

Report for: Cabinet – 12th March 2024

Title: Additional Licensing Scheme for Houses in Multiple Occupation
2024 - 2029

Report authorised by: Barry Francis, Director of Environment, and Resident Experience.

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Ward(s) affected: All

**Report for Key/
Non-Key Decision:** Key Decision

1. Describe the issue under consideration.

- 1.1. Part 2 of the Housing Act 2004 gives Local Authorities the power to designate an area or areas within its district as being subject to additional licensing for Houses in Multiple Occupation (HMO). Additional HMO licensing is a discretionary licensing tool aimed to assist a Local Authority to regulate the private letting of smaller houses in multiple occupation.
- 1.2. That power can only be used where there is evidence that a significant proportion of the HMOs (that will be subject to the proposed designation) are being managed sufficiently ineffectively as to give rise, or likely to give rise, to problems either for those occupying the HMOs or for members of the public.
- 1.3. Cabinet approved the undertaking of statutory consultation for a proposed new additional licensing scheme for HMO accommodation on 12th September 2023. This consultation ran for 11 weeks from 27th November 2023 to 12th February 2024.
- 1.4. This report updates Cabinet on the key findings of this statutory consultation and seeks a decision from Cabinet to consider whether to authorise the designation of the whole of Haringey borough as subject to additional HMO licensing (when considering the consultation outcomes, evidence, and prescribed criteria within Part 2 of the Housing Act 2004).

2. Cabinet Member Introduction

- 2.1. The Council is committed to ensuring that Haringey residents have access to a safe, sustainable, stable, and affordable home.
- 2.2. Nearly 40% of Haringey's residents live in Private Rented Sector (PRS) homes. Houses in Multiple Occupation (HMO) are a much-needed affordable type of accommodation within

this sector. Both improving the quality of the PRS and reducing the number of households presented as homeless are key pledges for this Council.

- 2.3. Additional HMO licensing is designed to improve the quality, safety, and management of smaller HMO's not covered by Mandatory licensing. It provides the regulatory framework to support the many good landlords in Haringey, whilst also providing the powers for officers to act against those landlords who rent property that is below the standards we expect.
- 2.4. It is vital that these properties continue to be effectively regulated to ensure they are safe, professionally managed and comply with regulations. Any un-licensed HMO accommodation within our borough needs to be identified and made to licence and comply.
- 2.5. It is reassuring for private renters in Haringey to know that landlords cannot evict tenants from their rented property to avoid the licencing scheme. Tenants are protected from no-fault eviction in unlicensed premises because their landlord cannot issue a valid Section 21 Notice. Additionally, tenants can claim back rent from landlords (Rent Repayment Orders) who have been found to be operating HMO property without a licence through the courts.

3. Recommendations.

It is recommended that Cabinet:

- 3.1. Consider the evidence that a significant proportion of the HMOs (that will be subject to the proposed designation) are being managed sufficiently ineffectively as to give rise, or likely to give rise, to problems either for those occupying the HMOs or for members of the public as detailed in Appendix 3.
- 3.2. Consider the outcome of the consultation and the Council's consideration of those findings as in Appendices 4 and 5.
- 3.3. Consider the council's strategic approach linking the proposed additional HMO licensing scheme with the Council's wider strategic approach to the private rented sector as set out in paragraph 7 to 8 in this report.
- 3.4. Approve the designation for all wards within Haringey borough, as delineated in the map at Appendix 1 and as set out in the Draft Designation Notice (Appendix 2) as subject to additional HMO licensing pursuant to Part 2 of the Housing Act 2004, which is expected to come into force on 17 June 2024.
- 3.5. Approve the proposed licence conditions applying to any HMO licence at Appendix 6.
- 3.6. Approve the proposed fee structure for any HMO licence applications made to the council at Appendix 7.
- 3.7. Approve that the "policy on determining the appropriate level of civil penalty for offences under the Housing Act 2004" which was approved by Cabinet in February 2019, shall continue in force and shall also apply for the duration of the new scheme unless amended or a replacement policy is adopted prior to 16 June 2029.
- 3.8. Authorise the Director for Environment and Resident Experience, following consultation with the Cabinet Member for Housing Services, Private Renters and Planning, to:
 - (i) Ensure compliance in all respects with all relevant procedures and formalities applicable to the authorisation of such schemes.

- (ii) Keep the proposed scheme under review during the designation lifetime and agree any minor changes to the proposed implementation and delivery, including administration, fees and conditions and give all necessary statutory notifications.
- (iii) Ensure that all statutory notifications are carried out in the prescribed manner for the designation and to take all necessary steps to provide for the operational delivery of any licensing schemes agreed by Cabinet.

4. Reasons for decision

- 4.1. The current borough wide additional HMO licensing scheme is due to end on 26th May 2024. The majority of the HMO accommodation in our borough is occupied by less than 5 persons and therefore falls under the additional HMO licensing criteria. Additional HMO licences accounted for 65% (3140) of the total number of HMO properties, licensed by the council between 2019 and August 2023.
- 4.2. Evidence concludes that a significant proportion of these HMOs continue to be managed ineffectively across the borough, resulting in problems for either those occupying the HMOs or for members of the public. Complaints made by tenants and others to Haringey Council regarding poor property conditions and inadequate property management are a direct indicator of low quality and poorly managed HMOs. The council recorded 492 complaints from tenants and others linked to HMOs over a 5-year period (April 2018 – March 2023). Of those complaints 265 have been linked to Additional HMOs.
- 4.3. Additional HMO licensing requires HMO managers to comply with licence conditions and HMO Management Regulations. These include space standards, repairing obligations, fire precautions and testing, waste, and tenancy management.
(Appendix 6 contains the proposed additional HMO licence conditions).
- 4.4. Not having the further powers provided by this type of licensing scheme, would mean the Council having only limited options available to protect private tenants and ensure landlords behave responsibly. As the scheme is financed by the licence fee income it can deliver interventions on a greater scale and more economically.
- 4.5. Renewing the additional HMO licensing scheme across our borough, will ensure that the health, safety, and welfare of the tenants that occupy this type of HMO remains protected.

