

Rented Property Licensing

Draft proposal for consultation

Hackney Landlord Forum

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Context

- The Council commissioned BRE to undertake a stock modelling exercise. It found:
 - There are 33,923 homes in Hackney's Private Rented Sector (PRS)
 - 11% contain serious hazards
 - 4,269 properties are Homes in Multiple Occupation (HMOs)
 - HMOs comprise approx. 13% of the PRS in Hackney and in some wards 20%-30%
 - More than 1,800 PRS dwellings are cold homes

Context

Issues in the private rented sector are particularly prominent in HMO properties.



**21% OF HMO
PROPERTIES CONTAIN
SERIOUS HAZARDS OR
DISREPAIR**

This is 10% higher than across privately rented properties as a whole.

Issues in the private rented sector are particularly concentrated in certain wards in Hackney.



**20% OF NON-HMO
PROPERTIES IN
BROWNSWOOD,
CAZENOVE AND STOKE
NEWINGTON CONTAIN
SERIOUS HAZARDS OR
DISREPAIR**

This is 9% above the average across all privately rented homes, and 15% higher than the Hoxton West ward.

Context



13% OF PRIVATELY RENTED HOMES ARE HOMES IN MULTIPLE OCCUPATION (HMOs)

Homes with two or more households with shared amenities such as kitchens and bathrooms.



11% OF PRIVATE RENTERS SUFFER FROM FUEL POVERTY

As a result of poor heating or insulation.



11% OF HOMES CONTAIN SERIOUS HAZARDS

This includes issues like exposed wiring or overloaded electrical sockets, dangerous or broken boilers, leaking roofs, and vermin infestations.



17% OF PRIVATE TENANTS ARE ON LOW INCOMES (LESS THAN £15,000 A YEAR)

A quarter of all people on low incomes in Hackney.

What are we doing at the moment ?

- We have campaigned for better standards in the PRS through our '10 Steps' and 'Better renting' campaigns
- We are encouraging higher and more wide spread professionalism among landlords
- We have called for the banning of rogue landlords, the introduction of mandatory five year electrical tests and making Carbon Monoxide alarms a legal requirement
- We are operating the national mandatory HMO licensing scheme for large HMOs

Why hasn't this addressed the problem ?

- The current scheme **only covers 16%** of HMOs in Hackney
- It doesn't cover a single one of the boroughs non HMO properties (87% of the stock)
- It relies solely on complaints - not the most effective way to address standards
- There is a need for a more proactive approach

What is being proposed ?

1. A borough-wide additional licensing scheme for all HMOs.

This would mean that all HMOs – not just the 16% covered under the current mandatory licensing scheme – would need to be licensed.

2. A selective licensing scheme for all privately rented non-HMO homes in the three wards most affected by poor conditions, Brownswood, Cazenove and Stoke Newington.

This would mean that all privately rented homes in these three wards would need to be licensed.

What is being proposed ?



What will these proposals mean ?

- If the licensing schemes are introduced, all landlords of properties covered under the two schemes will be required to obtain a licence from the Council before letting the property.
- By obtaining a licence, the landlord is agreeing to comply with certain conditions:

What will these proposals mean ?

- Gas and electrical installations to be fitted only by certified operatives
- All facilities and equipment within the property, including all electrical appliances supplied by the landlord, are safe and maintained
- Adequate fire safety precautions, including ensuring that all furnishings meet fire safety requirements
- Adequate provision of cooking facilities, bath/shower rooms, and toilets
- Good standards of cleanliness, repair, and general condition
- Repairs, maintenance and improvements to be carried out only by competent persons employed directly by the licensee or managing agent
- Pest control measures taken where necessary
- Proper tenancy agreements for tenants and a restriction on the ability to create new tenancies being limited only to the licensee or managing agent
- Tenancy deposits lodged with approved schemes and notified to tenants
- Rent collection may only be carried out by the licensee or managing agent
- Maximum permitted levels of occupation not exceeded
- Licence holder details notified to tenants and the Council
- Emergency contact details provided to tenants
- Provision and management of refuse/waste storage and disposal
- Adequate home security
- Yards, gardens, fences and outdoor space kept in good condition
- Measures to tackle anti-social behaviour relating to the property where necessary
- Certain information to be provided to the Council on demand
- The Council to be notified of changes in ownership, management, property layout, and provision of amenities
- Minimum six-monthly inspections of the property
- Requirement for landlords/agents to demonstrate competency in property management through membership of an approved accreditation scheme e.g. London Landlord Accreditation Scheme or similar
- Exclusion of landlords/agents from being a licence holder or manager where there is a history of criminal offences, unlawful discrimination, or contraventions of housing or landlord and tenant law

What will these proposals mean ?

- Further conditions for selective licensing
(Brownswood, Cazenove and Stoke Newington):
 - Requirement on landlord/agent to obtain tenant references
 - Requirement on landlord/agent to obtain Energy Performance Certificates

How will the licensing schemes work ?

- All landlords of properties covered under the two schemes will be required to make an online application for a licence on the Council's website and pay a one-off fee to the Council to cover the first five years of the licence.
- The schemes will be not-for-profit – fees will be set to cover the cost of setting up and managing the schemes only.
- Estimated fees for landlords
 - Additional licensing scheme – for all HMOs
 - £900 – £1,150
 - Selective licensing scheme – for Brownswood, Cazenove and Stoke Newington wards
 - £450 – £500
- *These estimates are a guide only. Exact costs and fees will be published when the full extent of the schemes is known.*

Potential benefits and risks of discretionary licensing schemes

- We anticipate that the proposals for discretionary licensing schemes will bring improved regulatory control to the PRS including:
 - improvement in the physical condition, management and overall quality of HMO accommodation in the borough through licensing conditions, inspection and enforcement;
 - reduction in rogue landlord activity through a “*fit and proper person*” requirement for landlords and agents, and through greater proactive enforcement activity;
 - promotion and development of good quality HMO units, helping to meet the local demand for single person accommodation;

Potential benefits and risks of discretionary licensing schemes

- enhanced protection for vulnerable tenants living in HMO accommodation, by ensuring, for example, that the accommodation has adequate amenities, space standards and fire safety;
- creation of a level trading environment for PRS landlords through the proactive enforcement of housing conditions and management standards;
- economic benefits for tenants as a result of better landlord management practices and greater protection from unlawful eviction;

Potential benefits and risks of discretionary licensing schemes

- environmental benefits through licensing in relation to refuse storage and disposal and maintenance of yards, gardens and external space;
- identifying landlords who are not paying the appropriate Council Tax for their properties;
- improved engagement with PRS landlords and managing agents;
- requirement for absentee or unprofessional landlords to use professional managing agents to manage their properties;
- promotion of landlord accreditation schemes thereby encouraging more professional management practices and a better reputation for private landlords in the borough;

We want to hear from you

How to have your say:

- To have your say on these proposals and to find out more detailed information please visit consultation.hackney.gov.uk
- Alternatively please complete the paper survey and return in the free post envelope provided.
- If you have any questions about the consultation or the proposals please contact us on:
 - 020 8356 4520
 - consultation@hackney.gov.uk
- **Consultation closes on 03 December 2017**