

London Borough of Hammersmith & Fulham

Report to: Community Safety and Environment / Economy, Housing and the Arts Policy & Accountability Committees

Date: 19 and 20 July 2021

Subject: **Improving private sector housing through discretionary property licensing**

Report of: Ed Shaylor, Private Sector Housing Manager

Responsible Director: Sharon Lea, Strategic Director of Environment

Summary

The private rented sector in Hammersmith & Fulham is the sixth highest in London and eighth highest in the country and accounts for 30% of all households in the borough according to the 2011 census, a 10% increase since 2001. It is expected that the 2021 census will show a further increase in the proportion of residential addresses in the borough which are privately rented.

To help improve the private rented sector, the Council has two discretionary property licensing schemes which expire in June 2022. These schemes require landlords of privately rented houses and flats which meet the following criteria to apply to the Council for a licence for each property.

- Additional Licensing for Houses and Flats in Multiple Occupation (“HMOs”) for all HMOs which are outside the scope of Mandatory HMO Licensing
- Selective Licensing for all rented dwellings in 128 specified streets

The proposal is from June 2022 to June 2027 to

- continue Additional HMO Licensing for all HMOs not covered by Mandatory HMO Licensing, and
- substantially reduce the number of streets in the Selective Licensing scheme from 128 to 23, in order to focus on busy roads, flats above shops, and roads with a significant private rented sector. The proposed 23 streets are in a range of the borough’s districts so will provide wide coverage of the rental sector – 4 streets are in W6; 4 in W14; 9 in W12; 5 in SW6; and 1 in NW10 (**see Appendix 2 on page 10**).

HMO licensing being Borough wide will also ensure that all areas of the Borough are properly supported by the private sector housing team.

There is also a proposal to prohibit multiple occupation use of leasehold flats where the council is the freeholder, due to pressure on block infrastructure and nuisance to neighbours (**see page 9 paras 5 and 6**).

Recommendations

For the Committee to note and comment on the report.

Wards Affected: All

H&F Values

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The Council aims to encourage private landlords to provide accommodation for renters to live and work in the area
Creating a compassionate council	The Council supports tenants in private rented accommodation to live in safe and healthy conditions
Doing things with local residents, not to them	The Council enables tenants and landlords to provide information about living conditions in the borough, and provides advice for tenants and guidance to landlords as well as enforcement
Being ruthlessly financially efficient	Income from licensing schemes is used to improve conditions in the private rented sector through education and (where necessary) enforcement
Taking pride in H&F	The Council's aims for satisfaction with living conditions in H&F to be above the national average
Rising to the challenge of the climate and ecological emergency	Licensed properties will be required to have a minimum energy efficiency rating, and landlords can be required to make improvements where they do not.

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Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

1. The Council's Housing Strategy 2015 set out a number of measures to improve the private rented sector, one of which was investigating the advantages and disadvantages of discretionary property licensing schemes within the Borough.
2. A [key decision](#) was made by Cabinet on 5 December 2016 to introduce discretionary property licensing schemes. The key objectives of the schemes (which started on 5 June 2017 and expire on 4 June 2022) were to introduce:
 - **Additional HMO Licensing** - improve standards of property management and living conditions in HMOs, and
 - **Selective Licensing** - reduce antisocial behaviour (ASB) in 128 selected streets in the borough where the ASB, rubbish and noise problems were above average
3. A summary of the performance of the licensing schemes is at **Appendix 1**.
4. Cabinet approved in March 2021 that officers should conduct public consultation (ending 10 August 2021) about new licensing schemes. A key decision will be made in December 2021 whether to re-designate the schemes from June 2022 for a further 5 years, with appropriate adjustments in order to focus on the streets and types of properties which cause the most significant problems.
5. The [public consultation](#) documents are on the council's website.

Experience of licensing schemes from 2017 to date

Additional HMO Licensing

6. Although officers have found many HMOs to be of a good standard, inspections have uncovered significant problems which can be improved through licensing conditions, such as:
 - Lack of fire doors or inadequate fire detection systems
 - Undersized kitchen for the number of occupiers
 - Overcrowding
 - HMOs offering a bedroom which is too small
 - HMOs where the only reception room is used as a bedroom, so that there is no shared living space apart from the kitchen
 - Flats formerly owned by the Council but now in leasehold ownership, altered internally and in some cases unsuitable for multiple occupancy in terms of space, amenities and pressure on services and utilities.

