
Communities and Neighbourhoods Scrutiny Board (4)
Cabinet

7th December 2023
12th December 2023

Name of Cabinet Member:

Cabinet Member for Policing and Equalities – Councillor A S Khan
Cabinet Member for Housing and Communities – Councillor D Welsh

Director Approving Submission of the report:

Chief Legal Officer

Ward(s) affected:

All

Title:

Review of Houses in Multiple Occupation (HMO) Additional Licensing Scheme 2023

Is this a key decision?

Yes – The proposals will significantly affect residents or businesses in all wards of the City.

Executive Summary:

Additional licensing of Houses in Multiple Occupation (HMOs) is a discretionary power that is available to Local Authorities under the Housing Act 2004 and if introduced, can be applied to those HMOs which are not required to be licensed under the mandatory licensing powers.

The duty to licence HMOs under the mandatory scheme was introduced in July 2006 and following changes to the definition in 2018 requires all HMOs occupied by 5 or more people to be licensed.

The provision of good quality housing for Coventry residents is a priority for the City Council and Additional Licensing of HMOs was therefore introduced on the 4th May 2020, requiring all smaller HMOs, including those properties converted into self-contained flats without building regulations approval (Section 257 HMOs) to be licensed.

The Additional licensing scheme can only run for a period of 5 years, during which time the Council must carry out a review in accordance with the requirements set out in the Housing Act 2004.

Given that the scheme is now over halfway in its inception the Council has carried out a review to fulfil the responsibility under the legislation to do so. This report sets out the findings from that review.

Recommendations:

Communities and Neighbourhoods Scrutiny Board (4) is requested to:

- 1) Consider the report and submit any comments and or Recommendations to Cabinet for consideration at their meeting on the 12th December 2023.

Cabinet is requested to:

- 1) Consider any comments and or Recommendations from the Communities and Neighbourhoods Scrutiny Board (4)
- 2) Consider the results of the Review of Licensing of Houses in Multiple Occupation 2023 and note its findings
- 3) Request a future report to Cabinet setting out proposals for the future of the current additional licensing scheme.

List of Appendices included:

Appendix 1 – Report on the review of Additional Licensing scheme 2023
Appendix 2 – Equality and Consultation Analysis form
Appendix 3 – HMO Licensing Review infographic 2023

Background papers:

None

Other useful documents:

None

Has it been or will it be considered by Scrutiny?

Yes – Communities and Neighbourhoods Scrutiny Board (4) - 7th December 2023

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Review of HMO Additional Licensing Scheme 2023

1. Context (or background)

- 1.1. The private rented sector (PRS) is an important part of the housing market, with 4.7 million households in England. The sector has undergone rapid growth over the last ten years and is now the second largest tenure in England.
- 1.2. HMOs form a vital part of this sector, often providing affordable accommodation for people whose housing options are limited.
- 1.3. HMOs are known to be commonly occupied by students but there are also a growing number of young professionals and migrant workers sharing houses and flats. Some HMOs are occupied by the most vulnerable people in society.
- 1.4. These people live in properties that were not built for multiple occupation, and the risk of overcrowding and fire can be greater than with other types of accommodation. The government wants to support good private landlords who provide decent well-maintained homes and not impose unnecessary regulation; however, the nature of HMOs means that regulation of this part of the sector is widely agreed to be necessary.
- 1.5. As demand for HMOs increased in the decade since mandatory licensing was first introduced there has been a significant increase in properties with fewer than three storeys being used as HMO accommodation, notably two storey houses originally designed for families and flats.
- 1.6. Some have been used by opportunist rogue landlords who exploit their vulnerable tenants, and rent sub-standard, overcrowded and potentially dangerous accommodation. The growth of HMOs has also had an impact on the local community, including where inadequate rubbish storage leads to pest infestation and health and safety problems.
- 1.7. In May 2020 the Council introduced a citywide additional licensing scheme which required all HMOs in Coventry to be licensed.
- 1.8. Within the Act there is a legal requirement to review the scheme “*from time to time*”. To fulfil this requirement a consultation exercise was undertaken between July and October 2023. The full set of results from the review and consultation can be found in Appendix 1 to the report.

2. Options considered and recommended proposal

- 2.1. The review process does not require the assessment of various options and as such no options have been considered as part of this report.
- 2.2. Given the limited operation period for the Additional Licensing scheme it is proposed that a future report be submitted to Cabinet setting out options for the future of the scheme.

3. Results of consultation and review

- 3.1. On the 13th of June 2023 Cabinet approved a 12-week consultation aimed at reviewing the Additional Licensing scheme. The review commenced on 1st July 2023 and included an extensive consultation exercise which was undertaken with various stakeholders to measure the potential impact of the licensing scheme thus far.
- 3.2. Among other things the consultation consisted of an online survey, which was hosted on Let's Talk Coventry for 3 months. Drop-in sessions were held across the whole city, with at least 1 session held in each of the 18 wards, as well as landlord forums and newsletters. Scrutiny members were also provided with a link and asked to participate.
- 3.3. The following provides a precis of the results of the consultation and the full set of results have been provided at Appendix 1 to the report.
- 3.4. Despite there being 951 people that viewed the online survey there were only 197 responses received but of these 78% of respondents were aware that the Council had introduced a citywide Additional Licensing scheme.
- 3.5. The majority of respondents (56%) were members of the public living in Coventry while a further 29% were either a landlord or owner of HMOs/ family rented property in Coventry. The most responses from those who lived in Coventry were from Earlsdon, Wainbody, and Lower Stoke wards.
- 3.6. Tenants of HMOs were asked to indicate whether they had experienced certain situations in the past five years with the highest amount reporting they had suffered intimidation and harassment, deposit issues and a fear of reporting repairs for being evicted.
- 3.7. Respondents were asked to indicate how strongly they agreed or disagreed with a range of statements with the majority responding that additional licensing in Coventry has ensured that HMO properties are better managed, that additional licensing has helped to improve living conditions and that the scheme has helped to improve the overall management of HMOs.
- 3.8. The statements that received the most disagreement were that additional licensing has dealt with the problems associated with HMOs and helped reduce anti-social behaviour.
- 3.9. 31% of respondents thought that HMOs in Coventry are better managed than 5 years ago whereas 9% thought that the Additional Licensing scheme was no longer needed. Despite this a large number of open-ended comments agreed that the scheme had been a success.
- 3.10. When asked whether the Council should renew the Additional Licensing scheme in 2025, 61% of respondents either strongly agreed or agreed and 28% either disagreed or strongly disagreed.

