



## Housing Scrutiny Committee 21 March 2018

### Report from the Strategic Director of Community Wellbeing

## The Impact of Landlord Licensing in Brent

<b>Wards Affected:</b>	All
<b>Key or Non-Key</b>	Non-key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	One
<b>Background Papers:</b>	Five: <ul style="list-style-type: none"> <li>• Application document to Secretary of State of Communities and Local Government (August 2017)</li> <li>• Future of London (FoL) – Effect of unannounced visits on LB Brent private tenants (2017)</li> <li>• Private Housing Enforcement Policy (Revised 2017)</li> <li>• Future of London undertake a review of the arrangements for tenants (April 2017)</li> <li>• Equality Analysis (EA) for Selective Licensing, Cabinet Report June 2017</li> </ul>
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### 1.0 Purpose

- 1.1 This report sets out the private housing services experience of the impact of private rented property licensing on tenants since the introduction of the Brent Selective and Additional HMO licensing schemes in January 2015. The report aims to provide the committee with an update against the objectives of landlord licensing, an update on the new 2018 Selective designation scheme and prospects for further extension of the schemes.
- 1.2 The report will enable the Scrutiny Committee to review and comment on the actions taken to realise the benefits of licensing and to reduce any negative impact of licensing on tenants.

- 1.3 The comments received from the committee will assist in informing any future report to Cabinet on the merits of extending and or renewing Brent licensing schemes.

## **2.0 Rationale**

- 2.1 The Borough Plan includes as a priority “making sure that local people have the best possible life chances, regardless of their starting position”; “enabling people to live healthier lives and reducing inequalities” and “supporting vulnerable people and families when they need it”. Landlord licensing is a key contributor to these objectives and scrutiny will help ensure consistency in the standard of service delivery.

## **3.0 Overview of landlord licensing**

- 3.1. In 2014 Brent Cabinet approved the introduction of a Selective Licensing scheme, covering all private rented housing in the wards of Harlesden, Wembley Central and Willesden Green and the Additional Licensing of houses in multiple occupation (HMO) to all areas of Brent. Both schemes came into effect on the 1<sup>st</sup> January 2015 and run to 31<sup>st</sup> December 2019 and are in addition to the mandatory licensing of larger HMOs which the Government introduced in 2006. On 19th June 2017, Brent’s Cabinet gave its approval for extending Selective Licensing most or other parts of the borough. The Government has recently confirmed that Selective Licensing be extended to the designation covering the electoral wards of Dudden Hill, Mapesbury, Kilburn, Kensal Green and Queens Park but rejected the designations which related to all the other areas. The new scheme will be brought into force on 1<sup>st</sup> June 2018.
- 3.2 Landlords who rent privately within the designated areas are required to obtain a licence for each property from the Council and to comply with the licensing conditions imposed. Much of the sector offers good accommodation but there is significant evidence of poor management and poor conditions. There is also evidence that poorly-managed privately rented properties have a negative impact on many neighbourhoods. ASB, noise complaints, nuisance neighbours, accumulations of rubbish and other problems can be linked to the failure of private landlords to manage their properties and tenancies effectively. Overcrowding, sub-letting and illegal conversions are also features of the private rented sector in Brent and all contribute to neighbourhood problems. Brent experiences high levels of migration and some parts of the borough score highly on the Index of Multiple Deprivation, with poor property condition and crime. Licensing is a valuable tool, alongside other measures, in tackling these problems and driving improved standards and conditions across the sector.
- 3.3 Key Objectives:
- Affording people the best possible life chances
  - Enabling people to live healthier lives and reducing inequalities
  - Supporting vulnerable people and families, and
  - Driving up the management and physical standards in private renting across the whole borough

### 3.4 Overall, we believe that the objectives will deliver the following benefits:

- Provide an improved strategic approach to managing the sector
- Help us to identify all properties that are rented out privately and to establish a register of landlords operating in Brent
- Provide the opportunity to inspect the properties to assess living conditions and to advise landlords, managing agents and tenants about their obligations
- Impose the Housing Act mandatory conditions and a set of local conditions as a minimum letting standard in Brent
- Redefine how the service operates by shifting the emphasis from a customer complaints led, reactive service
- Address issues resulting from the movement of new and emerging communities and to preserve and/or improve the socio-economic conditions of the area
- Ensure that a proper standard of management of privately rented property is maintained and that properties do not become overcrowded
- Reduce the levels of anti-social behaviour (ASB) in the borough and take action against those whose properties or tenants cause persistent ASB
- Reduce enviro-crime locally including improvement in the management of waste
- Strengthen enforcement action to tackle the small minority of rogue landlords in the sector

