

Additional and Selective Licensing – Consultation proposal

What is property licensing?

There are three types of licensing schemes councils can use to regulate private rented properties in their boroughs. Two of the schemes relate to Houses in Multiple Occupation – often referred to as HMOs. An HMO usually has a shared kitchen, bathroom and sometimes a shared living room (*known as amenities*).

Mandatory Licensing – Since 2004, all councils have had to run a licensing scheme for large HMOs. Any HMO that has three or more storeys with five or more people living as two or more households and sharing amenities has to be licensed.

Additional Licensing – Councils can introduce Additional Licensing to cover any other type of HMO in their area.

Selective Licensing – this type of scheme covers **all other** privately rented properties.

Why is Haringey considering licensing?

The number of private rented properties in Haringey has increased by over 45% (over 10,000 properties) between 2001 and 2011. The private rented sector now makes up a third of all housing in the borough.

A well-managed private rented sector is important as many more residents are now living in private rented homes. Many landlords provide decent accommodation and abide by the rules. However, we know that some landlords rent out properties that are in poor and often unsafe condition. As a council, we often receive complaints from residents about the condition and poor management of private rented properties in their area. Rubbish dumping, loud noise and general anti-social behaviour (ASB) are among the most common complaints we receive.

Similarly, we receive complaints from tenants living in rented properties. Ongoing problems with cold and damp, outstanding repairs, lack of basic amenities and security measures often feature in the list of complaints. These problems are common place in HMO type properties.

Haringey already has two licensing schemes – a Mandatory Scheme for larger HMOs and a scheme in the Tottenham area for smaller HMOs. We know from running these schemes that there is a need to put compulsory measures in place to secure an improvement in our private rented housing stock.

We want to improve the standard and safety of private rented housing and address anti-social behaviour, as this will benefit private tenants, landlords and greatly improve the generally appearance of the borough.

Introducing licensing will:

- Help us to work with landlords, offering them guidance and support to ensure that homes are safe and well managed.

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- Promote a professional approach to management amongst private landlords.
- Allow us to more easily take action against landlords who provide poor standard of accommodation and whose tenants cause a persistent level of anti-social behaviour.
- Improve the local environment such as less dumping of household rubbish.
- Added protection for tenants and the council no longer relying on the tenant or neighbours to report poor property conditions.
- Allow us to employ more staff to check that the properties meet the licensing conditions, without increasing the cost to the tax-payer. Licensing schemes are self-funding.

Existing powers available and alternative action.

Existing powers available to the council are largely reactive with officers responding to tenants' complaints. Many tenants are reluctant to complain through fear of retaliation. Although current enforcement activity has been successful in resolving problems in individual properties, it is not felt to have raised the standard of the private rented sector generally. Responding to complaints often involves more than one council department, using various pieces of legislation. This is time consuming and often means that problems are not resolved quickly.

Through our existing licensing schemes, we know where private rented properties are and more importantly who the landlord or managing agent is. This means that we can be proactive in checking that properties are up to standard and that important safety measures, such as up to date gas safety certificates, are in place.

We did consider whether it could take any other course of action. This included:

- **Do nothing and continue with existing legal powers** - Existing powers available to the council are largely reactive with officers responding to tenants' complaints.
- **Voluntary Accreditation** - A voluntary accreditation schemes relies on the willingness of landlords to sign up to it. This will not address the problem of rogue landlords or inexperienced landlords as they are unlikely to sign up.

Having considered all the other options available, we believe that the two proposed licencing schemes are the best tools available to tackle problems of poor housing conditions and property related anti-social behaviour (ASB).

How licensing fits with the Council's wider plans.

Our Housing Strategy supports the growth of the private rented sector in Haringey and the improvement of our existing housing stock to benefit all households.

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Schemes such as licensing can improve the quality of the sector by eliminating poor management practices and property conditions and reducing ASB that can adversely affect a neighbourhood.

We have ambitious plans to regenerate the borough, provide more housing and improve the condition of existing housing. We believe that good quality housing is a basic right of every resident.

Our plans for regenerating Tottenham and Wood Green will greatly transform the borough; landlords will benefit as these areas will continue to grow and thrive. Licensing will make a big difference and contribute to achieving the council's aims.