5. Alternative options considered.

- 5.1. **Do nothing and rely on a reactive complaint's procedure.** Doing nothing is not considered a viable option due to the significant scale of poor housing conditions and the poor management of HMOs in the borough as outlined in the evidence report in Appendix 3. To do nothing would mean relying on a reactive property inspection programme, which depends heavily upon complaints being made by tenants as the means of identifying poor HMO standards. Without HMO licensing, our human resources to do this as well as powers to achieve compliance would be limited. Doing nothing would also mean an inability to continue to work in the way that has been established through having the existing additional HMO licensing regime. The amount of operational partnership working that we are developing would also reduce.
- 5.2. **Do nothing and rely on the use of Part 1 of the Housing Act 2004.** The council could rely on the enforcement powers listed in Part 1 of the Housing Act 2004 alone. Those

powers include issuing Improvement Notices, Hazard Awareness Notices or Prohibition Orders to improve living conditions or remove hazards, among other things. This formal action however is slow, with appeal provisions against most types of notices served, which can significantly delay the time period for compliance. In addition, the council's powers under Part 1 do not enable it to regulate the management of property as licensing schemes do. The Part 1 provisions are currently available to the council but despite our best efforts to exercise these powers they have not provided the necessary large-scale improvements in the sector. All the above options are time consuming, resource intensive and not feasible on a large scale.

- 5.3. **Voluntary Regulation.** The council could rely on voluntary accreditation schemes such as the London Landlord Accreditation Scheme (LLAS) or landlord membership organisations, such as the National Residential Landlords Association (NRLA). These can help to support and improve a professional approach by landlords, and we have encouraged this by promoting voluntary regulation through voluntary accreditation schemes, but this does not give the council any additional powers to ensure compliance. In addition, voluntary regulation is not likely to capture non-compliant or poor landlords.
- 5.4. **Planned Government Reform.** The government has announced that they want to provide more protection for private tenants and national registration for landlords. However, the details of any legal reforms affecting private rented housing are still unknown and without a clear timetable.
- 5.5. **Opting for a smaller designation within the borough.** The data analysis and evidence gathering (Appendix 3) has highlighted that HMOs exist across all wards in Haringey. It also indicates that there are varying levels of compliance across all wards in Haringey. There is no current evidence to suggest that where compliance has been achieved, it has been maintained. We also know that there are likely to be un-licensed HMO properties remaining within some wards that should have been licensed under the Council's current scheme. At present it is therefore proposed that HMO licensing continues to be required borough wide.

6. Background information

6.1. Overview

- 6.1.1 The Council sees the private rented sector as having an important and long-term role in meeting the housing needs of the borough. One of the key powers made available to local authorities to improve property standards and management practices in this sector is through the utilisation of licensing powers.
- 6.1.2 Haringey Council has enforced the requirements of Part 2 of the Housing Act 2004, Mandatory HMO licensing since it came into force in 2006. This form of licensing is applicable to larger types of HMO (rented to five or more tenants) and is a compulsory requirement of any local authority.
- 6.1.3 Haringey council have also utilised the further discretionary licensing powers made available to local authorities within the Housing Act 2004 Part 2, by introducing additional HMO licensing. This makes it compulsory for anyone letting smaller HMO property (rented to less than five tenants) to licence with the council. Between 2011 and 2019, several small additional HMO licensing schemes have operated within specific wards across our borough.
- 6.1.4 In February 2019, Cabinet approved a borough wide additional HMO licensing scheme which came into effect on 27th May 2019. This expansion of additional HMO licensing ensured that anyone operating an HMO in Haringey would be required to

obtain a license, would ensure good property standards and management practices are in place across all HMO types regardless of their location.

6.1.5 The current designation will end on 26th May 2024 and any new designation must meet the statutory criteria as set out in 6.2 to 6.8 below.

6.1.6 On the basis of the evidence gathered and following consultation, this report seeks designation under a new additional HMO licensing scheme. The designation will require the licensing of.

- HMOs occupied by three or more unrelated people and
- will include buildings which are converted entirely into self-contained flats which do not comply with the Building Regulations 1991 under section 257 of the Act.
- The designation will apply to the whole of Haringey borough.

6.2. Statutory conditions for introducing an additional HMO scheme.

6.2.1 The Housing Act 2004 sections 56 and 57 set conditions before any designation can be made including,

- a) That a significant proportion of the HMOs (that will be subject to the proposed designation) in the area are being managed sufficiently ineffectively as to give rise, or likely to give rise, to problems either for those occupying the HMOs or for members of the public.
- b) That the making of the designation when combined with other measures taken by the authority alone or with other persons will significantly assist them to resolve the problem identified (whether or not they take any other course of action as well).
- c) Whether there are any other courses of action available to them that might provide an effective method of dealing with the problem or problems in question.

6.2.2 The Council must also:

- d) Take reasonable steps to consult persons who are likely to be affected by the designations and consider any representations made.
- e) Adopt a coordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour affecting the private rented sector as regards combining licensing with other action taken by them or others.
- f) Ensure that the exercise of the power is consistent with their overall Housing Strategy.

6.2.3 These criteria are considered in turn from 6.3-6.8 below.

6.3. Alternative Options Considered.

Whether there are any other courses of action available to them that might provide an effective method of dealing with the problem or problems in question.