Selective Licensing

7. Issues relating to antisocial behaviour, noise nuisance, poor waste management and public health nuisance, are easier to address if specific streets are designated, so that dedicated resource can be focussed on targeted enforcement interventions in those areas.
8. Of the streets in the currently designated area, half have produced less than 10% of the total number of Selective Licences. Conversely, there are other streets and neighbourhoods with significant issues arising from the private rented sector, which could be included in a new designation. The proposed re-designated scheme revises the selection of streets in the scheme to make sure that they are the streets which require most intervention to improve conditions. The proposed Selective Licensing streets are in **Appendix 2**.
9. The new selection of streets has been calculated by multiplying
 - the number of private rented sector (PRS) properties on the street
 - the % of properties on the street which are PRS
 - the ratio of ASB reports per household in the street and
 - the % of the boroughs total ASB recorded on the street.

This provides a score to rank the borough's streets. The decision uses this score combined with intelligence derived from street level surveys and interviews with residents. The [underpinning data sheet](#) is available on the council's website.

10. With this selection, 1.95% of the borough's streets account for 19.2% of the boroughs ASB reports.

Equality Implications

11. Data held by the Council from the landlord's survey in September 2020, shows that the majority (64%) of landlords are White British or other White background, which is similar to the borough population profile. There is strong representation among landlords of Asian ethnicity (8%) and Irish (3%) ethnicity, which are also similar to the borough profiles. Compared to the borough profile, there are very few landlords of Black British, Caribbean or African ethnicity.
12. Nearly half (45%) of landlords are in the 46-65 age group, with 16% aged 31-45 and very few under 30. 20% of landlords are aged over 65, so there are a significant number of landlords above normal retirement age.
13. Data held by the Council from the tenant's survey in November 2020, shows that 80% of tenants who completed the survey are White British or other White background, which is above the borough population profile. There is strong representation among tenants of Asian ethnicity (10%), but very few private sector tenants of Black British, Caribbean or African ethnicity (who completed the survey).

14. The housing stock of the borough is characterised by a large proportion of flats and maisonettes. They account for 73% of all dwellings compared to a London average of 52% and England average of 21%. The highest concentration of private rented sector households is in Avonmore & Brook Green and North End wards (43% of all households).
15. Some of the proposed streets fall into the 20% most deprived areas in England and most are in the top half. **Appendix 2** has more details.
16. The proposed Selective Licensing streets mainly cover these wards:
 - Addison and Shepherd's Bush Green (5 streets)
 - Askew, Avonmore & Brook Green (4)
 - North End (3)
 - Ravenscourt Park, College Park & Old Oak, Fulham Reach, Parson's Green & Walham and Wormholt & White City (2)
 - Fulham Broadway, Munster and Sands End and Town (1)

Only Hammersmith Broadway and Palace Riverside have no proposed streets in the new scheme.

Other Implications

17. The proposal to re-designate the schemes is consistent with the council's strategic aims, namely the Local Development Plan, Community Safety Strategic Assessment, the Housing Strategy and HMO Policy (in relation to leasehold houses and flats where the council is the freeholder).
18. There are a number of financial considerations relating to these schemes. It is expected that the council's proposals will continue to maintain standards in the private rented sector and the income generated will be in line with current financial plans and budgets. It is not intended that this will result in additional income to the council in the short term.

Consultation

19. Before making a designation for Selective Licensing or Additional HMO Licensing, the authority must take reasonable steps to consult persons who are likely to be affected by the designation; and consider any representations made in accordance with the consultation and not withdrawn.
20. An online survey is being conducted between 10 May 2021 and 10 August 2021 ("the current consultation") to fulfil the statutory public consultation requirement. Preliminary findings up to 28 June 2021 are at **Appendix 3**.
21. The consultation was publicised by:
 - Emails sent to 2,900 landlords and agents who had applied for a property licence between 2017 and 2021