We know that homelessness is an issue in Haringey – we have thousands of households living in temporary accommodation because they are homeless. The main reason for homelessness is loss of a private rented tenancy. Licensing will tackle poor management that leads to households losing their homes and becoming homeless. It will also help to build a relationship between the council and landlords and identify those who may be willing to work alongside our homelessness team to provide temporary accommodation.

Problems with anti-social behaviour (ASB), crime and fly tipping.

We have spent many months analysing: complaints; information we hold on private rented properties and information held by other partners such as the police. The information has been used to look at how problems in Haringey compare with other boroughs, whether there is a link between private rented properties and incidents of crime and ASB and to identify those parts of the borough that experience more problems than average. The information has told us that:

- Crime and ASB rates in Haringey are above the national and local average.
- Fly tipping (rubbish dumping) is costing the Council approximately £3 million per year.
- 18 out of 19 wards in the borough have above average rates of private rented stock.
- Approximately, 35,500 properties in Haringey are now privately rented and approximately 50% of the 35,500 properties are HMOs.

Please read our [analysis of high level ASB, crime, etc. \(PDF, 2.4MB\)](#) for more details.

When we considered whether there was a link between complaints, crime, ASB and private rented homes, the information told us that of the:

- 19,942 noise complaints received – 80% related to private rented properties.
- 13,585 incidents of environmental crime recorded (rubbish dumping etc.) – 49% related to private rented homes.
- 1,041 complaints of serious breaches of health and safety property conditions (Category 1&2 complaints) received, 69% related to homes that were privately rented.

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(above relate to one year's data between January 2015 and December 2016)

Having considered all the data, the council came to the conclusion that all HMOs in the borough needed to be licenced. However, in considering whether there was a case for introducing Selective licensing for all other types of private rented properties, we felt that, based on the evidence, a scheme was needed for some of the properties but not all.

In deciding which properties should be considered for a Selective licensing scheme, the council agreed the priority areas based on the criteria below:

- Areas with equal to, or higher than, the London average for private rented properties – this is currently 26%, significantly higher than the national average of 19%.
- Areas scoring the highest for poor housing conditions, ASB and crime.

In order to target those areas in greatest need, we applied the above criteria to Lower Super Output Areas (LSOAs). LSOAs are recognised geographical areas and are most noticeably used for conducting the Census.

The use of the LSOA framework does mean that in some instances the areas chosen either split streets in two or have other irregular boundaries. We did consider reworking the boundaries, but to do this would mean applying a level of subjectivity to a process that has been wholly evidence based. It would also make it more difficult to measure the success of the scheme over time.

The above process highlighted 29 areas that all have a higher than London average number of private rented properties and a significant and persistent problem with private rented property related ASB. We are therefore suggesting that the 29 LSOAs should make up a selective licensing scheme.

Please refer to the [maps detailing the roads/areas included within the proposed 29 Selective Licensing Areas \(PDF, 5.4MB\)](#) for more details.

What is Haringey hoping to achieve by introducing a borough wide licensing scheme for HMOs and a smaller scheme for all other private rented properties?

Our main driver for extending our additional licensing scheme borough wide and introducing a smaller selective licensing scheme is to improve housing conditions. We also want to improve the quality of life for residents by tackling ASB and environmental crime associated with poorly managed private rented properties. Our aim is that over the five-year period of the licensing schemes, the following outcomes will be achieved:

- Improved housing conditions

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- A reduction in significant persistent problems caused by anti-social behaviour, including environmental crimes such as fly tipping.
- Reduced levels of property related crime such as burglary.
- An increase in good landlords and an elimination of rogue landlords

We believe that licensing will make a significant contribution to improving the borough and provide an added layer of protection for private tenants.

The Council's proposal

The Council is proposing two schemes:

Additional Licensing – A borough wide scheme that will require all HMOs in Haringey to be licensed. This will include the category of HMO which is often referred to as a section 257 HMO. Section 257 HMOs are where the building was converted into self-contained flats before the 1991 Building Regulations came into force on 1st June 1992 and have not been subsequently improved to at least the 1991 standards.

Selective Licensing – a scheme that will require all other privately rented properties located in the 29 LSO areas to be licensed,

Licensing Conditions – The conditions are a set of standards that landlords have to follow for both the condition of the property and the way the property is managed. Most of the conditions contain standards that landlords should already be following such as issuing a tenancy agreement at the start of the tenancy and ensuring that annual gas safety checks are carried out.

Licensing fees.

