




<b>Report for:</b>	<b>Cabinet on 17 December 2013</b>	<b>Item Number:</b>	
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<b>Title:</b>	<b>Introduction of Additional HMO Licensing Scheme in Tottenham</b>
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<b>Report Authorised by:</b>	<b>Mun Thong Phung Director of Adults and Community Housing Services</b>
<b>Signed:</b>	 <b>Date:</b> 6 December 2013

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<b>Wards affected: Northumberland Park, Tottenham Hale, Bruce Grove, Tottenham Green and Seven Sisters</b>	<b>Report for: Key Decision</b>
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**1. Describe the issue under consideration**

- 1.1 In June 2011, the Cabinet approved the introduction of an Additional HMO Licensing Scheme in the Harringay Ward from 1 October 2011 and agreed that consideration should be given to rolling out Additional HMO Licensing to other parts of the borough.
- 1.2 Important lessons have been learned from the introduction of Additional HMO licensing in the Harringay Ward, and it is now proposed that a similar scheme is introduced, for a period of 5 years from 1 May 2014, in another 5 Tottenham Wards.
- 1.3 This report describes the criteria that must be met, and why an Additional HMO Licensing Scheme is required to deal effectively with Houses in Multiple Occupation (HMOs) within the proposed area. It also proposes that the licence fee income and any proceeds from Rent Repayment Orders are ring-fenced to the licensing work, in order to ensure that robust enforcement continues for the duration of the scheme.



## **2. Cabinet Member introduction**

- 2.1 Well managed HMOs have an important role to play in meeting the housing needs of people who are seeking low cost affordable housing.
- 2.2 Although there are many good landlords operating in Haringey, HMOs that are badly managed, lack adequate fire protection or are not being properly maintained can cause a nuisance to neighbours (through noise, dumping and anti social behaviour) and have an adverse impact on tenants' health, safety and well-being.
- 2.3 Enforcement action is costly, resource intensive and complex. At a time when there is such a lot of pressure on council budgets, I am very keen for the main thrust of future HMO enforcement action to be through HMO licensing.
- 2.4 Additional HMO licensing places an obligation on landlords to licence their properties and maintain them to the required standard. If landlords fail to meet the required standards, sanctions can be applied and the licence may be revoked.
- 2.5 Unfortunately, as many tenants enjoy only limited security of tenure, enforcement action will often result in the landlord serving notice on the tenant. In such instances, enforcement action has neither helped the tenants nor improved the property.
- 2.6 HMO licensing will enable the Council to target its resources at those HMOs and landlords that are causing the most concern.

## **3. Recommendations**

- 3.1 It is **recommended** that Cabinet:
  - (a) Notes the results of the evidence gathering exercise that has been undertaken to meet the designated declaration criteria for proposing such a scheme (which are summarised in Section 5 of this report and described in **Appendices 1 & 2**);
  - (b) Notes the results of the consultation exercise undertaken in relation to the proposed Additional HMO Licensing Scheme (which are summarised in Section 5 of this report and described in **Appendix 4**);
  - (c) Notes the role played by the Additional HMO Licensing Scheme and the Article 4 Direction in the delivery of a co-ordinated approach to HMO enforcement.
  - (d) Approves the declaration of an Additional HMO Licensing Scheme for the designation of houses in multiple occupation within all or parts of the wards of Northumberland Park, Tottenham Hale, Bruce Grove, Tottenham Green and Seven Sisters (as described in Section 5 of this report) for a five year period that will commence on 1 May 2014;



- (e) Approves the fee structure and property standards that will apply to the Additional HMO Licensing Scheme and which were agreed by the Cabinet on 7 June 2011 (summarised in Section 5 and described in **Appendices 5 & 6** of this report);
- (f) Approves the designation of the proposed area for Additional Licensing of houses in multiple occupation (summarised in Section 5 and described in **Appendix 7**);
- (g) Approves the ring-fencing of the HMO licensing fee income and the proceeds from any Rent Repayment Orders to support the robust enforcement of the licensing scheme and standards for the duration of the scheme; and
- (h) Approves the use of £15,000 of the additional funding allocated for HMO and Article 4 work to assess the nature and extent of the anti-social behaviour associated with the private rented sector, as part of the Council's assessment of the merits and feasibility of introducing a Selective Licensing Scheme.

#### **4. Alternative options considered**

- 4.1 Consideration has been given to other options that the Council could pursue if it decides that an Additional HMO Licensing Scheme should not be introduced. These include Landlord Accreditation, the expansion of the Landlords Forum and the introduction of Selective Licensing.

##### Landlord Accreditation and Landlords Forum

- 4.2 London's Landlord Accreditation Scheme provides official recognition for responsible private landlords who comply with professional standards and are prepared to undertake regular training. This is a voluntary scheme that relies on landlords wanting to become accredited and to enrol themselves on training courses.
- 4.3 The Landlords Forum is an open forum for all Haringey landlords. It is used as a platform for networking and providing advice and guidance, education and training. It is held several times a year, but attendance is voluntary and the Forum is usually attended by interested and professional landlords.
- 4.4 Although the Landlord Accreditation Scheme and the Landlords Forum have an important role to play in encouraging private landlords to manage and maintain their accommodation to a good standard – and to encourage and disseminate good practice – both rely on the goodwill of landlords. They are unlikely to have an impact on non-compliant landlords whose HMOs are not subject to Mandatory licensing.

##### Mandatory HMO Licensing

- 4.5 Mandatory licensing only applies to larger HMOs that have 3 or more storeys and are occupied by five or more people forming two or more households.