- Emails to the following organisations representing private tenants: Flat Justice; Justice 4 Tenants; Advice for Renters; The Tenants Voice; Renters Rights London; London Tenants Federation; Generation Rent; London Renters Union
- Emails to CAB; Hammersmith Law Centre; East European Resource Centre; Glass Door Homeless Charity; Hammersmith & Fulham Advice; Hammersmith & Fulham Foodbank; Hammersmith & Fulham MIND; Maggie's Cancer Caring Centres; Shelter; Shepherd's Bush Families Project & Children's Centre
- West London Chambers of Commerce (Ealing, Hounslow and Hammersmith & Fulham)
- Leaflets distributed to 13,000 addresses in the 23 roads proposed to be part of the Selective Licensing scheme, combined with a press release the same weekend (22/23 May 2021)
- Leaflet emailed to all H&F councillors for them to forward to constituents
- Commissioned advertising on the London Property Licensing website and newsletter; notification to neighbouring boroughs

22. A survey of licence holder landlords was conducted in September / October 2020 and received 250 responses. A summary of the findings is in **Appendix 4**. The survey found that nearly two thirds of the landlords and agents who responded believe licensing schemes make little difference in improving standards and are regarded by them as unnecessary and an unwelcome financial burden on landlords. Preliminary findings from the current consultation are that a similar number of landlords do not agree with the proposal to renew Additional HMO Licensing and three quarters do not agree with renewed Selective Licensing.

23. However, one third of landlords believe licensing schemes help to raise standards and enable Councils to deal with rogue landlords who fail to apply for licences.

24. A survey of private renting tenants in the borough from December to February 2021 received 99 responses, which are summarised in **Appendix 5**. Although the satisfaction levels among tenants were more positive than negative, it is a cause for concern that there were significant minorities of tenants who were dissatisfied with their landlords and / or stated deficiencies in safety or amenity standards in their rented property.

25. In contrast to landlords, preliminary finding from the current consultation are that privately renting tenants have a high level of support for licensing schemes (around 80%).

List of Appendices:

Appendix 1

Summary of improvements to the private rented sector achieved under the licensing schemes

Appendix 2

Streets proposed to include in the new designated scheme

Appendix 3

Preliminary responses to public consultation

Appendix 4

Survey of landlords and agents about the licensing schemes

Appendix 5

Survey of privately renting tenants December 2020 to February 2021

Summary of improvements to the private rented sector achieved under the licensing schemes

1. There has been broad compliance by most landlords with the designated licensing schemes with 71% of the number of licence applications expected by June 2022 having been received by May 2021. Officers are working proactively to identify properties which should have been licensed but are not. Enforcement notices will be served where there is failure to licence without reasonable excuse.

Type of licence	Licence applications by May 2021	Number of licences issued	Applications expected by June 2022
Selective Licences	2,940	2,910	4,110
Additional HMO Licences	2,930	2,860	4,110

2. With regard to Additional HMO Licensing, it was not intended that all licensed HMOs would be inspected under the scheme (unless there is a specific complaint), as landlords are expected to take note of detailed minimum standards, fire precaution advice and conditions attached to licences which were revised and re-issued in 2020. The [new minimum standards and licence conditions](#) are clearer and easier to enforce. They can be found on the council's website.
3. A sample of 170 inspections of Additional Licensed HMOs have taken place. Officers have them to be mostly of a good standard, but key deficiencies were found as follows:
 - About 10% have a deficiency of a basic amenity, such as an under sized kitchen for the number of occupiers living in the HMO
 - About 10% are traditional 3 or 4 bedroom houses or flats where the smallest bedroom is less than 6.5 square metres - these have been required to cease to be used as a bedroom as it is too small, which in some cases results in the maximum occupancy number being reduced by one
 - More than 75% have smoke alarms on each floor, which complies with the minimum standard in the Smoke Alarm Regulations 2015 but not the LACORS Guidance "Housing Fire Safety" or the Housing Health and Safety Rating System, which calls for a higher standard of fire

detection in HMOs. Similarly, many do not have a fire door on the kitchen or a heat alarm in the kitchen

