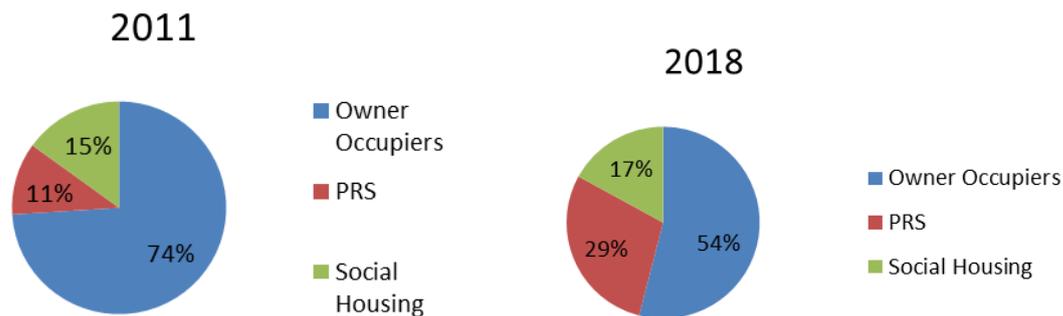
[https://www.havering.gov.uk/download/downloads/id/2689/public\\_register\\_of\\_licensed\\_hmos.pdf](https://www.havering.gov.uk/download/downloads/id/2689/public_register_of_licensed_hmos.pdf)

Period	HMOs enforced against	Final licenses issued
P3 (2019-20)	13	14
P2 (2019-20)	11	13
P1 (2019-20)	11	13
P4 (2018-19)	15	5

P3 (2018-19)	40	29
P2 (2018-19)	42	29
P1 (2018-19)	43	54

Graph 2 – Breakdown of Performance Indicators

The private rented sector (PRS) has grown rapidly in Havering since 2001. Population growth, lower London median rents and new transport infrastructure are factors.

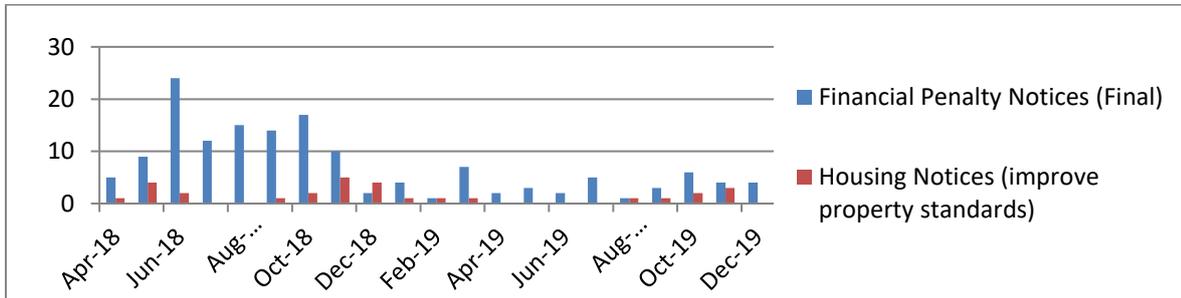


Graph 2 - Tenure profile 2011 to 2018 (ONS & Metastreet data)

Havering introduced Additional Licensing in 12 out of 18 wards in March 2018 (see map 1) as a targeted intervention to address residents’ concerns, mandating all HMOs under designation to licence. The scheme offers the authority new powers to tackle overcrowding, poor property management and ASB in HMO’s. Enforcement of the scheme commenced in March 2018 (Cabinet Decision 18<sup>th</sup> January 2018). The expectation for the first year was to achieve 50% compliance, currently compliance sits at 59.1%. 59.1% compliance is the figure as of January 2020’s stats.