- 4.6 Although the existing Mandatory HMO Licensing Scheme affects all licensable HMOs in the borough, Mandatory HMO licensing applies to only a small percentage of the HMO stock in Haringey and does not apply to smaller HMOs.
- 4.7 Mandatory HMO licensing will not tackle the problems associated with non-licensable HMOs (including smaller HMOs) that are badly managed, are not being properly maintained or are causing a nuisance, especially in the Wards of Northumberland Park, Tottenham Hale, Bruce Grove, Tottenham Green and Seven Sisters

#### Reacting to housing related complaints

- 4.8 The Council's Housing Improvement Team (Private Sector) includes a group of Officers whose responsibility it is to react to housing related complaints.
- 4.9 Unfortunately, a reactive inspection-based service is resource intensive and works on the assumption that compliance and improvement will normally require enforcement action following a period of extensive investigation to identify responsible owners.
- 4.10 Some complaints may require investigation and enforcement by a number of services and organisations, using various pieces of legislation. Due to the large volume of complaints received, complaints are prioritised on the basis of a risk assessment.
- 4.11 Although there is scope to target HMOs in a designated area, this would still be resource intensive if an Additional HMO Licensing Scheme is not introduced, since the Council would still be responsible for finding the HMOs.
- 4.12 As it is an offence for owners to be renting HMOs without a licence, Additional HMO Licensing places the onus on landlords to identify themselves as the responsible owner and to provide details of all HMO properties that require licensing. It is possible, therefore, to target portfolio owners about all of their properties rather than on an individual basis through a reactive approach.

#### Selective Licensing

- 4.13 Section 80 of the Housing Act 2004 allows local authorities to apply for selective licensing of privately rented properties in areas that are experiencing low housing demand and/or suffering from anti-social behaviour.
- 4.14 In order for a scheme to be approved, a selective licensing scheme must be shown to be co-ordinated with an authority's wider strategies to deal with anti-social behaviour and regeneration. At this stage, no decisions have yet been made on whether or not selective licensing is something that should be introduced in Haringey.
- 4.15 It is envisaged, however, that any scheme will need to be part of a wider joined up enforcement approach that aims to work together with service partners and other regulatory service providers such as the Police, Fire Authority and Border Agency.



## 5. Background information

### Power to introduce Additional HMO Licensing Scheme

- 5.1 Sections 56 & 57 of the Housing Act 2004 provide local authorities with the power to designate areas within their district or borough as being subject to an Additional HMO Licensing Scheme in relation to some or all of the HMO properties in that area which are not already subject to Mandatory HMO licensing.
- 5.2 Converted properties containing flats, which fail to meet the adopted standards of the 1991 Building Regulations – often called ‘Section 257 HMOs, due to their definition under Section 257 of the Housing Act 2004 – can be licensable under the Additional HMO Licensing Scheme.
- 5.3 Additional HMO Licensing Schemes may be introduced for a period not exceeding 5 years and can be used to address problems that may exist in sub-standard converted self contained flats or smaller HMO accommodation.

### Supporting the regeneration of Tottenham

- 5.4 In June 2011, the Cabinet approved the introduction of an Additional HMO Licensing Scheme in the Harringay Ward and agreed that consideration should be given to rolling out Additional HMO Licensing to other parts of the borough.
- 5.5 Following the riots that devastated Tottenham In August 2011, Sir Stuart Lipton was appointed by the Mayor of London to act as a champion for Tottenham and to make recommendations to support its recovery and regeneration.
- 5.6 In his report ‘**It took another riot**’, published in December 2012, Sir Stuart Lipton refers to the challenges facing Tottenham’s private rented sector:

*“ ... alongside new house building, existing housing standards should be enforced much more rigorously to reduce churn and overcrowding, otherwise Tottenham will continue to absorb London’s residents in need of temporary accommodation. At three times the London average, and nearly eighteen times the national average, the impact of such concentrated volumes of transient residents is hard to overstate”.*

- 5.7 The Census 2011 revealed that, between 2001 and 2011, private renting in Haringey increased from 24% to 31%. This increase was higher than across London. The number of people living in a flat, maisonette or apartment, part of a converted or shared house rose from 22,993 in 2001 to 26,988 in 2011.
- 5.8 Haringey has the fourth highest number of people living in this type of accommodation in London. There is a high demand for the type of accommodation that the Council is proposing to include in the Additional HMO Licensing Scheme.



- 5.9 The demand for low cost private rented accommodation in Haringey has been fuelled by a sharp rise in the number of migrant workers coming to Haringey.
- 5.10 Between 2002/03 and 2010/11, the Department for Work and Pensions completed just over 91,000 new national insurance registrations for overseas nationals in Haringey (the fourth highest in London) and, in 2011 and 2012, 11,540 national insurance registrations were made. Two thirds of these migrant workers named the Parliamentary constituency of Tottenham as their home.
- 5.11 The demand for low cost housing has also been fuelled by Welfare Reform which has encouraged low income households to migrate from Central London to Outer London where housing costs are lower. In Haringey, this has created a housing market that is lucrative for rogue landlords (see **Appendix 1**).
- 5.12 The Council has always received a large volume of complaints from residents and tenants living in the Tottenham constituency. Local Ward Councillors have frequently raised concerns about HMO type accommodation.
- 5.13 In response to the growing number of complaints – and in order to support the regeneration of Tottenham - a feasibility study was undertaken to establish whether or not an Additional HMO Licensing Scheme would help resolve some of the issues.
- 5.14 On completion of the feasibility study, it was decided that all or part of the following wards would be proposed for the designation of an Additional HMO Licensing Scheme in Tottenham:
- Northumberland Park;
  - Bruce Grove;
  - Tottenham Hale;
  - Tottenham Green; and
  - Seven Sisters

#### Benefits of introducing an Additional HMO Licensing Scheme

- 5.15 HMO licensing places the onus on landlords to identify themselves as the responsible owner and provide the Council with details of those HMOs that require licensing. It is possible, therefore, to target portfolio owners / landlords about all of their properties rather than on an individual basis through a reactive approach.
- 5.16 It is an offence for owners to be renting HMOs without a licence. The sanctions for not licensing a property are severe and they also encompass a sanction that cannot be pursued by enforcement outside of a licensing scheme. Housing Benefit payments can be recovered for the amount paid over the past year if it is identified that the property has been operating as a licensable HMO without a licence.