6.3.1 As laid out in paragraphs 5 to 5.5 above, the council has considered whether there are any other courses of action available to them, that might provide an effective method of dealing with the problems that exist. Many of these alternative options have been used by the council in the past and/or are being used alongside additional HMO licensing currently. It is our opinion however, that to achieve large scale compliance the use of additional HMO licensing powers given within the Housing Act 2004 remains our preferred option.

6.4. Evidencing the Need.

A significant proportion of the HMOs (that will be subject to the proposed designation) in the area are being managed sufficiently ineffectively as to give rise, or likely to give rise, to problems either for those occupying the HMOs or for members of the public.

6.4.1 The existing additional HMO licensing scheme has produced some robust outcomes. The detailed benefits of having additional HMO licensing as a tool to regulate this sector are clearly defined within this report. However, the current evidence shows that additional HMO accommodation continues to cause problems for residents.” Full details of this evidence can be viewed within appendix 3.

Complaints as an indicator of poor property management

6.4.2 Haringey recorded 492 complaints from tenants and others linked to HMOs over a 5-year period (April 2018 – March 2023). Of those 265 complaints have been linked to additional HMOs. Complaints made by tenants and others to Haringey Council regarding poor property conditions and inadequate property management are a direct indicator of low quality and poorly managed HMOs.

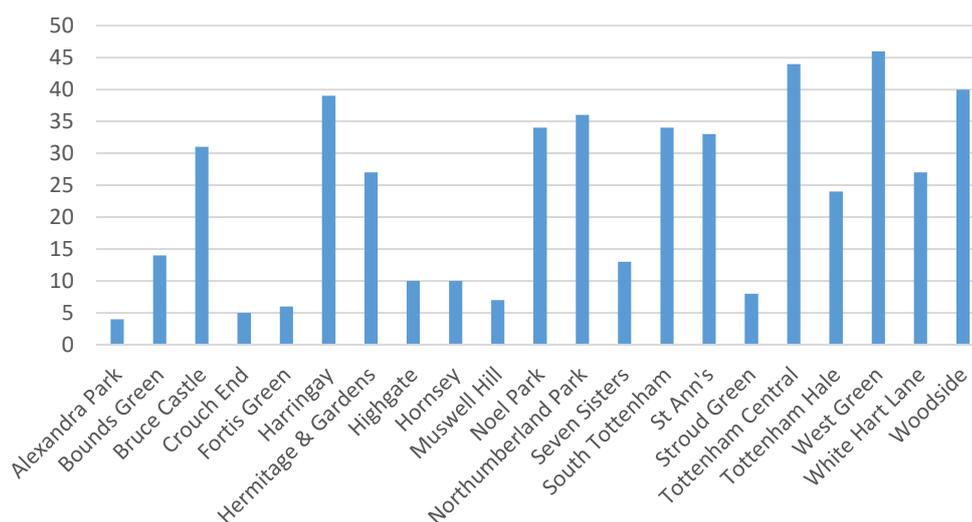


Figure 1. Complaints from tenants and others linked to licensed HMOs (all types) by ward (Source: TI 2023).

6.4.3 Noise incidents recorded across all HMO types amounted to 3795 complaints, of these just over a third of all noise ASB complaints came from additional HMOs. The bar graph below shows the wards that had the most abundant number of complaints made in relation to additional HMO property. Harringay ward saw the highest level of complaints, but this ward equally has the greatest number of licensed HMO within it.

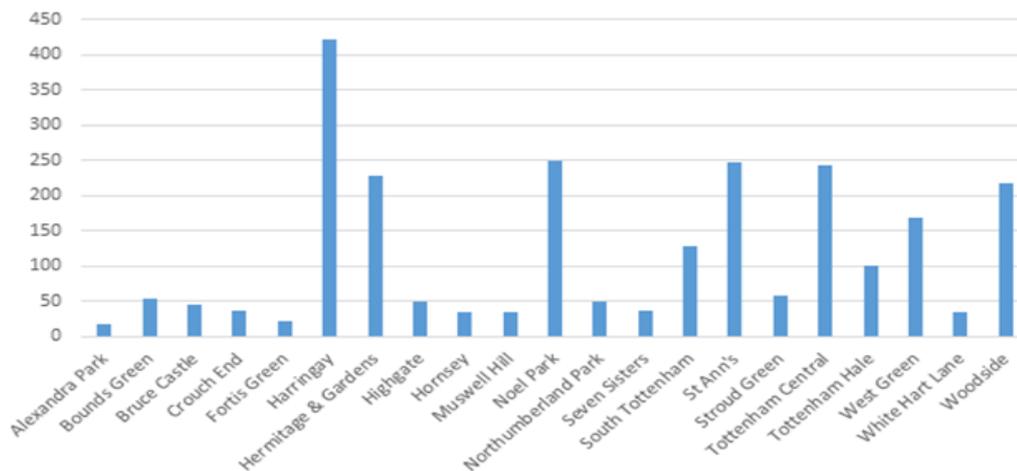


Figure 2. Noise ASB linked to HMOs by ward (April 2018 – March 2023). (Source: Ti 2023).

6.4.4 Haringey Council deals with a sizeable number of waste issues that can be directly linked to HMOs. Over a 5-year period, 1,359 waste complaints have been received by the authority linked to 793 licensed HMOs. Of the 1359 waste complaints received, 777 were linked to properties that had an additional HMO licence. Thus, showing that the smaller additional HMO property type is just as likely to give rise to waste related issues as the larger mandatory HMO type.