### 3.5 The benefits to be realised include:

- Regulation of the Brent private rented sector by building a culture of landlord and tenant involvement.
- Enabling a commercial/business approach to the PRS in Brent, securing good quality housing for residents, efficiently and on an increased scale without recourse to the Council's General Fund.
- Develop better links with internal and external services, agencies and bodies
- Homelessness reduction

### 3.6 Associated costs and potential benefits

3.6.1 In summary we predict a balanced budget position over the next 5 year period as it must be emphasised that licensing is not a revenue making exercise. The costs though estimated are heavily informed by our knowledge and experience of our scheme operation over the past 3 years. The costs will be re-evaluated as the scheme progresses to ensure that the final net operating position is balanced. Additional revenue streams will operate in conjunction with and as a consequence of licensing including prosecution costs, the charging for the serving of notices and issuing civil penalty fee charges.

3.6.2 Our fees have been benchmarked against all other London boroughs. As a result Brent's licence basic fee charges from 1<sup>st</sup> June 2018 will be:

**Table 1: Licence fees charges**

<b>Licensing Scheme</b>	<b>Current Fee</b>	<b>New Fee</b>
Houses in Multiple Occupation Mandatory licences	540.00	840.00
Houses in Multiple Occupation Additional licences	540.00	840.00
Other Houses Selective licences	340.00	540.00

We will publicise these changes so that landlords have the opportunity to make applications early at the existing fee rates.

#### **4.0 Main lessons learned from the first wave of the licensing scheme –**

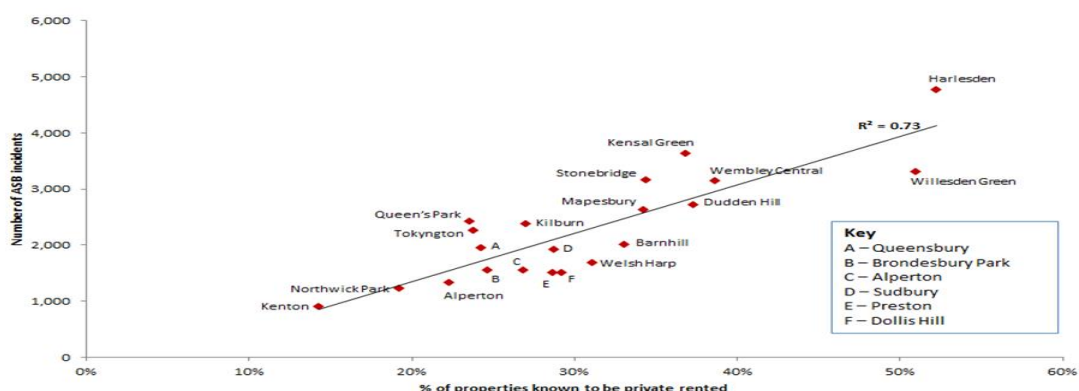
- 4.1 Private renting in Brent continues to grow. Our research shows a growth from 35,000 homes as at the 2011 census to 37,500 homes at present.
- 4.2 Selective and mandatory licensing has had good take up. The picture for additional HMO licensing is different. See table 2 below. There are several possible explanations for this. First, there may be deliberate evasion, involving rogue landlords and properties where standards of management and overall conditions tend to be worse, and this has been reflected in enforcement action for breaches of licence conditions. It is also likely that many landlords do not understand the description of licensable HMOs in Brent.

