

AGENDA ITEM 9

LICENSING POLICY FOR PRIVATE RENTED HOUSING	
Key Decision No. NH R52	
CABINET MEETING DATE (2020/21) 17 MARCH 2021	CLASSIFICATION: Open report
WARD(S) AFFECTED All	
CABINET MEMBER Philip Glanville, Mayor of Hackney Cllr Sem Moema, Mayoral Adviser for Private Renting and Housing Affordability	
KEY DECISION Yes	
REASON Affects more than two wards	
CORPORATE DIRECTOR Tim Shields, Chief Executive.	

1. CABINET MEMBER'S INTRODUCTION

- 1.1 The number of private renters in Hackney has grown significantly over the last decade to 34,000 or nearly one in three households – a result of the

wider housing crisis which means that, for people on low and even middle incomes, renting privately is often the only option for finding a home.

- 1.2 While most landlords provide good-quality homes and treat their tenants fairly, far too many private renters suffer from poor conditions and management. Our research estimates that 11% of privately rented homes suffer from serious hazards or disrepair - rising to almost 20% in the worst affected areas and in Houses in Multiple Occupation (HMO) properties borough-wide.
- 1.3 Through our #BetterRenting campaign we're tackling these issues by pushing the government to introduce measures to make renting fairer, giving private renters in Hackney the advice and support they need, working with good landlords, and doing everything we can to tackle rogue landlords in our borough.
- 1.4 Our property licensing measures are a key part of this - they will ensure that private renters in homes where they are most likely to suffer from serious hazards or mistreatment get the protection they deserve, and that we can take tougher action against landlords that don't comply.
- 1.5 In October 2018 Cabinet approved the introduction of two discretionary licensing schemes; an Additional Licensing Scheme for all houses in multiple occupation (HMOs) borough-wide and a pilot Selective Licensing Scheme in three wards. These supplement the nationally applicable Mandatory Licensing Scheme for larger HMOs.
- 1.6 At the end of the second year, of the five year duration of the discretionary schemes, landlords had applied for licences for 55% of the predicted total number of licensable properties in the schemes' scope. In order to encourage greater numbers of applications from the remaining properties, it is essential that landlords and managing agents have access to clear, accurate information on how the schemes operate, how to apply for licences and the penalties for non-compliance. By making this information accessible, in one place, all the information landlords need to navigate the schemes we can facilitate higher levels of compliance and ensure landlords provide good quality, well managed homes to our residents. This *Licensing Policy For Private Rented Housing* aims to do that.
- 1.7 I commend this report and its recommendations to Cabinet.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1 Hackney's Housing Strategy 2017-2022; "*Delivering the Homes Hackney needs*", commits the Council to take action to address standards and affordability in the private rented sector. It aims to do this by expanding our enforcement activity, and the way we approach enforcement, to improve management and physical standards. A key part of that is through our property licensing schemes.
- 2.2 Alongside the national Mandatory licensing scheme, in October 2018 the Council adopted two discretionary licensing schemes to run initially for five years. By the end of the second year 55% of the properties predicted to be in scope of the three schemes were subject to licence applications. We now need to bring the remaining 45% on side and will do this through increased communications backed up with enforcement activity.
- 2.3 The three licensing schemes are subtly different from each other in terms of their scope and application. The legal framework within which they operate is complex and nuanced. This provides an environment which some landlords and managing agents may find difficult to navigate.
- 2.4 The Council publicises the schemes through its website and other activity but there is a need to provide clear and concise information on the schemes and how they operate. This should ideally be found in one place, in plain language and in a step by step way. This policy document aims to do that and to encourage landlords and managing agents who have yet to apply to do so now or face enforcement action.
- 2.5 The complex nature of licensing schemes necessarily results in limited changes in their operation becoming necessary over time. These are often in the light of experience in operating the schemes and sometimes at the request of landlords. These do not affect the statutory parameters of the schemes or have wider implications on the schemes but are desirable at an operational level. In order to facilitate such decisions it is appropriate that they are made at an officer level. This report seeks confirmation that under the scheme of delegations such decisions are made at a senior management level with the lead member and Mayor being briefed as appropriate.

3. RECOMMENDATIONS

Cabinet is recommended to:

- 3.1 Approve the “*Licensing Policy For Private Rented Housing*” as attached in Appendix 1,
- 3.2 The Mayor and Cabinet to approve delegation to the Strategic Director, Inclusive Economy, Policy and New Homes, in order to make minor amendments to the Licensing Policy for Private Rented Housing.