- 5.17 When applying for an HMO licence, owners are required to ensure that the property meets the required standards before a licence can be granted and, because details of the landlords and properties are stored on a database, Officers will know who to contact if there any problems with a licensed property in the future.
- 5.18 Licensing powers enable local authorities to turn down a licence application submitted by a landlord who is deemed not to be a ‘fit and proper person’ because, for example, they have previously had an HMO licence taken away and/or been prosecuted and convicted for housing related offences, fraud or violence.
- 5.19 Introducing an Additional HMO Licensing Scheme within the Wards of Northumberland Park, Bruce Grove, Tottenham Hale, Tottenham Green and Seven Sisters will make it easier for the Council to target non-compliant landlords.
- 5.20 By improving the overall standard of HMO accommodation, it will also be possible to improve the quality of life of those residents who live next to HMOs. Additional HMO licensing will enable the Council to use its powers to tackle the worst offenders and to focus activity and resources effectively on properties of concern.
- 5.21 The Additional HMO Licensing Scheme will enable the Council to target problematic properties within a concentrated area, based on ward or defined boundaries. It will:
- Put the onus firmly on the landlord to inform the Council of the existence of an HMO (rather than expect the Council to identify HMOs reactively and then take formal action to get improvements);
  - Reduce the burden on the Council Tax payer by setting licensing fees to cover the cost of administering the scheme;
  - Enable the Council to create a comprehensive database of all the licensable HMO accommodation within the designated area;
  - Make it easier for the Council to identify and work with those landlords whose management and/or accommodation standards are inadequate and ensure that steps are taken to bring them up to the required standard;
  - Control the maximum number of occupants allowed to reside at the property, so as to assist in controlling issues with overcrowding;
  - Enable the Council to promote landlord accreditation and offer incentives to good landlords through adjustments to the licence fees and the length of the licence period;



- Make it easier for the Council to develop a more co-ordinated approach, and to share intelligence, in order to address poor property standards more efficiently and effectively; and
- Help the Council tackle rogue landlords and ensure that only those landlords who are ‘fit and proper’ have control of an HMO.

#### Lessons learned from the Haringay Ward

- 5.22 The Additional HMO Licensing Scheme that came into effect in the Haringay Ward on 1 October 2011 has demonstrated the considerable benefits that can be gained from having a targeted area and the ability to compel landlords to license all of their licensable HMOs within the designated area.
- 5.23 The advantage of targeting portfolio landlords – landlords who have a number of properties in the area – is that this is an efficient and effective way of using limited resources to deliver very successful outcomes. Aware that the scheme will operate for at least 5 years, landlords appear more willing to engage with the Council.
- 5.24 Landlords are asked to provide the Council with details of all of the properties they own or manage within the designated area. They are asked to provide a comprehensive address list and are informed that, if a property is left off the list and is later found to be licensable, this may result in prosecution. This targeted approach has improved joint working between the Council and private landlords.
- 5.25 Although all ‘Section 257’ HMO accommodation has been included in the Additional HMO Licensing Scheme introduced in the Haringay Ward – resulting in all converted properties having to licence if there is any form of renting within the building – It is unlikely that all of these types of property will be included within any future HMO licensing designations within the borough. It is proposed that the Additional HMO Licensing Scheme for the 5 Tottenham Wards will target only certain types of Section 257 HMO accommodation (see Paragraph 5.29).
- 5.26 Implementation of the Additional HMO Licensing Scheme in the Haringay Ward has led to the development of a cross-service approach to the licensing process. Following receipt of a licence application, services are now contacted and consulted on the issues relating to that particular property. This has improved cross-service working and problem-solving.
- 5.27 It is not proposed to licence every type of HMO within the targeted area but rather to target those HMOs that pose the greatest risk. As it is essential that HMO licensing achieves the maximum impact, tackling the high risk properties in a targeted way represents an appropriate and pragmatic approach.
- 5.28 It is also important to demonstrate to the compliant, professional landlords that poor quality properties will be targeted. Feedback from landlords has indicated that they often feel that they are disadvantaged because they cooperate with the licensing process and yet unscrupulous landlords appear to go undetected.





### Types of HMO that will be included in the proposed Scheme

5.29 Although the properties within the Tottenham area are generally smaller than those within the initial scheme the same HMO issues apply. As with the initial scheme, there are 3 types of HMO that will be affected by the proposed licensing scheme:

- (a) HMOs which are occupied by 3 or more persons, in 2 or more households and where there is a degree of sharing of amenities, kitchens, bathrooms or both.

As the properties in Tottenham consist of long street terraces that are quite compact, any nuisance associated with any property can affect many neighbouring properties and the community as a whole.

- (b) Section 257 HMOs are those properties which are self contained flats or studios where there is no sharing and the conversion fails to meet the standards adopted by the 1991 Building Regulations.

These conversions exist for two reasons. Firstly, they were converted prior to 1991. Secondly, the owner failed to obtain both planning permission and building regulation approval, either as an oversight or to achieve increased occupation and financial gain. The number of units created would not have been allowed if permission had been sought.

- (c) Where an HMO is of one of the two types described above and is situated within mixed use developments (usually above ground floor commercial units on the main thoroughfares) it can pose a higher risk, especially in relation to fire safety, security, access and repairs. It should be noted that mixed use developments are now being found on many light industrial / commercial sites where residential units have become established.

In many cases, these HMOs will never meet housing standards – due to their original construction – and they will substantially fail with regard to fire safety. Additional HMO Licensing will apply in many of these cases.

In partnership with the London Fire Authority, the Council has been investigating an increasing number of industrial units where the commercial units are now being used for residential purposes as ‘livework’ accommodation. These units are not designed to be converted to residential use without vast sums of money being used to ensure that they meet the necessary standards.

