

## **Appendix Twelve**

### **Additional licensing scheme within the overall housing strategy**

The tenure mix in Tower Hamlets has changed dramatically and at a very rapid rate over the last 20 years. Social rented housing used to provide homes to the vast majority of Tower Hamlets residents now provides just 36 per cent of the housing in the borough. The private rented sector is now the largest single tenure, with 39 per cent of the Borough's homes rented from a private landlord.

To reflect this, for the first time the Council's Housing Strategy has an appendix 3 detailing our approach to private renting: the Private Sector Housing Strategy. In the Council's Housing Strategy 2016 – 2021, the Mayor has committed to improve the private rented sector. Contributing to this commitment, Action 21 of the Strategy is to "review Selective and Additional Licensing schemes for the private rented sector".

The Private Sector Housing Strategy gives more detail. Specifically at Part 4.1.5 it states: "After the CLG [the Department of Communities and Local Government] reach a decision on whether to extend the scope of mandatory HMO licensing, the Council will consider introducing an additional licensing scheme for Houses in Multiple Occupation either across the borough or in specified areas; and to apply this either to all HMOs or to certain types of HMO."

The CLG's technical consultation on the extension of the mandatory HMO scheme proposes to exclude purpose-built blocks of flats. Such blocks comprise most of Tower Hamlets' housing stock. In 2011, 85% of all private sector homes were flats, and because 70% of the stock was built after 1945, these are overwhelmingly in purpose-built blocks. These figures include former local authority flats sold under the 'Right to Buy' programme – and the proportion of purpose-built blocks is even higher within social housing.

The Council's Housing Strategy notes: "Many HMOs in the borough do not fall under the current provisions of the mandatory licensing scheme. These include a significant proportion of former Council stock sold under Right to Buy and now let by the room to multiple families and to young people. With a lack of affordable homes, the impact of welfare reform, and increasing private sector rents, it is likely that many households will adopt this tenure in order to remain in Tower Hamlets. "

The Housing Strategy also notes that around 15,000 ex-Council homes have so far been bought in Tower Hamlets under the 'Right to Buy' programme – and that an estimated 6,000 of these are now being let, often as HMOs, by private landlords. The numbers are increasing: more than 3,000 flats were sold in the 4 years from April 2012, and the extension of the right to housing association tenants could lead to an ever greater concentration of flats in multiple occupation on Tower Hamlet's estates. Most of these flats are in

purpose-built blocks. Historically, lease agreements are weak in relation to sub-letting and place few if any restrictions on the use of the property as an HMO.

The Housing Strategy identifies registered housing providers' increasing concerns that these privately-let flats in multiple occupation are often seriously overcrowded and have led to anti-social behaviour, such as noise nuisance and fly-tipping, and drug-related criminal behaviour on the borough's estates.

The Council Housing Strategy states that the council "wants to use landlord licensing to tackle anti-social behaviour associated with private renting, deal with poor housing standards and assist in improving the overall management of private rented accommodation".

*The licensing scheme assists with a co-ordinated approach*

Homelessness: Tenants of flats in multiple occupation are amongst the most vulnerable and insecurely housed. Additional Licensing would allow us to identify their landlords and then to work with and educate them as part of our homeless prevention work. We are confident that this would reduce unlawful eviction and contribute positively to tenancy sustainment work.

Empty properties: There are privately owned properties lying empty in Tower Hamlets. There is an undoubted housing need in Tower Hamlets, and these vacant properties could provide much needed accommodation. Many of these properties are in a neglected state and have a damaging effect in the areas in which they are located.

The Council keeps a record of long term empty properties (those which have been empty for over a year) in the private sector by ward. At present, derived from the last report produced by from Council Tax records there were 84 properties across the Council in various wards.

At the last stock condition survey there were approximately 1,500 homes empty for six months or more and currently considerable efforts are made to bring these back into use. This Landlord Licensing Scheme may help us in identifying owners, encouraging them to bring properties back into use.

Anti-social behaviour: in some instances private letting by leaseholders in former Right-to-Buy flats has led to serious overcrowding and anti-social behaviour such as noise nuisance fly-tipping, and drug-related criminal behaviour on estates owned by the council and its housing association partners. In addition, partners report that parties in Airbnb-style short-term lets is a growing problem for their tenants. In October 2016, the Council met with Tower Hamlets Homes and key local Housing Associations Poplar HARCA, Swan, and East End Homes, to begin to formulate a response to these issues. The attendees confirmed that these are significant concerns, and asked that work on a shared approach be explored by the Tower Hamlets Housing Forum.

In February 2017, the Council established a working group of Registered Providers through THHF to pursue this work. The group includes representatives from East End Homes, Genesis, London & Quadrant, Poplar HARCA, and Tower Hamlets Homes. On 12 May 2017, the group recommended that all providers in the borough contribute strong support to the case for implementing Additional Licensing in the borough.

Regeneration: the Council's regeneration remit is aimed at both economic and physical renewal and primarily carried forward through our Local Plan and growth policies. However, the private rented sector is primarily amenable to those aims through our Housing Strategy: and Additional Licensing is a key part of that strategy.

Where the Environmental Health team receive reports of flats in multiple occupation, it is not unusual to find that the layout has been altered to maximise the spaces that can be let out. Frequently no fire or safety precautions are taken prior to the property becoming multiply occupied. Such accommodation presents fire risks not only to the occupiers but also to people living in neighbouring dwellings. Because demand is so high, landlords can at present confidently market dangerous and overcrowded accommodation in the knowledge that rental income is high with minimal risk of discovery by the local authority.