4. REASONS FOR DECISION

- 4.1 The Council operates three licensing schemes in respect of dwellings in the private rented sector (See section 5 below).
- 4.2 The legal framework within which the schemes operate is complex and nuanced and is different for each of the three schemes. Licensing processes are prescribed in law and must be followed. The penalties to landlords and managing agents for non-compliance can be severe. This environment can be difficult for landlords to navigate and to understand.
- 4.3 The authority to exercise the licensing powers under the Housing Act 2004, and regulations made thereunder, has been granted by Cabinet in three separate reports supplemented by Delegated Powers Reports as appropriate.
- 4.4 In order to improve access to information for landlords, managing agents and the general public there is a need to consolidate the information on licensing powers and processes into one concise document, in plain language and in a step by step manner. Doing so will allow the Council to promote the licensing schemes in a clear way and improve understanding of the schemes by landlords, managing agents and residents. This, in turn, backed up with clear communications and strong enforcement action is intended to bring properties that have not yet been licensed on board, with the overall objective of improving housing conditions and housing management in the private rented sector.

5. BACKGROUND

- 5.1 The Council operates three licensing schemes in respect of properties in the private rented sector:

5.1.1 Mandatory HMO Licensing Scheme: this applies only to certain prescribed larger HMOs and must be implemented by all local authorities.

5.1.2 Additional HMO Licensing Scheme: this is implemented under a discretionary power for local authorities to introduce licensing for a wider range of HMOs than those covered by the mandatory scheme. Hackney’s Additional Licensing Scheme applies to all HMOs not covered by the Mandatory scheme, borough wide.

5.1.3 Selective Licensing: this is implemented under a discretionary power for local authorities to introduce licensing schemes for all private rented housing in a designated area apart from those already

covered by either of the two HMO schemes outlined above. Hackney's Selective Licensing Scheme is a pilot scheme limited to the wards of Brownswood, Cazenove and Stoke Newington.

5.2 The Additional and Selective licensing schemes came into force on the 1st of October 2018 and run initially for five years, the Mandatory scheme was introduced by the Government in July 2006 and is ongoing.

5.3 This *Licensing Policy For Private Rented Housing*, for which approval is being sought, brings information relating to the operation of all three schemes into one document. This will improve understanding among landlords and managing agents on how the schemes operate, how to navigate the schemes and the penalties for non-compliance.

5.4 The *Licensing Policy For Private Rented Housing* guides readers through the following stages of the licensing process:

- licensing in the Hackney context
- Hackney's three property licensing schemes
- the requirement on landlords to licence properties
- exemptions from the licensing schemes
- the application process
- how licensing applies to leasehold properties in buildings controlled or managed by public sector bodies including the Council
- advice to landlords in respect of mortgage applications etc made prior to licence approval
- the process for making a licence application
- policy for overseas landlords
- policy for selective licence applications in multi-dwelling properties
- licence fees
- how the licence application is processed
- licence conditions
- property inspections
- matters after the licence is granted
- variation and revocation of licences
- penalties for non-compliance

6. DECISION MAKING PROCESS

6.1 As outlined in paragraph 2.5 above, changes to the running of the schemes at an operational level become desirable from time to time in the light of experience, changes in guidance etc. These do not affect the statutory or legal framework within which the schemes operate or their scope or extent. In the interests of effective management it is appropriate that such changes are made at a management level.

6.2 Cabinet is requested to approve the licensing policy and delegate authority to approve minor amendments to the policy to the Strategic Director, Inclusive Economy, Policy and New Homes.

7. Equality Impact Assessment

7.1 An Equalities Impact Assessment is included at Appendix 2.

8. Sustainability

8.1 The proposals in this report do not affect the sustainability of the existing, approved licensing schemes.

9. Risk Assessment

9.1 A risk assessment was carried out when the existing licensing schemes were approved by Cabinet in March 2018. A refreshed risk assessment is included at Appendix 3.

10. COMMENTS OF THE CORPORATE DIRECTOR OF FINANCE AND RESOURCES

10.1 There are no financial implications resulting from this report. The licensing scheme budgets were agreed prior to them going live in October 2018 and all relevant income and expenditure is monitored on a monthly basis alongside the Head of Private Sector Housing.

11. COMMENTS OF THE DIRECTOR OF LEGAL & GOVERNANCE SERVICES

11.1 The Licencing Policy for Private Sector Housing review is the consolidation of the information on licensing powers and processes, into one concise document

11.2 Currently the Mayor's scheme of delegation reserves to the Mayor and Cabinet, approval of all corporate policies and strategies.

11.3 Further, approval of the recommendations as set out in paragraph 3.1 above, are key decisions affecting two or more wards, and therefore are decisions to be taken by Cabinet under the Mayor's Scheme of delegation.

11.4 In order for the Strategic Director, Inclusive Economy, Policy and New Homes to approve any minor amendments to the Policy going forward, the recommendation in paragraph 3.2 needs to be approved.

12. APPENDICES

Appendix 1: London Borough of Hackney Licensing Policy for Private Rented Housing

Appendix 2: Equalities Impact Assessment

Appendix 3: Risk Assessment

BACKGROUND PAPERS

None applicable

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**APPENDIX 1: LONDON BOROUGH OF HACKNEY LICENSING POLICY
FOR PRIVATE RENTED HOUSING**

APPENDIX 2: EQUALITIES IMPACT ASSESSMENT

APPENDIX 3: RISK ASSESSMENT