Many units are self contained and house up to 15-20 people at any one time. The use of licensing would force the owners of such properties to either fund works to meet the appropriate standards or stop using the units altogether.



Seven criteria for establishing an Additional HMO Licensing Scheme

- 5.30 In order to designate an area as being subject to an Additional HMO Licensing Scheme, the Council must be satisfied that **seven criteria** are met. These criteria have been outlined below with a synopsis of evidence for each. Full evidence is outlined within **Appendices 1, 2 & 4** of this report:
- 5.31 **ONE: The authority must consider that a significant proportion of the HMOs of the description to be included in the area are being managed sufficiently ineffectively as to give rise, or likely to give rise, to one or more particular problems either for those occupying the HMO or for members of the public.**
- 5.32 Research has been undertaken to demonstrate that this criterion is met in relation to all three types of HMO that are covered by the proposed Scheme.
- 5.33 Further evidence also suggests that a percentage of these HMO are managed sufficiently ineffectively to warrant the proposed licensing approach.
- A desk top exercise using various means of intelligence (including, Council Tax records, planning enforcement data, complaints data and the Veolia recycling survey) indicated that there are approximately 3000 HMOs within the proposed area. This equates to around 23% of the overall dwelling type in the 5 wards.
  - Between 2010 and 2013, the Council recorded 5,766 incidents of antisocial behaviour. These incidents included complaints about housing, noise and rubbish, and fixed penalty notices for dumping.
  - Of the 5,766 incidents of this nature that were logged, 2,331 were from HMO type accommodation which is just over 40% of all the incidents reported.
  - A total of 370 surveys have been undertaken on accommodation above shops, a selection of Section 257 HMOs and shared-use HMOs. These revealed that:
    - 69% of properties were failing to meet either legislative or local council HMO standards;
    - 45% failed on issues under the Management of Houses in Multiple Occupation Regulations 2004
    - 38% failed due to hazards identified under the Housing, Health and Safety Rating System (HHSRS);



- 49% of all properties surveyed fail to have the adequate fire safety provision for the type of HMO property;
- Many properties failed under both Management regulations and HHSRS; and
- Only 13.5% of properties were of an acceptable standard.

5.34 **TWO: The authority must have regard to any information regarding the extent to which any codes of practice approved under sec 233 have been complied with, by persons managing HMOs in the area.**

5.35 The Council has had regard to the following Code of Practice under Section 233 in relation to the management of student housing and for the purposes of Schedule 14 which lists buildings which are not Houses in Multiple Occupation (HMOs) for the purposes of the Housing Act 2004.

UK Parliament SIs 2010-Present/2010/2601-2650/Housing (Codes of Management Practice) (Student Accommodation) (England) Order 2010 (SI 2010/2615) **Housing (Codes of Management Practice) (Student Accommodation) (England) Order 2010.**

5.36 **THREE: The authority must consider whether there are other courses of action (whatever the nature) available to them that might prove an effective method of dealing with the problem.**

5.37 The Council has been using other courses of action to try and tackle the issues with HMO accommodation across the borough. These methods have been outlined in greater detail in Section 4 of this report:

- The Council has a frontline direct response service to private sector housing related complaints;
- The Council has a small team of dedicated officers dealing with complex HMO complaints and Mandatory HMO Licensing;
- The Council hosts a regular Landlords Forum;
- The Council is a partner in the London Landlord and UK landlord accreditation scheme; and
- In the past, the Council has operated HMO registration schemes.



- 5.38 The reactive complaints process for dealing with the type of issues raised within many of the HMOs is resource intensive and time consuming. The primary role of this small team is to deal with minor issues, public health matters and disrepair within single family dwellings.
- 5.39 The Council has a consistent approach to engaging with the private rented sector. The Landlords Forum meets regularly and has been very successful in disseminating information and obtaining the views of private landlords, letting agents and housing suppliers.
- 5.40 Attending the Forum is voluntary and appeals to landlords who wish to further their knowledge and network with Council service providers and other landlords. The landlords who attend the Forum understand the purpose of a licensing regime but are concerned that it is only the good landlords that will apply and that bad landlords will remain non-compliant. They want authorities to be more robust with enforcement and target those landlords who fail to comply with the standards.
- 5.41 Haringey is a strong supporter of the London Landlords Accreditation Scheme (LLAS). There are currently 552 accredited members with property in Haringey. The Council runs courses in partnership with LLAS and these are hosted by the Council through the Housing Improvement Team (Private Sector).
- 5.42 It is clear that the Council's use of conventional engagement, enforcement and persuasion will not, on its own, result in a significant improvement in the area. Licensing has a vital role to play in addressing and resolving the problem.
- 5.43 The Additional HMO Licensing Scheme in the Haringay Ward has demonstrated that the Scheme's biggest impact is that it places the onus on landlords to license their accommodation and declare all the properties they own in that area. Furthermore, a carefully targeted and steady programme of inspection activity over a period of time offers the best use of the Council's resources.
- 5.44 **FOUR: The authority must consider that making the designation will significantly assist them in dealing with the problems.**
- 5.45 As well as achieving the outcomes listed above, the introduction of an Additional HMO Licensing Scheme within the proposed Wards will achieve the following:
- The ability to deal with landlords with multiple properties and to request applications for all properties within the designated area;
  - Improvements to the appearance and condition of HMO (including the gardens and outbuildings) and the environmental impact they have on the local neighbourhood;



- Improvements to residents' health and safety, as gas and electrical installations will be safe and fire precautions will be in place;
- Better outcomes and value for money, more effective problem solving and sustained improvement will be achieved through closer collaboration, and increased presence and regular surveys;
- Increased awareness of management issues, including fires safety, the control of rubbish and waste, the maintenance of communal areas, gardens, forecourts and gas / electrical installations;
- Increased awareness and monitoring of the use of outhouses, structures and garages for residential use;
- Increased partnership with landlords to ensure that they have the up to date information regarding Council services / requirements that would benefit them and their tenants;
- Encouragement of landlords and agents to become members of the London Landlord Accreditation Scheme. Training is provided and membership is incentivised through the licensing fee structure. The Council hosts up to 4 training sessions a year; and
- 'Bad' landlords will be prevented from managing licensable HMOs if they are assessed as being not a 'fit and proper person'.