Additional Licensing would enable the Council to enforce minimum safety standards without having to rely on the reports of vulnerably housed tenants. Many tenants of such properties are vulnerable. Frequently they are forced to accept cramped, potentially dangerous and unsuitable accommodation. However, they are often reluctant to complain to their landlords or to the Council for fear of retaliation by their landlord, because they do not understand their rights, or because it is hard to find alternative accommodation. With the introduction of additional licensing, the Council's enforcement work will no longer have to rely on tenants' reports – or on reports from neighbours and housing providers which are reactive, unreliable and limited, undermining the Council's ability to take the strategic response needed.

#### *How the scheme will assist with the housing strategy*

Part 6 of The Housing Strategy focuses on the private rented sector, setting out the commitment to ensure that the standards of accommodation for people in private rented housing are good – not only by weeding out the bad landlords who give the sector a poor reputation but also by working to professionalise the sector, supporting “amateur” and small landlords to provide decent, well-managed homes to their tenants.

Part 4.4 of The Private Housing Strategy sets out steps that council will take to professionalise the sector including through a reinvigorated landlords' forum; by providing landlords with e-bulletins, information and training sessions, energy efficiency schemes and customer panel; by incentivising landlords to join the London Landlord Accreditation Scheme; and requiring

landlords who breach licensing conditions to attend The London Landlord Accreditation Scheme.

Additional Licensing will go a very long way to remove the major obstacle to all these initiatives: the difficulty we have identifying those “amateur” and small landlords in order to engage with them, especially those who operate at the cheapest end of the market. Again, this is a particular concern for Registered Providers whose leaseholders let out the flats in multiple occupation we wish to bring into the Additional Licensing scheme.

Once a landlord of a HMO is licensed, we can not only impose conditions through the licensing scheme, but we can also provide a broad range of support and education in order to promote good practice.

Part of the strategic commitment to improve and professionalize the private rented sector is our adoption of a Tower Hamlets Private Renters’ Charter. Launching on 29 June, the Charter was developed with a broad range of advice agencies, landlord bodies, and tenants’ groups. It sets out clearly the standards that all tenants can expect when they rent from a private landlord in the borough, and also the steps that the council and its partners will take to support those standards in individual cases. The Council will publicise the Charter actively and widely: its central purpose is to reach out to landlords and, of course, tenants in the borough, raising awareness of tenants’ rights particularly with those groups that are currently least aware.

In the first phase of the Charter, we do not intend landlords and agents to sign. In large part this is because it is so difficult to identify them. Additional Licensing would allow us to identify landlords of flats in multiple occupation in preparation for the second phase of the Charter in which we aim to use it as a Quality Mark for local landlords.

*Any alternatives such as an accreditation scheme*

The Housing Strategy commits the council to supporting the London Landlord Accreditation Scheme. As a result, the Council has joined the steering committee of the scheme and now hosts regular training sessions for Tower Hamlets landlords. However, take-up as a proportion of the number of landlords in the Borough is negligible. Additional licensing can be used as a means of supporting the take-up of accreditation by the smaller, “amateur” and “accidental” landlords who are currently unaware of the scheme.

**Criteria to Consider before introducing an additional scheme**

In order to consider establishing an additional licensing scheme the Housing Act 2004 requires that certain criteria must be met. These are detailed in italics below;

*The Authority must consider that a significant proportion of the HMOs of the description to be included in the area are being managed sufficiently*

*ineffectively as to give rise, or likely to give rise, to one or more particular problems either for those occupying the HMO or for member of the public.*

This evidence is outlined in the report by Mayhew Harper Associates in (Appendix 1).

*The Authority must have regard to any information regarding the extent to which any codes of practice approved under section 233 of the Housing Act 2004 have been complied with by persons managing HMOs in the area:*

The Council has had regard to the following Codes of Practice under section 233 in relation to the management of student housing and for the purposes of schedule 14 which lists buildings which are not HMOs for the purpose of the Housing Act 2004

- The ANUK/Unipol Code of Standards for Larger Developments for Student Accommodation Managed and Controlled by Educational Establishments
- The Universities UK/Guild HE Code of Practice for the Management of Student Housing

*The Authority must consider whether there are other courses of action available to them that might prove an effective method of dealing with the problem.*

Consideration of this is contained in (section 2) of the report.

*The Authority must consider that making the designation will significantly assist them in dealing with the problems highlighted.*

This is considered in paragraphs (3.17 -3.20) above.

*The Authority must consult persons who are likely to be affected by the designation and consider any representations.*

Authorisation for a consultation is now being sought in the recommendations of this report.

*The Authority must consider that the exercise of this power is consistent with the Authority's overall Housing Strategy.*

(Paragraphs.3.29 to 3.36) above consider the proposal on the overall Housing Strategy.

*The Authority must seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour and as regards to combing licensing with measures taken by other persons.*

These matters have been considered within the main body of this report, specifically but not limited to paragraphs (3.3 to 3.13 and 3.34 to 3.39) above.

*Monitoring* – the scheme will be monitored part way through to ensure that the improvements to HMOs are being achieved.

**Note**

**References in italics and parenthesis relates to the Cabinet report 30<sup>th</sup> January 2018.**