4. These inspections have resulted in action to improve fire safety in smaller HMOs, to prohibit the use of bedrooms less than 6.5 square metres by adult occupiers and to reduce overcrowding.
5. Where there is a leasehold covenant prohibiting use of a flat for multiple occupation, a policy has been implemented to limit the duration of the licence to two years (instead of the usual five) during which time the licence holder is expected to either cease using the flat as an HMO when tenants move out, or obtain a waiver from the freeholder. The same approach has been adopted where the council is the freeholder, as the council has a policy not to allow its leasehold flats to be used as HMOs.
6. A significant number of leasehold flats where the council is freeholder, have been found to have been altered internally before an HMO licence was applied for. In some cases, the alterations are unsuitable in terms of space, amenities and basic fire protection (for example bedrooms opening directly off kitchens). The licensing scheme therefore assists with challenging unauthorised alterations.
7. Approximately half of licence holders have signed up to the H&F [Landlords' Charter](#) or are a member of a recognised landlords' professional association.
8. With regard to Selective Licensing, 64 streets in the Selective Licensing scheme accounted for 8.9% of ASB reports in the whole borough in 2016, despite having only 5.3% of the total households in the borough. These 64 streets have seen a decrease in ASB reports from 8.9% in 2016 to 4.9% in 2020.
9. The other 64 streets in the Selective Licensing scheme accounted for 17% of ASB reports in the whole borough in 2016, but have a larger proportion (11.1%) of the total households in the borough. These 64 streets have seen an increase in the borough's ASB reports from 17% in 2016 to 21.8% 2020, which suggests that attention needs to re-focus on larger streets with high percentages of households in the private rented sector. A re-designated scheme would assist with this process.
10. The licensing scheme means that officers have a wealth of information about licensed properties and can isolate those properties which are not licensed and are therefore more likely to be badly managed.
11. Street level surveys have been undertaken in all the streets proposed for inclusion in the new Selective Licensing scheme. These surveys have provided valuable information about unlicensed properties and the current levels of problems with housing conditions in the private rented sector and associated antisocial behaviour, by speaking to residents and workers and assessing the general condition of properties.

12. Since 2017, the council has taken two successful prosecutions for housing offences under the licensing schemes, with fines totalling £83,000, and has issued three financial penalties totalling £25,000. There are two further prosecutions pending, where court dates have unfortunately been delayed due to Covid 19, but are due to be heard in August 2021. Further financial penalties are expected to be imposed this year as the pace increases of identifying unlicensed properties.

Streets proposed to include in the new designated scheme

The selection of streets has been decided by street level surveys and interviews with residents, together with a score calculated by multiplying:

- the number of PRS properties on the street
- the % of properties on the street which are PRS
- the ratio of ASB per household on the street, and
- the % of the borough's total ASB recorded on the street.

With this selection, 1.95% of the borough's streets account for 19.2% of the boroughs ASB reports.

Street	Post code	Private Rented Sector Number Estimate	% of PRS on Street	Wards affected	IMD range around the street ¹
Greyhound Road	W6	161	40.36	Fulham Reach	60-70
Shepherd's Bush Road	W6	338	37.59	Addison; Avonmore & Brook Green	10-20 to 50-60
Dalling Road	W6	68	32.82	Ravenscourt Park	40-50 to 60-70
King Street	W6	208	33.83	Ravenscourt Park	30-40
Talgarth Road	W14	126	44.48	Avonmore & Brook Green; Fulham Reach; North End	10-20 to 60-70
Baron's Court Road	W14	174	46.44	North End	40-50
Sinclair Road	W14	332	42.84	Addison	40-50 to 70-80

¹ Index of Multiple Deprivation for Lower Super Output Areas – expressed in comparison to other areas in England. For example, an IMD 10-20 means the area is one of the 20% most deprived areas in England; an IMD of 70-80 means the area is one of the 80% most deprived areas (in other words one of the 30% least deprived).

Blythe Road	W14	195	35.52	Avonmore & Brook Green; Addison	30-40 to 60-70
Askew Road	W12	167	41.33	Askew	20-30
Coningham Road	W12	172	36.59	Askew	20-30
Richmond Way	W12	73	45.12	Addison	10-20 to 50-60
Goldhawk Road	W12	491	40.95	Shepherd's Bush Green; Askew; Ravenscourt Park	20-30
Woodstock Grove	W12	79	44.12	Addison	50-60
Lime Grove	W12	68	36.04	Shepherd's Bush Green	20-30
Bloemfontein Road	W12	95	26.09	Wormholt & White City; Shepherd's Bush Green	10-20 to 30-40
Wood Lane	W12	332	33.74	Shepherd's Bush Green; College Park & Old Oak	20-30 to 30-40
Uxbridge Road	W12	348	40.27	Shepherd's Bush Green; Wormholt & White City; Askew	20-30 to 30-40
Dawes Road	SW6	189	39.67	Munster; Fulham Broadway	30-40 to 60-70
New King's Road	SW6	238	38.94	Parsons Green & Walham	50-60 to 70-80
Wandsworth Bridge Road	SW6	266	36.35	Sand's End; Parson's Green & Walham	20-30 to 70-80