**Table 2: Take up of Licensing (as at 28/2/2018)**

	<b>Properties Licensed</b>	<b>Estimate of licensable properties</b>	<b>%</b>
Mandatory	716	300	215%
Harlesden	1,396	1,109	126%
Willesden Green	1,604	1,011	158%
Wembley Central	1,217	703	173%
Additional HMO	1937	16,000	11%
<b>Total</b>	<b>6,870</b>		

- 4.3 Where enforcement is taken against unlicensed properties or landlords are in breach of license conditions there is little evidence this action led to homelessness applications. There is evidence of tenant displacement, sometimes voluntarily, but little evidence as to where they have moved to. More detail is provided in section 6 of this report.
- 4.4 There is direct evidence from our activity to link disrepair and poor conditions to the private rented properties at ward level. The evidence takes into account;
- Proportion of PRS tenure
  - Proportion of Private Rented Sector Stock with a Category 1/2 hazards
  - Count of housing disrepair complaints
  - Count/proportion property licence applications, licences issued and renewals
- 4.5 In the 3 wards already licensed and the new designations, the average level of ASB in Brent is higher than both the London and Brent averages. We believe that this is due to improved records, increased reporting, targeted and joined up action. Data from September 2015 to September 2016 shows the highest number of incidents were recorded in Wembley Central, Harlesden, Stonebridge and Willesden Green. These four wards also have some of the highest levels of PRS in the borough.

**Table 3: Number of ASB incidents\* against % of ward where housing is known to be PRS\*\***



\*Includes data from four sources; police recorded crime, fly tipping reports, noise complaints and police recorded ASB – data aggregated to ward level

\*\*37,466 PRS records in total. These have been identified as being known PRS through various council sources e.g. housing benefit, council tax benefit which state the tenure type of the property.

## 5.0. Performance indicators used to monitor success of the schemes (review)

	Indicator	Target	Actual
1.	Applications processed within 6 weeks of receipt	90%	100%
2.	No. of selective & Additional licences Issued (6,154)	8,000	77%
3.	No. of mandatory HMO licences Issued (716)	700	102%
	Overall annual target (6870/8700)	80%	79%
4.	No. of properties improved	750	722 Q3 return
5.	No of HMO inspected (713/no. due to date)		
6.	No. of 1-yr licences issued (measured as renewals)	N/A	9%
7.	No. of successful prosecutions	N/A	125

### 5.1 Other related enforcement issues

The Housing and Planning Act 2016 received royal assent on 12<sup>th</sup> May 2016. The Act contains provisions relating to licensing of private rented homes and housing enforcement related to this type of tenure, rogue landlords and property agents. The Act introduced civil penalties of up to £30,000 as an alternative to prosecution, the extension of Rent Repayment Orders, banning Orders of the most prolific offenders, and a database of rogue landlords/property agents.

## 6.0. The impact of Licensing since 2015.

6.1 Between January and April 2017, Future of London (FoL) carried out the research for LB Brent on the impact of licensing on tenants. This is to be commended. While 18 boroughs have discretionary licensing schemes, and there are over 500 additional and selective schemes nationwide, so far there has been little shared evaluation of success, and even less on their effect on tenants. The research focused on the:

- Effect of unannounced enforcement visits on private tenants
- Use of internal/outsourced services offered to tenants at the visit
- Tenant displacement/eviction
- Improvements to service, such as additional tenant liaison services, and
- Practices/perspective of other licensing schemes in London and scope for pan-London approaches

- 6.2 The research painted a mixed picture. Some tenants' situations have improved as a result of an inspection, while others have deteriorated. Information on eviction and displacement has produced a complex range of tenant pathways, with dependent factors including awareness of rights and support structures, and level of tenant vulnerability.
- 6.3 Despite data and information limitations, the research had some clear actions for Private Housing Services to take forward which can be seen in Appendix 1 along with the outcomes.
- 6.4 The research found that some people were being negatively affected, though the way in which the enforcement inspection was conducted had a bearing on what happens next to the tenant. The circumstances of tenants who were well-informed and aware of their rights were more likely to improve. The research suggested ways to ensure more tenants are better-informed of their rights before, during and after the inspections. It also recognised that displacement of tenants happens, within and beyond Brent boundaries. Tracking of private tenants is difficult and not as much of a priority of most local authorities as it is for Brent. Pan-London/sub-regional licensing groups are a good place to discuss systems for recording/sharing data and the GLA have indeed now established a Private Sector Housing Leaders group to look at issues such as these.
- 6.5 The research also concluded that there is scope for Brent's voluntary sector to help the council seize a number of opportunities, such as communicating with tenants about licensing and rights. Many groups are keen to help Brent improve their services. Advice for Renters has a wealth of information and knowledge, but resources are stretched. A more cooperative and collaborative relationship with the voluntary sector, including regular meetings, would help to share responsibilities and target resources. Again these recommendations can be found in Appendix 1 along with the actions that are being taken.
- 6.6 Whilst the research focused on tenants that had been party to an unannounced inspection of their property, either at their request due to the conditions they were living in, or at the request of neighbours and residents concerned for instance that the property was an overcrowded HMO, empirical and anecdotal evidence gathered indicated that some tenants had had a positive outcome as a consequence. Furthermore, despite there having been in the region of 600 unannounced visits made since the introduction of licensing and over 6500 properties licenced, there was no evidence to show an increase in tenants accessing services both within the Council's Housing Needs service or SSP Law.
- 6.7 As part of the June 2017 report to Cabinet we appended an **Equality Analysis (EA) for Selective Licensing**, presenting information about the demographic, diversity and socio-economic characteristics of the local population across the borough.
- We benchmarked census data for Brent against England and Wales and London in respect to equalities and considered this in relation to levels of anti-social behaviour (ASB), poor property conditions, migration, deprivation and crime as these apply to licensing.