In setting the licence fee we have estimated how much it will cost to run the scheme. The council cannot make a profit from the scheme, but it must charge enough to make sure that all costs are covered.

A licence would normally be granted for a five-year period and no further fees would be payable during that time. A licence cannot be transferred to another person; therefore, a change of licence holder would require a new application for which the full fee would be charged.

The council will offer a **50% discount** for those applications made during the first three months of the scheme, before the designation comes into force. For example, the full cost of a selective licence for a five-year period is £500. This will reduce to £250.

The fees are detailed overleaf:

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Fee Schedule

Type of licence	Cost	Annual Equivalent	Weekly Equivalent
Selective Licensing fee for a five-year licence - applicants applying during the first three months of the scheme being introduced. (<i>50% discount</i>)	£250	£50.00	96p
Selective Licensing fee for a five-year licence – applicants applying after the three-month period.	£500	£100	£1.92.
Additional Licensing fee - for a five-year licence - applicants applying during the first three months of the scheme being introduced. (<i>50% discount</i>)	£104	£20.80	£40p
Additional Licensing fee for a five year licence – applicants applying after the three month period.	£208 per unit of accommodation	£41.60	80p

Other fees may apply, again these have been calculated to ensure that the scheme is cost neutral. Additional costs could include: a fee if the landlord wants to make a paper application or if the landlord needs assistance with completing an application form.

Other fees

	Cost
Paper applications	£100
Assistance with completing the application form	£60
Assistance with completing the application form, including the drawing of floor plans (<i>HMOs only</i>)	£390
Change of licence holder – new application fee	£500 Selective licensing / £208

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	per unit of accommodation for HMOs
Temporary Exemption Notice.	£30.00

Refund Policy – if the Council refuse a licence application, the landlord will not receive a refund.

Duration of the licence – Licences will usually last five years. However, a licence may be issued for a shorter period where poor management and property conditions are identified. Where this applies the full fee will be payable.

Factors that will be taken into account when issuing a licence for a shorter period include:

- landlords who have failed to licence voluntarily
- failing to have planning permission
- Council tax arrears
- providing false information.
- for failing to manage their property effectively

This variation will be applied along with any enforcement action that is required and will result in the property requiring re-licensing when that time period has expired.

The licensing fee pays for the staff to administer and enforce the scheme. It also part funds services and activities such as legal support, communication and management. We also recognise that being a landlord can be difficult. For this reason, we have built the cost of supporting landlords into the scheme. This will include helpful information and two dedicated members of staff to work alongside landlords. The estimated costs and income associated with the scheme for the five-year period are detailed in the tables below:

Estimated cost of running the licensing schemes for five years.

Expenditure Type	Estimate Total for 5 years
Staff Costs (inc Corporate overheads administration, inspection and enforcement)	£7,423,866
IT costs	116,313
Communications	
Legal costs	250,000
Support and Resources	1,020,774
Total	£8,810,953

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Estimated fee income received

	No. of Licences issued	5 year total
Year 1	8,383	3,841,384
Year 2	3,819	2,861,930
Year 3	881	700,078
Year 4	752	621,258
Year 5	911	786,302
Total	14,745	8,810,953

How will the scheme be delivered?

Our overriding priority for introducing the scheme is to significantly improve property conditions in the private rented sector.

We want to ensure that good landlords can self-certify that their property meets the required standard and receive a light touch approach to checking that they are compliant. Where the council receives information to suggest that the property is not compliant, more robust checks will be carried out. We intend to inspect all HMO properties over the period of the scheme and all other properties if they are flagged as high risk or problematic properties.

The scheme also covers providing advice and assistance to landlords and offering guidance to help them meet their legal responsibilities. Our aim is to work with landlords, to secure improvement and support the sector to thrive.

Consultation

We are carrying out a consultation for a 12- week period, starting on 11th December 2017 and finishing on 5th March 2018. During that time an on- line short questionnaire will be available to complete and a number of drop in sessions will be held throughout the borough. Three public meetings will take place and the feedback received through the questionnaire responses and public sessions will be evaluated by an independent outside agency – M.E.L. Research Ltd. The results of the consultation exercise will be made publicly available.

The council's web site will include all the details about the public consultation, including the dates and locations of drop in sessions and meetings.

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For anyone wishing to contact the council during the public consultation can do so by emailing: PropertyLicensing@haringey.gov.uk or telephoning 020 8489 6934.