5.46 Other indirect improvements would include the following:-

- Improvements to accommodation, achieved through the use of the Housing, Health and Safety Rating System, especially where a property is excessively cold / damp, lacks security or has trip or falling hazards; and
- Reduces the incidents of anti-social behaviour as Council services work together (through an HMO licensing approach) to review all activity and issues associated with each property at application / investigation stage, ensuring that all matters are considered and a co-ordinated approach is adopted.

5.47 **FIVE: The authority must consult persons who are likely to be affected by the designation and consider any representations.**

5.48 Consultation on this proposal first started in August 2012 which included an online questionnaire, Landlords Forum event (presenting the proposal), and presentations at local Area Forums and residents groups.



- 5.49 Despite all of the efforts made to consult with local residents, the response rate from the target group was poor and concerns were raised about the lack of publicity about the consultation. Landlords said that more background information could have been provided and that this would have enabled them to make better, more informed comments on the proposed Additional HMO Licensing Scheme.
- 5.50 It was therefore agreed that a second phase of consultation should be undertaken, to address these issues and reduce the risk of any future challenge.
- 5.51 The second phase of consultation engagement ran for 12 weeks, from 8 August 2013 until 10 October 2013.
- 5.52 The key stakeholders that were targeted were landlords and letting agents, tenants occupying private rented accommodation (in particular those living in HMO accommodation) and local residents. The consultation was carried out through the following means:
- Web Page
  - Online questionnaire
  - Hard copy questionnaire
  - Background information document
  - Landlords Forum presentation.
  - Landlords workshop
  - Mail-shot
  - Engagement with residents associations and Area Forums.
  - Promotion through publicity
  - Promotion at Councillors Ward Surgeries.
- 5.53 Full consultation analysis and details of the results can be reviewed in **Appendix 4**. However, the feedback received from the second phase of consultation has been summarised below:
- 50% of those completing this questionnaire were owner occupiers, 27% were either landlords or agents and 17% were private tenants;



- Questions 6 & 8 of the survey were designed to gain the consultees view on what HMO accommodation suffers from, what owners and agents should be responsible for managing, and how effective they feel this currently is. The responses show that those consulted think that HMOs do suffer, for example, from a variety of anti-social issues, including bad tenants, rogue landlords, noise, poor maintenance and rubbish dumping;
- 56% of those asked disagreed with the statement that “*There are no problems with the management of private rented housing and or HMO’s in Haringey*”;
- 60% agreed that Haringey Council should intervene and support areas suffering from problems relating to HMO accommodation and their tenants;
- 69% agreed that poorly managed properties and behaviour of tenants contribute to a decline in an area;
- 82% agreed that private landlords should be responsible for managing their properties including making reference checks on tenants;
- 45% agreed that licensing private landlords will improve this type of property; and
- 42% agreed that Haringey Council’s proposal to introduce licensing is a good way of managing HMO’s.

5.54 The option to provide further written comment was provided within the survey. These comments and views have also been evaluated. The comments have been categorised for the purposes of the consultation report in **Appendix 4**.

5.55 Several tenants expressed concern that the introduction of the Additional HMO Licensing Scheme would result in the landlord incurring a licence fee that they thought was likely to be passed on to the tenant in the form of a rent increase. However, based on a licence fee of £208 per unit, this is equivalent to only 86p per week per unit over a 5 year period. Furthermore, it is likely that most landlords will apply for a tax reduction in relation to these costs.

5.56 Many landlords were concerned about the licence fee and the need to undertake what some described as “enhanced” or “additional” works. However, HMO licensing requires no more works than would normally be expected of a landlord who wishes to rent their property privately and is required to comply with the relevant legislation and local authority standards.



- 5.57 Feedback from the consultation process suggests that many landlords are aware that they are not meeting their full legal obligations and that, when they apply for a licence, they will be required to bring their properties up to standard. If this is the case, then the additional cost that they may incur would be costs that they should have factored in when acquiring and/or converting the property for use as an HMO.
- 5.58 Although the Additional HMO Licensing Scheme is likely to improve the quality of accommodation, some tenants have disagreed with the idea of introducing a licensing scheme, fearing that landlords will pass on the extra cost in higher rents.
- 5.59 Other comments that were made related to whether there was a real need for licensing over and above the use of conventional powers. Although the situation was explained in the background papers, it is possible that the respondents did not fully appreciate the difficulties that local authorities experience when trying to tackle, en masse, poor HMO accommodation using the powers currently available.
- 5.60 Licensing not only puts the onus on the landlord, it is also a quicker and more effective process. The penalties that are introduced with licensing are wider and include a person becoming not 'fit and proper' as well as the use of Rent Repayment Orders where Housing Benefit has been paid in respect of licensable HMOs that have not been licensed.
- 5.61 In conclusion, the consultation has provided some good feedback and has supported the evidence obtained in relation to the area suffering from a lack of HMO management, disrepair and the environmental and social impact that these properties can have on tenants and residents alike.
- 5.62 **SIX: The authority must ensure that the exercise of power is consistent with the authority's overall housing strategy.**
- 5.63 Additional HMO licensing contributes positively to the aims of the Housing Strategy by regulating the stock of lower cost shared housing and converted units of accommodation, especially at a time of welfare reform and benefit changes where HMO rooms are in increasing demand.
- 5.64 Additional HMO licensing will also ensure that the accommodation meets acceptable housing standards and is well managed by 'fit and proper' persons. The licensing regime seeks to encourage continuous improvement by rewarding good HMO landlords/owners with longer licences. Landlords have said they are keen to see a distinction made between good landlords and bad landlords.
- 5.65 It is essential that the Council is robust with the private rented sector, as highlighted in Sir Stuart Lipton's report on the riots. This is especially important at a time of an exceptionally buoyant London rental market and a demand for low cost housing from tenants who have no recourse to public funds. This provides opportunities for the more unscrupulous landlords to create very small sub-standard units, housing as many people as possible in overcrowded and dangerous conditions.