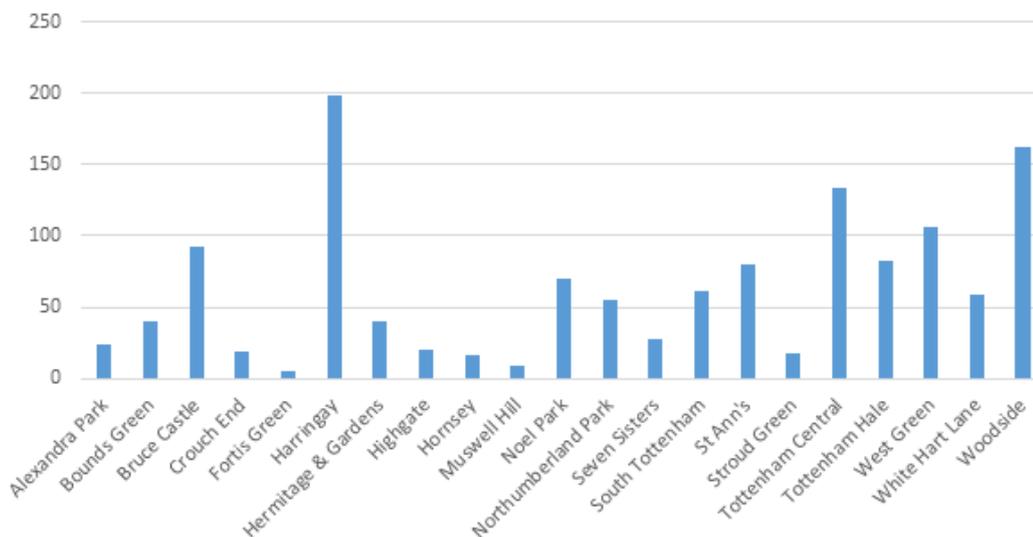


Figure 3. Waste complaints linked to HMOs (all types) by ward (April 2018 – March 2023). (Source: Ti 2023).

6.4.5 Repeat complaints regarding HMOs that cause ASB through noise or environmental crime is a clear contributor to the significant proportion of the HMOs that are causing problems for the public and is an indicator that they are being managed ineffectively.

Disrepair as an Indicator of poor property management

6.4.6 The Housing Health and Safety Rating System (HHSRS) is a method of assessing housing conditions based on hazards. A hazard is any risk of harm to the health or safety of an actual or potential occupier of accommodation.

6.4.7 Compliance inspection is a compulsory element of any HMO licensing scheme. A key benefit of the licensing scheme is that it enables the Council to take a proactive approach to compliance.

6.4.8 The table below (table 1) is taken from the evidence report (Appendix 3) produced in August 2023, in support of this proposal. It shows the number of hazards identified as part of the 1,129 compliance inspections that had been undertaken by Haringey officers at this time. The table shows that out of the 815 additional HMO inspections undertaken a total of 859 hazards were identified which will have required remedial action by the landlord.

| HMO licence type | Inspections recorded | Number of hazards identified | Hazard rate per 100 properties |
|-----------------------|----------------------|------------------------------|--------------------------------|
| S257 HMO (Additional) | 150 | 247 | 164.7 |
| S254 HMO (Additional) | 665 | 612 | 92.0 |
| Mandatory HMO | 314 | 281 | 89.5 |

Table 1. Hazards identified during inspections (2019-2023) by licence type (Source: TI 2023).

6.4.9 As part of the compliance inspection programme, a schedule of works is given to landlords when (a) defect(s) exist(s) at a property. This proactive and informal approach in the first instance is working very well with landlords and agents in Haringey.

6.4.10 Of the compliance inspections currently undertaken the following outcomes have been recorded.

- 12% were deemed unsatisfactory.
- 45% were deemed as satisfactory but required some minor works to the property before it can be rated as satisfactory. These properties will have to be re-inspected when works have been completed.
- 41% were deemed to be satisfactory at the time of the inspection.

Enforcement as an Indicator of poor property management

6.4.11 Enforcement action is used as a last resort against landlords who fail to act voluntarily with requests for compliance. Failing to licence, failing to comply with licence conditions or Part 1 of the Housing Act 2004, will see landlords facing formal action.

6.4.12 Additional HMO licence conditions are one of the powers within the licensing toolbox that allows council officers to hold landlords to account, for a number of responsibilities that landlords should be undertaking as part of their legal or professional duties. Breaching licence conditions is an offence which can incur prosecution or a fine of up to £30,000.

6.4.13 As a result of the Additional HMO licensing scheme being in operation, many unlicensed HMO properties have been identified, including unlicensed mandatory HMO accommodation. Failing to licence an HMO under part 2 of the Housing Act

2004 is an offence and, where appropriate, formal action has been taken against those owners in the form of Civil Penalty Notices.

6.4.14 A Civil Penalty Notice is a penalty that can be given to landlords who fail to comply as an alternative to prosecution.

6.4.15 The table below (table 2) shows the enforcement action taken against landlords and agents for non-compliance in relation to HMO accommodation. The table includes fines given to landlords and agents for failing to licence a licensable property and the total amount of penalties awarded. These figures are for enforcement action taken between 1st June 2019 and 31st September 2023.

| Offence | Outcome | Quantity |
|------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------|
| Failing to comply with Part 1 of the Housing Act 2004 | Service of Improvement Notice (sec 11-12) | 70 |
| Failing to comply with Part 1 of the Housing Act 2004 | Service of Prohibition Notice (sec 20) | 15 |
| Failing to comply with The Management of Houses in Multiple Occupation Regulations | Service of Warning Letter | 12 |
| Penalty | Type of Penalty | Quantity & Fine (£) |
| Failing to licence a licensable premises under Part 2 of the Housing Act 2004 | Service of Civil Penalty Notice (CPN) | 42 £211,850 |
| Failing to comply with The Management of Houses in Multiple Occupation Regulations | Service of Civil Penalty Notice (CPN) | 2 £25,600 |

Table 2. Enforcement action taken by council officers for offences within HMO properties (2019-2023) (Source: LBH 2023)

6.5. That the making of this designation will significantly assist the Council to deal with the problem or problems associated with HMO accommodation.