The private rented sector in Havering is estimated to comprise of over 17,000 dwellings of which some 1,200 are believed to be houses in multiple occupation (HMOs). This is significantly higher than the 300 HMO’s that were previously already known to the Council. The sector has more than doubled in size over the last 5 years, largely through the activities of “Buy to Let” Investors, providing 17% of all housing locally, compared to 16% nationally. Two wards have a level of 26.5% (Romford Town) and 27.5% (Brooklands).

**b. Number of Landlords Enforced against**



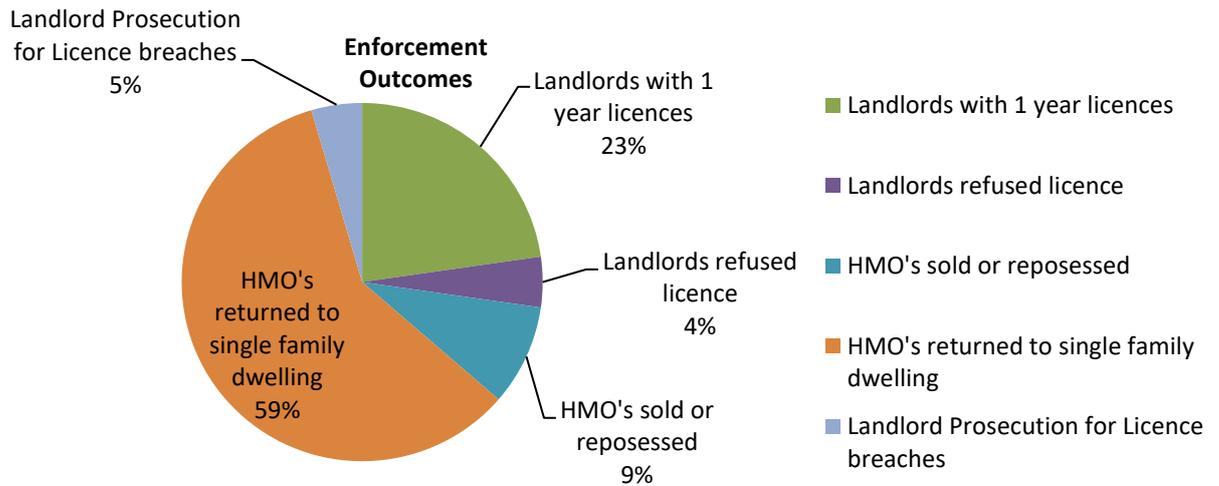
*Graph 3- number of final penalty notices/housing notices*

Since the scheme started, a clear correlation has been found between unlicensed HMOs and poor property management and conditions. This has encouraged the council to adopt a robust enforcement position against landlords who are breaking the rules and exploiting tenants. This includes working with internal and external partnerships to help tackle criminal landlords and support vulnerable tenants. Our work so far reflects both the strength of our approach and the scale of the problem in Havering.

We have delivered since March 2018:

- **166** – Financial Penalty Notices (FPNs)
- **1** – Housing Act Prosecution
- **2** – pending Housing Act Prosecutions
- **£555,500** – value of FPNs
- **31** –Statutory Notices served to tackle hazards and disrepair
- **44** – Multiagency enforcement operations
- **1** - Cannabis Factory uncovered
- **6** – Cases of suspected modern slavery involving 50 people