- 5.66 **SEVEN: The authority must seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour and as regards combining licensing with other courses of action available and as regards combining such licensing with measures taken by other persons.**
- 5.67 The Council and its partners have an excellent track record of multi agency working and ensuring a co-ordinated approach in dealing with homelessness, empty properties and anti-social behaviour
- 5.68 The proposed Additional HMO Licensing Scheme complements the Article 4 Direction. Between them, they will help control the quality and number of HMOs.
- 5.69 The introduction of Haringay's Additional HMO Licensing Scheme has provided an impetus for the creation of a 'virtual team' that has an input into the assessment of HMO licence applications and combined enforcement action to resolve local issues.
- 5.70 This 'virtual team' has a strong partnership approach between internal and external partners that can identify unlicensed HMOs and ensure that additional licensing complements the other action that is being taken to improve neighbourhoods and reduce the impact of poorly managed, badly maintained HMOs. This is particularly important with the regeneration of Tottenham which would otherwise be compromised if the private rented sector is left uncontrolled.

#### Meeting the criteria

- 5.71 It is clear from the research and evidence that the seven criteria are met, and this is reflected within this report and the supporting Appendices.
- 5.72 Evidence has been gathered from Census information and intelligence from Council services to identify the issues and problems caused by HMO accommodation within the proposed Additional HMO licensing area.
- 5.73 It is clear that HMOs of the type that will require licensing represent a significant proportion of the housing stock in the proposed area. It has also been established, by door to door surveys and the analysis of complaints data, that many of these HMOs give rise to (or are likely to give rise to) problems for the local community.
- 5.74 This report and the Appendices demonstrate very clearly the advantages that this Additional HMO Licensing Scheme will bring to the Council. The lessons learned from the Haringay Ward scheme – which has now been running for 2 years – will assist the successful implementation of the proposed Scheme.
- 5.75 The consultation process was re-developed and widened to ensure that it provided the affected stakeholders with more information so that they could provide better, more informed feedback on the scheme. Several methods of consultation were used, including meetings, workshops, forums, publicity and web communication.



5.76 Additional HMO licensing will enable the Council to address bigger housing issues as identified through the housing strategy, regeneration and empty homes policies. It also affords the opportunity for the Council to build on partnerships and to create a more cohesive and co-ordinated approach to its work, complementing other Council initiatives and programmes, such as the joined up enforcement initiatives, sub regional empty homes programme and work with the Home Office.

Details of the proposed Additional HMO Licensing Scheme

5.77 For the reasons given in the Appendices, it is proposed that an Additional HMO Licensing Scheme is introduced for a specifically defined area within Tottenham. The proposed designation includes part or the whole of the following wards:

- Northumberland Park,
- Bruce Grove,
- Tottenham Green,
- Seven Sisters and Tottenham Hale.