6.5.1 The whole of Haringey's private rented sector (PRS) is thought to account for about 40% of all housing in Haringey. Tenure intelligence on the known HMO population in Haringey (commissioned in August 2023), has predicted that as a sub-sector, HMO accommodation makes up approximately 12% of the overall PRS.

6.5.2 The proper management of HMOs is necessary to safeguard tenants and the wider community. Housing conditions are affected by,

- the age of the property,
- type of construction,
- thermal efficiency,
- the level of maintenance,
- quality of repair,
- and its overall management.

6.5.3 HMO accommodation can exhibit some of the poorest housing conditions and can often pose the greatest risk to tenants, if poorly managed. Many of those living in this type of accommodation face issues with the affordability, security, and quality of this housing tenure.

6.5.4 HMO licensing and the set of HMO licensing conditions that licence-holders must comply with, are a means of safeguarding tenants and improving regulation overall, by providing:

- The ability to refuse to licence where the landlord has a history of criminal convictions or who are otherwise found not to be fit and proper.
- Variations to the licence period where there are concerns about non-compliance or poor management.
- The ability to ensure rented homes are safe by requiring current gas and electrical safety certificates as a licence condition; and meet minimum standards of energy-efficiency, by requiring a valid EPC throughout the licence period.
- Conditions that require landlord/licence holders to provide 24/7 contact details to ensure that both tenants and the Council can solve problems in an emergency.
- Providing specific powers to control overcrowding in HMO properties.
- Conditions to tackle anti-social behaviour by imposing a requirement on the licence holder to investigate problems in their properties, such as noise nuisance and bad behaviour, instead of leaving it solely for the Council to resolve.
- Specific obligations on the property licence requiring the licence holder to be more accountable when their tenants do not manage waste and recycling and to prevent fly tipping and illegal dumping.
- Training and other support services to the considerable number of non-professional landlords who operate in the borough.
- A licensing framework with penalties and obligations which largely prevent criminal landlords from operating on any scale.
- A better framework to support renters who are facing tenancy management issues and greater support for those tenants wishing to pursue Rent Repayment Orders (RRO), against landlords who have failed to licence. Both of which continues to be an aspiration of our licensing scheme and one we wish to improve.

6.5.5 If we are to improve the sector overall, having another 5-year additional HMO licensing scheme would allow us to maintain and build on the some of the wider outcomes that has been achieved to date. Some of the benefits of the existing scheme are as follows:

- It has provided the Council with an opportunity to identify where all types of HMO property are in the borough, information available publicly on the council's property licensing register.
- It has produced a database of license holders, a named person who is responsible and accountable for the property at all times.
- It has identified deficiencies within this PRS sub-sector through both the application process and through compliance inspections allowing for greater targeted activity.
- It has given many tenants protection from illegal eviction.
- It has supported tenants with their right to claim back rent through Rent Repayment Orders (RRO), where it has been evidenced that landlords have been operating without a licence.
- It has exposed rogue landlords and identified their properties some of which are in the poorest condition and or occupied by our most vulnerable tenants.
- It has enhanced relationships and partnerships with planning, planning enforcement, council tax, Housing Needs, adult and children social services, health professionals, police, and our local fire brigades.

- 6.5.6 The intelligence held relating to licenced HMO premises such as their location, who the licence holder is, and the number of occupants it should have has shown to facilitate the work of a wide range of council officers and enforcing partners when undertaking their own investigations or enforcement action. Partnerships such as Planning Enforcement, Waste Enforcement, Housing Needs, The Police and London Fire Authority regularly ask for any intelligence that we hold on to a property e.g. who is the responsible person, to facilitate with their own investigations. This is often when the property or its occupants have become problematic. This level of available detail often expedites investigations, creating greater partnership working and achieving more successful outcomes.
- 6.5.7 Making such properties subject to further additional licensing would enable the Council to ensure that regulations in relation to fire safety standards, basic amenities and general management of these properties are being met in a proactive manner.

6.6. Adopt a Coordinated Approach

Adopt a coordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour affecting the private rented sector as regards combining licensing with other action taken by them or others.

- 6.6.1 A co-ordinated approach is already in place as a result of having the existing additional HMO licensing scheme and one which we hope to expand upon.
- 6.6.2 The private sector housing team in which property licensing sits works very closely with housing needs services to identify and quickly support those tenants who are experiencing the threat of homelessness or who are victims of landlord harassment. A clear referral mechanism has been created into either service depending on how a tenant may present themselves. Regular meetings are held to ensure we are working together to prevent evictions and to allow tenants to remain in their current accommodation. Training and support for Housing needs officers is also provided.
- 6.6.3 The proposed licence conditions set out clear expectations about what the additional licensing regime expect from landlords, when they receive reports from council officers about anti-social tenants. Licence conditions expect landlords to be more accountable for their tenant's behaviour taking appropriate action to prevent reoffending. In partnership with the anti-social behaviour team, officers can work together with licensing officers to tackle ongoing issues in licensed premises.
- 6.6.4 The Council's empty homes policy was re-drafted in 2020 to reflect the needs of the authority. The role of enforcement in relation to privately owned long-term empty homes currently sits within the private sector housing team, ensuring that a consistent approach is taken in relation to improving housing standards overall.

6.7. Consultation.

Take reasonable steps to consult persons who are likely to be affected by the designations and consider any representations made.