3.11. In terms of operational outputs and enforcement, since the introduction of the Scheme the Council has:

- Issued licences for **2,750 HMOs**.
- Processed over **3,820 applications** for new and renewed licences.
- Carried out a total of **6,178 visits** to HMOs.
- Responded to **2,754 complaints** about living conditions and management of HMOs.
- Seen a **positive impact** in the reduction of the number of service requests received since the introduction of the scheme.
- Ensured all licences (new and renewed) have the mandatory conditions relating to management of the HMO and controlling **ASB and waste**.
- Attached around **11,598** discretionary conditions to achieve minimum standards at all licenced HMOs.
 - **5,232** related to Fire safety
 - **1,606** related to Health and Safety,
 - **4,760** to amenities and facilities.
- Estimated that around **£1.6 million has been invested into improving HMOs** by way of complying with the licence conditions.
- Issued **1095 chase** letters/emails to landlords to make their HMO applications valid.
- Issued **78 Civil Penalties** to landlords who failed to licence their HMOs.
- Issued **222 Civil Penalties** to landlords who for breaching HMO Management Regulations.
- Issued **13 Improvement Notices** for Category 1 hazards.
- Issued **5 Prohibition Orders**.
- Made **1 Interim Management Orders** to take over control of the management of a HMO where the landlord failed to licence and put the occupant's health, safety and welfare at risk.
- Issued **1 Banning Order**.
- Accredited **501 Landlords and 84 Agents** through the Councils Landlord Accreditation Scheme (CLAS).
- Introduced **longer licences and fee incentives** for 'good' landlords.
- Held **6 Landlords Forums** which included presentations from external speakers.
- Issued **29 Newsletters** for Landlords providing information on the PRS including new legislation.
- Carried out **33 training** days for landlords to improve the overall management within the sector.
- Implemented a **clearer and fairer fee structure** to provide charges that reflect the amount of time spent dealing with 'good' landlords in comparison to time spent 'chasing' 'bad' landlords.

4. Timetable for implementing this decision

- 4.1. Any Additional Licensing Scheme for HMOs can only last for 5 years and must be reviewed within that time period.
- 4.2. Once a scheme ceases the Housing Act requires the formal process for a new designation to be followed again, rather than renewing the existing scheme.

4.3. A future report is therefore necessary to seek approval to commence the process of making a new Additional Licensing scheme, which will come into force when the current scheme expires i.e on 5th May 2025.

5. Comments from the Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer

5.1. Financial implications

The financial implications associated with the recommendation are limited to the employee costs associated with carrying out the review and any costs involved in arranging and publicising the events. These costs will be managed within existing resources.

5.2. Legal implications

The legal issues relating to this report are set out within the Housing Act 2004.

Under Section 60(3) of the Act there is a legal requirement to review the scheme “*from time to time*” following its operation.

The scheme has been in operation since the 4th May 2020 and the Council has now completed a review which satisfies this legal requirement.

6. Other implications

6.1. How will this contribute to achievement of the Council's Plan?

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

The One Coventry Plan 2022-2030 sets out the Council’s vision and priorities for the city, with a vision of working together to improve our city and the lives of those who live, work and study here by creating a city where our residents get the best possible start in life, experience good health and age well and are protected and valued as residents and communities.

Housing is a key determinant of health and as a Marmot City the Council recognises the importance reducing health inequalities. The Council’s Housing and Homelessness Strategy 2019-2024 affirms this view and also acknowledges that housing plays a crucial role in the economic growth of the city.

The PRS plays a fundamental role in providing affordable housing and the ambition for Coventry is “*to improve the use of existing homes*”.

The Housing Strategy links into the One Coventry Plan and the Health and Wellbeing Strategy by contributing to the delivery of the key corporate priorities but also in supporting the local economy through ensuring communities have stable and safe places to live.

6.2. How is risk being managed?

As previously stated, the life of the Additional Licensing scheme is time limited and as such will cease on the 4th May 2025.

A future report will be submitted to Cabinet in February 2024 seeking approval to undertake a statutory consultation to consider options for the future of the scheme.

6.3. What is the impact on the organisation?

The review should have limited impact on the organisation. There is no human resource, financial or ICT implications as the review has been completed using current resources.

6.4. Equalities / EIA

The review of Additional Licensing scheme makes links to the Council's Equality and Diversity Policies and an Equalities Assessment exists for regulatory activities. A specific Equalities Assessment has been completed for this report and is attached at Appendix 2 to the report.

6.5. Implications for (or impact on) climate change and the environment?

The review of the Additional Licensing scheme does not provide an opportunity for the Council to address issues relating to the climate change agenda.

6.6. Implications for partner organisations?

The review of Additional Licensing contributes towards the work of the Community Safety Partnership, Planning and Regulatory Services.

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