## **7.0. Additional benefits realised in the wider housing community as a result of the introduction of landlord licensing**

### **7.1 Additional benefits realised are:**

- Improvement in the condition and management of the private rented stock
- Heighten profile of PHS and responsibility for dealing enviro-crime, housing management and tenancy issues
- Database of 3,500 licensed landlords and agents which are “fit and proper”
- Better regulation of HMO use in the borough including better working with Planning Enforcement
- More coordinated working with Waste Management though it is difficult to establish an overall reduction in waste, litter and illegal dumping cases
- Measures to address areas affected by migration and deprivation

## **8.0. Arrangements for tenants to report breaches**

### **8.1 The service encourages electronic reporting of unlicensed properties and complaints of housing conditions from tenants. Arrangements in place include:**

- Advice via our PHS website [www.brent.gov.uk/prslicensing](http://www.brent.gov.uk/prslicensing) and leaflets
- Dedicated email mailbox [prslicensing@brent.gov.uk](mailto:prslicensing@brent.gov.uk);
- Dedicated direct line 020 8937 2384/5 to support the Corporate Contact Centre. This operates via the automated telephone call (ACD) and receives between 1000 and 1200 calls per month, including voicemail. The call answering performance is >96% completed calls.
- Report-it tool on Council's webpage
- Reporting via others e.g. Housing Needs and tenant representative bodies e.g. Advice for Renters (A4R)

### **8.2 The service has a reactive team to respond to complaints. The response and remedial actions are conducted in accordance with the Private Housing Enforcement Policy, which was updated in 2017.**

### **8.3 The service promotes advocacy and refer to SSP law and other advice services.**

### **8.4 In April 2017 Future of London undertook a review of the arrangements for tenants. The workshop was attended by cross-departments and local voluntary services to share opportunities for improving communication with tenants before, during and after enforcement visits, and, for working more collaboratively with other departments, service providers and the voluntary sector. The results of the workshop led to an action plan outcome.**

### **8.5 Amendments made by the Homelessness Reduction Act 2017 come into effect in this April. As some of our agents and landlords tend to evict the tenants as soon as they are caught, we warn against unlawful eviction and try and get the tenants to assert their rights regarding security of tenure. The Act places a duty on the Council to take much more robust and proactive steps to assess and seek to meet the needs of those who are homeless or threatened with homelessness, regardless of whether or not they may fall into a priority group.**

## **9.0. Update on extending the existing landlord licensing programmes**

### **9.1 *Extending Selective Licensing in Brent***

9.1.1 On 6 February 2018, The Secretary of State for Housing, Communities and Local Government (MHCLG) confirmed Brent's proposal to extend selective licensing to the five electoral wards of Dudden Hill, Kensal Green, Kilburn, Mapesbury and Queen's Park. Our analysis indicates that this is a total of 10,206 private rented properties, (27% of the PRS in Brent), of which 4,360 are occupied as single family households. The new scheme will come into force from 1 June 2018 and a communications plan is already in progress.