- 6.7.1 On 12th September 2024, Cabinet approved statutory consultation for a new additional HMO licensing designation within the borough from 2024 to 2029. A summary of the main consultation outcomes can be viewed in paragraph 6.7.5 to 6.7.7 below. The full consultation report can be seen at Appendix 4.
- 6.7.2 The Council commissioned M·E·L Research, an independent research company, to deliver the consultation and independently analyse and interpret the results. The consultation ran for 11 weeks from 27th November 2023 to 12th February 2024. The

consultation was extended by 1 week to compensate for any impact the festive period at the end of December 2023, may have had on response rates.

- 6.7.3 A variety of consultation methods were used to allow interested parties to share their views on the proposals. These included an online survey, a postal survey, remote and in person public forums, stakeholder interviews, a freephone number for verbal feedback, and an email address for written feedback and queries. The council promoted the consultation extensively through various communication channels including digital and written media, both within Haringey and beyond, to encourage landlords, tenants, agents, residents, businesses, and other interested parties to get involved.
- 6.7.4 As part of our commitment to ensure we consulted widely the consultation was shared with all London Council's requesting their support in both participation as well as promoting the scheme with their own stakeholders.
- 6.7.5 In total, the consultation generated 328 survey responses. 21 people attended four public workshops. Six stakeholders were interviewed. Finally, 13 individuals or organisations responded with formal written submissions to the consultation.
- 6.7.6 The table below (table 3) provides a summary of the outcomes from the online survey only, in order to give an overview of respondent's views. The full consultation outcomes can be viewed in appendix 3 of this document.

Table 3: Summary of survey responses on proposal (overall/by respondent group)

| | Overall | Residents | Private tenants | Landlords /agents | Other |
|---------------------------------------------------------------------------------------------|---------|-----------|-----------------|-------------------|-------|
| Base | 328 | 67 | 35 | 178 | 48 |
| Agree with the proposal for renewing the additional licensing scheme | 47% | 84% | 37% | 26% | 79% |
| Disagree with the proposal for renewing the additional licensing scheme | 45% | 10% | 54% | 66% | 8% |
| Agree the proposed conditions will improve the quality, standards and management of HMOs | 50% | 85% | 34% | 30% | 85% |
| Disagree the proposed conditions will improve the quality, standards and management of HMOs | 40% | 7% | 49% | 60% | 6% |
| Agree the proposed licence fee of £1,331 for a 5-year licence is reasonable | 29% | 55% | 26% | 10% | 67% |
| Disagree the proposed licence fee of £1,331 for a 5-year licence is reasonable | 58% | 25% | 66% | 80% | 13% |
| Agree the licence period should be reduced if there is evidence for officers to do so | 52% | 85% | 37% | 36% | 77% |
| Disagree the licence period should be reduced if there is evidence for officers to do so | 27% | 6% | 31% | 39% | 10% |

- 6.7.7 Of the 328 responses to the online survey; 178 were from landlords and managing agents. 115 were from owner occupiers and other stakeholders (e.g. employees, voluntary sector workers etc) and 35 were tenants living in the private rented sector.
- 6.7.8 It is clear that residents and others who took part in the survey can see the benefits of having additional HMO licensing. 84% of residents and 79 % of others wanted to see the additional licensing scheme renewed.
- 6.7.9 The survey results also highlighted that 85% of residents and other stakeholders felt that the licence conditions would help improve the quality and management of HMO accommodation.
- 6.7.10 Landlords and managing agents were the largest category of respondents to the online survey with just over of all participants identifying as either a landlord or an agent. 66% of landlords and agents disagreed with the need for a new additional HMO licensing scheme and only 30% agreed that licence conditions can make a difference to the overall condition and management of a property. Equally only 10% of landlords agreed to the proposed license fee of £1331.00.
- 6.7.11 The results of the online survey from private tenants were disappointing in terms of the lack of participation by this group and the perception held by those tenants. 57% agreed that landlords in Haringey maintained their HMO property to a good standard. This may be that these tenants have benefited from the existing additional HMO licensing scheme. 37% of tenants did agree with the need for a new designation.
- 6.7.12 On average only 30 % of all respondents who took part in the questionnaire agreed that HMO were of a good standard and were well managed in terms of noise, waste and ASB.
- 6.7.13 Although the responses from private tenants were often in contrast to the views held by other residents and stakeholders the views of this group collectively do support the evidence needed for a new additional HMO licensing Scheme. The outcomes from this category of respondents does uphold the findings that a significant proportion of HMOs are being managed ineffectively and give rise to problems either for those occupying the HMOs or for members of the public. This can be seen in Appendix 4- Experiences in Haringey page 43 to 50)
- 6.7.14 In conclusion and taking account of the survey results more work must be done should this new scheme be approved to engage with our private rented sector tenants. This is an objective that we have committed to within the housing strategy. Greater promotion on the benefits of licensing to tenants and the additional support that is on offer to tenants through the additional HMO licensing scheme is also required.

6.8. Strategic context

Ensure that the exercise of the power is consistent with their overall Housing Strategy.

- 6.8.1 Paragraphs 7.1 to 7.4 below details how the additional HMO licensing scheme remains consistent with the Council's overall strategic objectives which includes Housing.

7. Contribution to the Corporate Delivery Plan 2023-2024

- 7.1. Corporate **Delivery Plan** – The Council's vision is for a borough where everyone has a safe, sustainable, stable, and affordable home. Improving housing has broader implications on the Council's ability to respond to climate emergency, support residents during the cost-

of-living crisis, address inequality and build strong communities. It is predicated that just over 33% of the known HMO population in Haringey is likely to have at least 1 serious housing hazard (Category 1 & 2, HHSRS). This is more than double the PRS national average (14%).¹ During inspections of Additional HMOs under the current scheme, officers identified 612 hazards (Category 1 & 2, HHSRS) in 202 properties. Through the HMO licensing scheme, we will be able to contribute towards addressing these issues and achieving this vision by improving the quality of the private rented sector. Through this scheme, we will also work with and educate landlords, encouraging them to improve the quality of their housing stock including enhancing the energy efficiency of their properties.