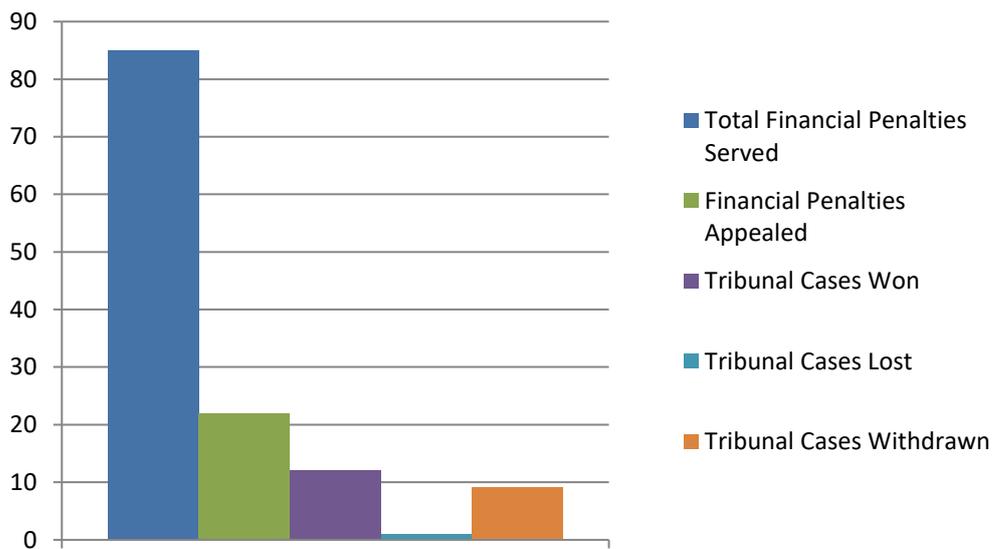
This level of enforcement intervention represents a significant increase on previous years.



Graph 4 Enforcement Outcomes between March 2018 and December 2019

Following the issuing of financial penalties

- 23% of landlords issued with civil financial penalty notices were issued with 1 year HMO licenses.
- 59% of landlords issued with civil financial penalty notices took steps to return their HMO's to single family dwellings.
- 9% of landlords issued with civil financial penalty notices either sold the HMO's or had them repossessed.
- 5% of Licensed Landlords, with a previous offence history of financial penalties reoffended and are undergoing prosecution for breaches of licence conditions.
- 4% of landlords issued with civil financial penalty notices were refused licenses on the basis that the property conditions were completely unsuitable as living accommodation and were vacated.



*Graph 6*

*Legal Outcomes arising from Financial Penalties issued between March 2018 and December 2019*

A total number of 82 Civil Financial Penalties have been served against Landlords. 22 of these notices were appealed by Landlords at the Residential Property Tribunal. The tribunal agreed with the Council and dismissed the appeals against 12 of the financial penalties. A further 9 appeals were withdrawn by the Landlords after the seeing the evidence against them. Only one appeal was successful.

The scheme is proving to be a powerful tool to address a range of issues, including poor housing conditions, ASB and overcrowding. Moreover, a clear correlation has been found between unlicensed HMOs and poor property management and conditions. Intelligence found during investigations are also shared with other council services, including Social Services and Council Tax.

One of the key objectives of the scheme is to ensure all HMOs are licensed over the 5-year life of the scheme. The initial take-up has been quite low, however as landlords start to understand the consequences of not licensing it is likely that compliance rates will improve. A range of reasons have been uncovered as to why landlords fail to license HMO properties, ranging from a lack of awareness, through to tax fraud (local and national), to non-compliance with other housing and planning legislation.

It's too early to assess the impact of the scheme; however early indicators are that licensing is an effective tool to tackle criminal landlords and tenants in Havering. In addition to licensing enforcement, the service is now using all its statutory powers to address serious hazards and disrepair cases, amongst the 97% of PRS properties not covered by the Additional licensing scheme. With the first anniversary fast approaching following a successful first year, it is expected that compliance will reach more than 90% by the end of the 5-year scheme, and those

that are not compliance are the subject of robust enforcement action. Further a review of options for licensing schemes in other parts of the borough and single dwelling rented properties has begun.

## IMPLICATIONS AND RISKS

### **Financial implications and risks:**

There are no financial implications as a result of this report which is for information only

### **Legal implications and risks:**

There are no legal implications as a result of this report which is for information only.

### **Human Resources implications and risks:**

There are no legal implications as a result of this report which is for information only.

### **Equalities implications and risks:**

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

- (i) the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- (ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
- (iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An Equalities Assessment (EQ) is not required for this report which is for information only.

# Map 1: Current Additional Licensing Scheme for HMO's