5.78 The map below shows the boundary of the proposed designated area with a red line.

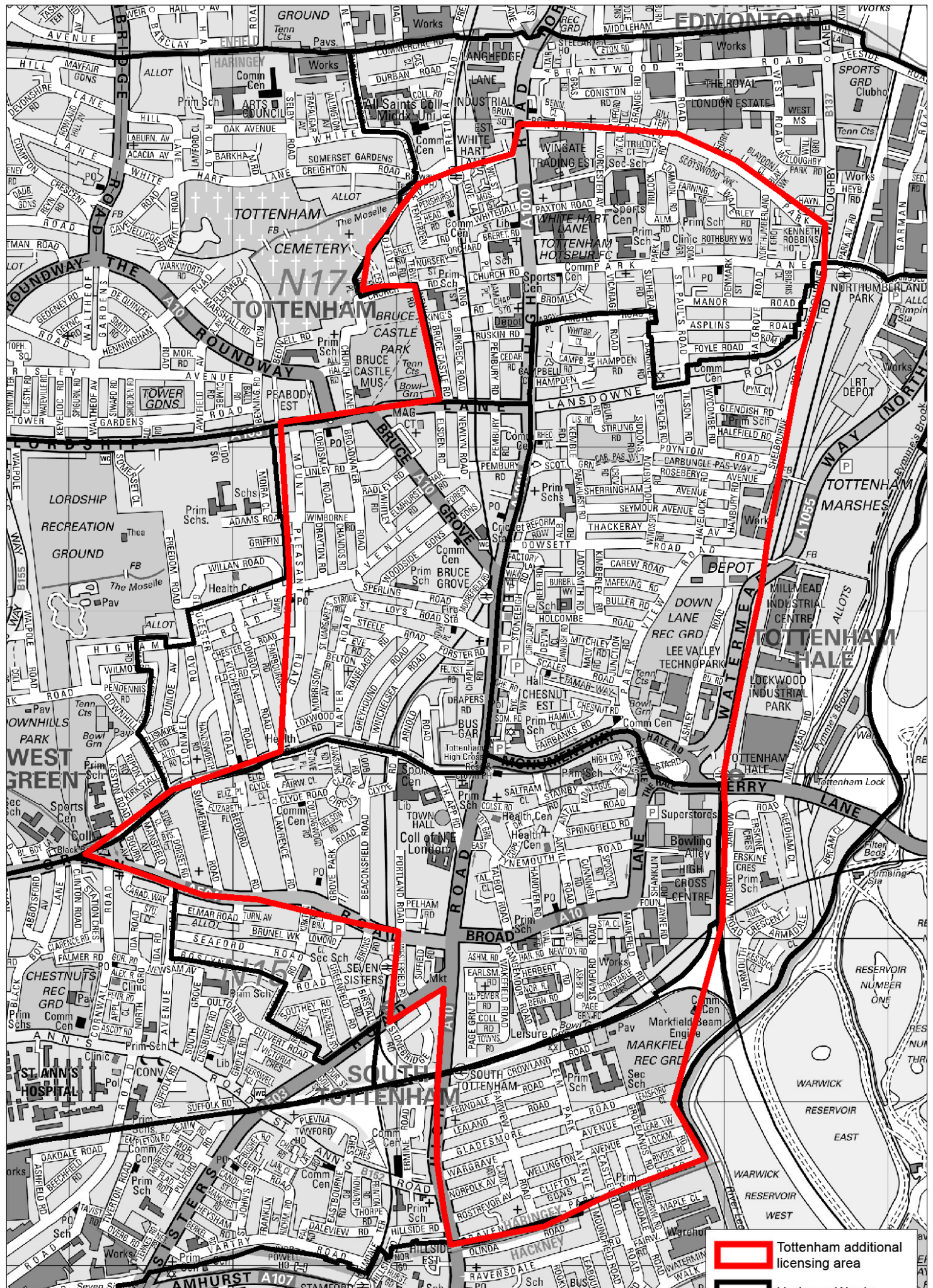
**Tottenham additional licensing area**



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5.79 The street map below identifies, in more detail, the boundary of the proposed designated area with a red line.

# Tottenham Additional Licensing Area





- 5.80 The scheme will exist for 5 years. The designation date must be no earlier than three months after the date on which the designation is confirmed. Throughout the scheme and at the beginning of the fourth year, the Council will review how it is working and decide whether to prepare the information for a further scheme (in its present form or varied) or to end the scheme having achieved its objectives.
- 5.81 The proposed area comprises approximately 28,000 households, of which around 7,900 live in accommodation that is privately rented. This area is significantly larger than the Harringay scheme. The roads that are included within the scheme are detailed in **Appendix 3** of this report. The HMO properties that have been included for licensing have been selected to reflect the size of the area and to deal with the more complex/dangerous housing units.
- 5.82 There is a particular issue with the conversion of properties into self contained small units with no planning consent or building regulation approval. If these units have become established then they are likely to contain more units than would have been approved through the proper planning route, compromising safety as no building regulation approval will have been sought.
- 5.83 It has become apparent that one or two landlords have sought to get around this condition by “selling” one of the units in a Section 257 HMO to a family member or, in the case of a company, to a sister company with the same or mostly the same directors. The Council will seek to close this potential ‘loophole’ through careful wording of the declaration document for the Tottenham scheme.
- 5.84 The Additional HMO Licensing Scheme will apply to:
- All HMOs, as defined by Section 254 Housing Act 2004, which are occupied by 3 or more persons comprising 2 or more households (irrespective of the number of storeys within the HMO): and
  - All HMOs, as defined in Section 257 of the Housing Act 2004, but only where the number of dwellings exceeds the number of storeys in the building, and where the building and all of the dwellings in the building are in the same ownership or effective control.
  - All HMOs both 254 and 257, as stated above, within mixed use development or over non residential accommodation. The part relating to Section 257 HMO where number of units exceeds the number of floors, does not apply to this part. The remainder remains unchanged.
- 5.85 The definition of ‘household’ is detailed in Section 258 of the Housing Act 2004.



### The Licensing Fee Structure and Licence Period

- 5.86 The fee structure and licence period proposed is unchanged from what was agreed by the Cabinet on 7 June 2011 in relation to all HMO licensing, both Mandatory and Additional. The fee charged is £208 per unit and there are concessions associated with the fee payable. The licence period is for a maximum period of 5 years but can be reduced for failure to manage or exercise proper control over the property.
- 5.87 The license fee structure and associated concessions and details of the licence period variations are all detailed in **Appendix 5** of this report.

### HMO Amenity Standards

- 5.88 The amenity standards to be used for the Additional HMO Licensing Scheme are those that were adopted by the Cabinet on 7 June 2011 which relate to all HMOs within the borough. These standards can be found in **Appendix 6** of this report.

### Financial Implications

- 5.89 As a result of introducing a further Additional HMO Licensing Scheme, it will be necessary to look at the current working practice of the Housing Improvement Team (Private Sector). The shift to focusing resources on licensing will require a review of how we deal with our reactive complaints programme.
- 5.90 The type of complaints that can be investigated and the timescales associated with these investigations will also have to be re-examined.
- 5.91 It is envisaged that 3 Officers will be redeployed from their current roles in frontline complaints work to assist with this scheme. Another 2 members of staff will also join the Tottenham Additional HMO Licensing Team. These Officers will be funded initially through the Tottenham Regeneration Fund and the additional resources that the Council has made available to support HMO enforcement.
- 5.92 In order to support the robust enforcement of the licensing scheme and standards through the scheme, it is proposed that the HMO licensing fee income and the proceeds from any Rent Repayment Orders are ring-fenced. This will enable a team of five officers to be established, two of whom will be funded from fee income.

## **6. Comments of the Chief Finance Officer and financial implications**

- 6.1 Approval has already been given for an additional licensing scheme in Tottenham for which funding has been allocated from the Tottenham Regeneration Fund and the reserves. This proposal is to further extend the licensing scheme in Tottenham.