7.2. Housing Strategy – The Housing Strategy 2024-29 outlines the Council’s aspirations is to have a safe, stable, and genuinely affordable homes. The use of discretionary enforcement powers provided by schemes such as HMO licensing assist the Council in achieving its aspirations. The strategy includes a specific objective on how we aim to improve the quality of the Private Rented Sector through delivery against three sub-objectives:

- Setting clear standards for the private rented sector and supporting landlords to meet those standards,
- Enforcing those standards and taking decisive action against landlords who will not provide their tenants with a home that is decent, safe, and secure,
- Empowering and supporting private renters to hold their landlords to these standards.

Also, within this strategy a clear objective for preventing homelessness sets the tone of the Council’s strategic direction on homelessness prevention and service delivery. With specific reference to the private housing sector the Homelessness objective identifies that the loss of a tenancy in the private sector is the biggest cause of homelessness, identifying that the Council will use landlord licensing to increase its engagement not only with private landlords but also with their tenants.

7.3. Empty Homes Policy - In June 2020, the Council revised its Empty Homes Policy to strengthen and reflect the changes to service delivery and council priorities. The policy sets out a clear direction for how the council will deal with empty homes and the tools that it will use to bring empty homes back into use. The priority for the Council remains with those long-term empty homes that blight the neighbourhood and provide a basis for antisocial behaviour it also acknowledges the need to work in partnership with empty homeowners to understand the reasons why the property is vacant and support them in making decisions to bring that property back into use voluntarily.

7.4. Affordable Warmth Strategy - The Affordable Energy Strategy 2022-2025, sets a 5-year plan to reduce fuel poverty in the borough. The strategy identifies risks, mitigation measures and priority actions to help the residents of the borough who are affected by fuel poverty. The use of property licensing has been identified within this strategy’s objectives as a tool to help reduce fuel poverty within the PRS. Educating, providing support and guidance, and working with landlords as part of the wider licensing project objectives, the Council aims to increase the thermal efficiency of property within the borough. The aim is to achieve this through a range of measures, which are:

- Checking compliance with Energy Performance Certification (EPC) when landlords apply for their licence.
- Acting where these properties remain non-complaint. The council wants to use the project to encourage landlords to go beyond the minimum energy

¹ English Housing Survey 2021 to 2022, 2022, <https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline><https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report>

requirements for privately rented homes and will signpost landlords to any relevant funding. The council will help landlords to identify additional measures that they can do within those properties to increase the energy efficiency and reduce fuel poverty for those living in this sector.

- Education and guidance on improving energy performance within this sector and sign posting to grant initiatives and funding where applicable.

7.5. Haringey Climate Change Action Plan – A route map for a net zero carbon Haringey sets out how together we will deliver homes that are healthy, comfortable, and affordable places to heat and power.

8. Statutory Officers comments (Director of Finance (procurement), Head of Legal and Governance, Equalities)

8.1. Finance

8.1.1 Section 63(7) of the Housing Act 2004 states that: **“when fixing fees under this section, the local housing authority may (subject to any regulations made under subsection (5)) take into account:**

- (a) all costs incurred by the authority in carrying out their functions under this Part, and
- (b) all costs incurred by them in carrying out their functions under Chapter 1 of Part 4 in relation to HMOs (so far as they are not recoverable under or by virtue of any provision of that Chapter”.

8.1.2 Article 13(2) of the EU Services Directive (2006/123/EC) requires that the licence fee paid by the applicant must be reasonable and proportionate to the cost of the authorisation (licensing) procedure and shall not exceed the cost of the authorisation procedure.

8.1.3 This means that the costs of the proposed licensing schemes must be cost neutral whereby the total licensing fee income does not exceed the expenditure over the five-year duration of the scheme. The licence fees for licence applications have been set taking into account, all of the Council’s costs in administering and carrying out its licensing functions. The proposed fees are underpinned by assumptions about the level of income the fees will generate, based upon the number of properties that we expect to be licensed during the life of the schemes. The full fee structure can be seen in Appendix 6.

8.1.4 In line with *Hemming v Westminster City Council*, the licence fee will be levied in two parts. Part A of the fee is for the application for a licence and covers the costs of processing, administration, and validation of the application. Part B of the fee funds the running costs of the scheme, including licensing inspections and enforcement. The licensing fee is to be set at £ 1,295.00 with the fee split as follows: -

- Part A = £588.50
- Part B = £706.50

8.1.5 For 2024-2029, the forecasted number of Licence applications expected is to be 4,500 resulting in a total income £7,564,000 and total expenditure of £7,564,000. This is projected income based on predicted number of licences received over the five-year

period. The projected income considers any discounts that may be applied to application fees that landlords may be entitled when they apply.

8.1.6 Discount of £50 will be applied to each of the following.

- Licence holders who are accredited with a recognised landlord association and or accreditation scheme.
- Property that has an EPC certificate for their property showing a rating of A-C.

8.2. Procurement

8.2.1 Strategic Procurement note the contents of this report and confirm there are no procurement related matters preventing Cabinet from agreeing the Recommendations in Paragraph 3 of this report.