9.1.2 The reforms which the Government introduced in 2015 seem certain to have ended blanket (borough-wide) licensing schemes. The intention is that councils focus their efforts on discrete areas with specific problems. Following this outcome, we are hoping that the government will agree to further applications to extend selective licensing across more wards in the near future and to renewing the existing selective, and additional HMO schemes when they expire at the end of next year.

### **9.2 *Impact of Government reforms on extending Mandatory HMO Licensing***

9.2.1 Mandatory licensing of HMOs came into force in 2006 and applies to properties of three storeys or more. Since 2015, Brent has seen the number of mandatory HMOs increased from 110, and has largely been successful in driving up standards and in helping make approximately 750 larger HMOs safer places to live in. On 28<sup>th</sup> December 2017 the Government published its response to its consultation paper on HMO reforms, which can be found at:

<https://www.gov.uk/government/consultations/houses-in-multiple-occupation-and-residential-property-licensing-reforms>. It is proposed to:

- Extend mandatory licensing to all HMOs (other than certain converted HMOs and flats in larger purpose built blocks) that are occupied by 5 or more persons in to or more separate households irrespective of storeys.
- Introduce mandatory conditions concerning minimum sleeping room sizes and maximum number of occupants;
- Introduce a mandatory condition concerning refuse storage facilities.

9.2.2 Subject to parliamentary approval the new laws are anticipated to come into force in October 2018. The implications for Brent are reduced given that there is a borough wide additional HMO scheme in place. However thousands more properties and their households will need to obtain mandatory licences and current licensed properties to be pass-ported into the national scheme. There will be costs and resources implications for the PHS service.

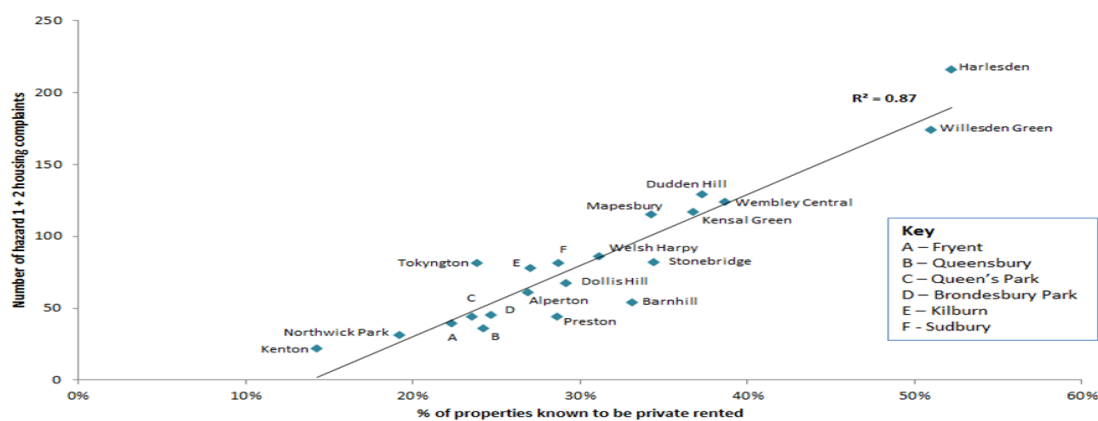
## **10.0. Applying the Housing Health and Safety Rating (HHSRS)**

10.1 Not all licensed properties have had an HHSRS assessment. The scheme prioritises HMOs and to date we have 2022 listed for compliance inspections.

10.2 We have analysed 1726 complaints received between January 2014 and March 2017 and have seen the following trend.



Figure 1- Hazard 1 + 2 complaints to private housing services (January 2014 to March 2017)



37,466 PRS records in total. These have been identified as being known PRS through various council sources e.g. housing benefit, council tax benefit which state the tenure type of the property.

- 10.3 The scheme has already changed so that all properties are assessed and inspected before a licence is renewed. There is a need to increase the rate of programmed HMO inspections, notably where vulnerable adults are housed e.g. Local Authority placements.
- 10.4 We are planning that a private sector housing stock condition survey will be procured in April 2018 to support the development of licensing.

## 11.0 Report Implications

Legal, financial or equalities implications have been covered in the June 2017 Cabinet report. There are no implications arising from this report.

### **Report sign off:**

**Phil Porter**

Strategic Director of Community Wellbeing