6.2 The funding available from the Tottenham Fund is £50,000 per annum. In addition, the funding available from reserves is as follows:-

	<b>12/13 £</b>	<b>13/14 £</b>	<b>14/15 £</b>	<b>TOTAL for 3 years</b>
Project Officer for Article 4 Direction and development of licensing scheme	<b>36,000</b>	<b>24,000</b>	<b>0</b>	<b>60,000</b>
Running of licensing scheme (2 additional posts) (PO2)	<b>48,000</b>	<b>96,000</b>	<b>96,000</b>	<b>240,000</b>
Projected Income	<b>0</b>	<b>(38,000)</b>	<b>(75,000)</b>	<b>(113,000)</b>
Research/evidence gathering and consultation costs of licensing scheme and article 4 direction	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>15,000</b>
Legal/Support Officer	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>30,000</b>
Cost of dealing with planning applications and appeals for small HMOS as a result of the introduction of the A4D		<b>25,000</b>	<b>50,000</b>	<b>75,000</b>
<b>TOTAL</b>	<b>109,000</b>	<b>117,000</b>	<b>81,000</b>	<b>307,000</b>

6.3 The scheme will employ five officers in delivering the extended Additional HMO Licensing Scheme in Tottenham. It is proposed to use three existing staff within the Housing Improvement Team (Private Sector) together with the funding identified in paragraph 6.2 above to fund an additional two PO2 officers at a cost of £86,000 per annum. It should be noted that the funding projections had assumed that fee income of £38,000 and £75,000 would be generated in 2013/14 and £75,000 respectively.

6.4 The additional licensing scheme is expected to generate a minimum total of £624,000 over the 5 year term. Although the total fee income will be sufficient to support the scheme it will not flow smoothly over the 5 financial years and there may be shortfalls and surpluses arising in each of the financial years. The estimate of £624,000 is, however, a prudent figure which may compensate for isolated shortfalls arising in individual financial years. There is a small risk that, if future fee income flows fail to be realised, this will give rise to shortfalls in funding for the two PO2 officers. This must be monitored and corrective action taken if necessary.



## **7. Head of Legal Services and legal implications**

- 7.1 A local housing authority must keep the housing conditions in their area under review, including the licensing of HMOs. In respect of the proposal for the additional licensing scheme for HMOs falling outside the scope of the mandatory scheme, the authority must comply with specific requirements set out in Sections 56 and 57 of the Housing Act 2004.
- 7.2 This includes being satisfied that a significant proportion of the HMOs proposed to fall under the additional scheme are being managed sufficiently ineffectively, consultation for the scheme must take place, and the scheme must be consistent with the authority's overall housing strategy.
- 7.3 Once an Additional HMO Licensing Scheme has been approved, there are specific requirements relating to publicity and when the scheme may come into force (no earlier than three months after the date on which the designation is confirmed).
- 7.4 The Authority must review the designation from time to time and may revoke it if considered appropriate. There is no fee structure prescribed within the Housing Act 2004, however, the government has indicated that it should be self funding hence a wide variety of structures used across different authorities.

## **8. Equalities and Community Cohesion Comments**

- 8.1 An Equalities Impact Assessment (EqIA) has been carried out to assess the benefits and adverse affects of the proposed Article 4 Direction. It has been agreed that this equalities impact assessment covered the same Equality and community impact as the proposed additional HMO licensing Scheme for Tottenham.
- 8.2 The EqIA shows that a reduction in availability of HMOs is likely to impact disproportionately on young people, single people, and Black and Ethnic Minority people as they represent a large proportion of HMO tenants in the east of the borough where 100% of the impact will fall, and for whom HMOs may be their only viable housing option. For the same reason, these groups will also benefit disproportionately from improved quality and standards in HMOs.
- 8.3 In addition, it is likely that the Additional Licensing will have beneficial impacts for neighbouring properties and the wider communities through reduction in problems associated with high concentrations of HMOs. The EqIA is available on request.

## **9. Head of Procurement Comments**

- 9.1 This is not applicable for this decision



## **10. Policy Implications**

10.1 The proposed Additional HMO Licensing Scheme will support the achievement of the following priorities in Haringey's Corporate Plan: One Borough, One Future:

### Safety and well-being for all

- Priority 3 – Make Haringey one of the safest boroughs in London

### Opportunities for all

- Priority 8 – Deliver regeneration at priority locations across the Borough
- Priority 9 – Ensure that everyone has a decent place to live

## **11. Reasons for Decision**

11.1 Section 56 of the Housing Act 2004 allows local housing authorities to designate the area of their district or an area within their district as subject to additional licensing as long as they have considered all of the criteria set out in this report.

11.2 Under section 58 of the Housing Act, it stipulates that designation of such an area falls within a description of designations for which the Secretary of State has issued general approval dated 30th March 2010. This means that, following a minimum of 10 weeks consultation with persons who are likely to be affected, every local housing authority in England has the Secretary of State's general approval to designate an area as subject to additional licensing.

11.3 The proposed Additional HMO Licensing Scheme for the Wards of Northumberland Park Tottenham Hale, Bruce Grove, Tottenham Green and Seven Sisters will enable the Council to improve the overall standard of HMO accommodation in those Wards, support the regeneration of Tottenham and target its resources at those HMOs and landlords that are causing the most concern.

## **12. Use of Appendices**

- Appendix 1 – The strategic content
- Appendix 2 – The evidence
- Appendix 3 – The scheme
- Appendix 4 – The consultation
- Appendix 5 – The fee structure
- Appendix 6 – The space and amenity standards
- Appendix 7 – The declaration





### **13. Local Government (Access to Information) Act 1985**

- Department of Communities and Local Government (DCLG) - Licensing Of Houses in Multiple Occupation in England.
- DCLG - Approval steps for additional and selective licensing designations in England.
- The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Regulations 2006.
- The Licensing and Management of Houses in Multiple Occupation and Other Houses) (Miscellaneous Provisions) Regulations 2006.
- The Housing (Interim Management Orders) (Prescribed Circumstances) (England) Order 2006
- The Management of Houses in Multiple Occupation (England) Regulations 2006
- Housing Act 2004