8.3. Assistant Director for Legal & Governance [Robin Levett – Interim Senior Litigation lawyer]

8.3.1 The conditions for designation of an area for additional licensing are set out at paragraph 6.2.

8.3.2 Those conditions are met.

8.3.3 Unless the scheme meets the requirements set by the Secretary of State for a general approval, his confirmation is required before a designation of an area subject to additional licensing can come into force.

8.3.4 The licensing scheme proposed in this report is intended to meet the requirements of the general approval (“The Housing Act 2004: Licensing of houses in multiple occupation and selective licensing of other residential accommodation (England) General Approval 2015”) which is (in summary), that the local housing authority making the designation has consulted persons likely to be affected by it for a period of not less than 10 weeks.

8.3.5 In formulating its consultation plan, the Council bore in mind that not all those affected live or work within the borough and take steps to ensure that those affected within immediately neighbouring boroughs are properly consulted.

8.3.6 The consultation must comply with what have become known as the Sedley criteria, namely that:

- The consultation must take place when the proposals are still at a formative stage.
- The Council must give sufficient reasons for the proposal to permit intelligent consideration and response.
- The Council must allow adequate time for consideration and response.

8.3.7 The product of the consultation set out at Section 6.7 in this report and Appendix 4 must be conscientiously taken into account in considering whether to make the designation recommended.

8.3.8 Other legal implications are outlined in the body of the report.

8.3.9 The Assistant Director sees no legal reason why Cabinet should not adopt the recommendations in this report.

8.4. Equality.

- 8.4.1 The council has a Public Sector Equality Duty (PSED) under the Equality Act (2010) to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act.
 - Advance equality of opportunity between people who share protected characteristics and people who do not.
 - Foster good relations between people who share those characteristics and people who do not.
- 8.4.2 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex, and sexual orientation. Marriage and civil partnership status applies to the first part of the duty.
- 8.4.3 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socio-economic status as a local protected characteristic.
- 8.4.4 This decision is regarding the approval of a new additional HMO licensing scheme, as the current scheme is ending. The purpose of the scheme is to improve and maintain standards in Houses in Multiple Occupation through enforcing regulations.
- 8.4.5 The proposed new additional HMO licensing scheme is a continuation of an existing policy, which reflects the Council's corporate and strategic objectives of, 'creating a borough where everyone has a safe, sustainable, stable, and affordable home.'
- 8.4.6 Based on national statistics, women, disabled people, BAME people, young people and low-income people are overrepresented in the private rented sector. Currently it is reported that some of these groups who share protected characteristics experience discrimination when looking for rented accommodation.
- 8.4.7 It is not anticipated that this scheme will have any negative impacts on protected characteristic groups. In fact, the scheme aims to benefit both tenants and landlords overall by driving up standards in this sector, holding landlords to account in terms of their responsibilities and legal requirements, whilst targeting rogue, non-compliant landlords.
- 8.4.8 The consultation highlighted concerns regarding the licence fee charged to landlords for participating in this scheme. This concern was raised by landlords who feel the licence fee is a tax and from tenants who are concerned the cost will be passed on via inflated rents. The socio-economic impact raised by consultees has been addressed within the council's responses to consultation outcomes in Appendix 5.
- 8.4.9 The proposed licence fee within the consultation was set at £1331.00. The actual proposed fee has been reduced to £1295.00 for a five-year licence. Based on the average three-bedroom HMO the cost of the licence fee, should it be added to the room rent would equate to £7.20 a month (£1.80 per week). With the average room rent in an HMO totalling £721.00 per month (£2,163.00 per month for the whole house) the amount in relation to monthly rental income is likely to be insignificant to most landlords.
- 8.4.10 All licence fee applicants are expected to pay the full fee for a licence as this covers the cost of the licensing process (which all licences must go through as per paragraphs 8.1.1 to 8.1.6 above). Landlords can apply a discount if they are a member of an accredited body or if they have an energy performance rating of A-C for the HMO they let.

8.4.11 It could also be argued that through enforcing good standards in private housing sector, the licensing scheme supports all landlords in providing better value rentals and enables them to maximise stability in rental standards and income.

8.4.12 Quality data on the demographics of residents living in the private rented sector in Haringey is limited. More work needs to be done as part of this new additional HMO licensing scheme to capture the demographics of residents living within this sector of the borough. Data that is captured will inform the equalities impacts of the scheme. It will also help to provide a more meaningful insight into the PRS and allow for a better understanding of those tenants who may have protected characteristics.

8.4.13 It would be expected that the data obtained through the scheme could allow for adaptations to be made to ensure that any impact on those protected groups is considered.

1. Use of Appendices

Appendix 1 – Map of designation

Appendix 2- Draft Designation Notice

Appendix 3 – Evidence Report

Appendix 4 – Consultation Report of findings

Appendix 5 – Council response to consultation

Appendix 6 – Proposed HMO licencing conditions

Appendix 7 – proposed HMO licensing fee structure

2. Background Documents

- i. **Haringey Housing Strategy 2017-2022** [Housing Strategy | Haringey Council](https://www.haringey.gov.uk/housing/housing-strategies-policies-and-plans/housing-strategy)
<https://www.haringey.gov.uk/housing/housing-strategies-policies-and-plans/housing-strategy>
- ii. **Housing Strategy 2022-2027**
<https://www.minutes.haringey.gov.uk/documents/s142857/APPENDIX%201%20-%20A%20New%20Housing%20Strategy%20for%20Haringey%202024%20-%202029.pdf>
- iii. **Cabinet approval of Haringey Additional HMO Licensing scheme 2019.**
<https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=118&MIId=8735&Ver=4>
- iv. **Private sector Housing Enforcement policy – Process for issuing Civil Penalty Notices**
<https://www.haringey.gov.uk/housing/landlords/houses-multiple-occupation-hmo/enforcementprivate-sector-housing-policies>