Fulham Road	SW6	583	36.35	Town; Parsons Green & Walham	20-30 to 70-80
North End Road	SW6	268	31.52	Avonmore & Brook Green; North End	10-20 to 60-70
Scrubs Lane	NW10	35	38.76	College Park & Old Oak	10-20 to 30-40

Appendix 3

Preliminary responses to public consultation from 10 May up to 28 June 2021 (consultation closes 10 August 2021)

	All respondents (395)		Landlords' and agents' responses (262)		Private tenants' responses (78)	
	Yes	No	Yes	No	Yes	No
1 Do you agree that the council should renew its selective licensing scheme for five more years, from June 2022?	41%	58%	26%	74%	85%	14%
	All	Just those with problems	All	Just those with problems	All	Just those with problems
2 Should selective licensing apply to <u>all</u> rented properties in the borough, or just those where problems are greatest?	25%	17%	10%	17%	71%	15%
	Yes	No	Yes	No	Yes	No
3 Do you agree that changes should be made to the existing selective licensing scheme to focus on streets and properties in most need?	34%	8%	19%	8%	73%	13%

	All respondents (395)		Landlords' and agents' responses (262)		Private tenants' responses (78)	
	Yes	No	Yes	No	Yes	No
4 Do you agree that the streets in Appendix 3 should be removed from the selective licensing scheme?	24%	10%	16%	3%	41%	32%
5 Do you agree that streets in Appendix 4 should be included in the selective licensing scheme?	31%	3%	16%	3%	71%	3%
6 Should council flats be used as homes in multiple occupation?	17%	16%	12%	6%	31%	41%
7 Should the council extend the additional HMO licensing scheme for five years from June 2022?	47%	50%	34%	63%	79%	19%
8 Is extra licensing necessary in addition to regular licensing for larger HMOs with five or more occupants?	35%	13%	20%	15%	74%	6%
	All	Just some	All	Just some	All	Just some
9 Should all flats and houses with three or four people sharing be included, or just some?	25%	24%	14%	22%	55%	26%

Summary

So far we have received more than three times as many responses from landlords compared to tenants, so the data has been divided into all responses; just landlords; and just tenants.

There is consensus that:

- **changes should be made to the existing selective licensing scheme (question 3)**
- **some streets should be removed from selective licensing (q 4)**
- **extra licensing is necessary in addition to regular licensing for larger HMOs (q 8)**

However, views differ markedly between landlords and tenants. Landlords tended to disagree and tenants agree with the following questions:

- should the council renew its selective licensing scheme (q 1)
(74% of landlords disagree; 85% of tenants agree)
- should selective licensing apply to all rented properties (q 2)
(10% of landlords agree; 71% of tenants agree)
- should a new set of streets be included in the selective licensing scheme (q 5)
(16% of landlords agree; 71% of tenants agree)
- should council flats be used as homes in multiple occupation? (q 6)
(twice as many landlords said yes rather than no; more tenants said no than yes)
- should the council extend the additional HMO licensing scheme for five years? (q 7)
(63% of landlords disagreed; 79% of tenants agreed)
- is Additional HMO licensing necessary in addition to Mandatory HMO licensing? (q 8)
(20% of landlords agreed; 74% of tenants agreed)
- should all flats and houses with three or four people sharing be included, or just some? (q 9)
(More landlords said just some rather than all; twice as many tenants said all rather than just some)

Survey of landlords and agents about the licensing schemes

In September 2020, the Council sought feedback on its schemes to licence rented residential properties in the borough from 2,600 landlords and property managers who have at least one flat or house in a Property Licensing Scheme in Hammersmith & Fulham. About 10% (250) replied to the survey.

13. There were several positive responses received such as:

- One third of responses said licensing has made improvements to the private rented sector
- Most landlords (75%) have made improvements to rented properties
- Most responses were not concerned about antisocial behaviour by tenants or visitors (89%), or in the neighbourhood (72%)
- Most responses (74%) were not concerned about noisy neighbours
- Small majority (55%) had little concern about rubbish or litter in the neighbourhood
- Strong positives around provision of waste bins (85%), knowledge of waste collection arrangements (76%) and encouragement of tenants to keep property clear of litter and refuse (87%)

14. There were, however, some less positive responses, such as:

- Two thirds of responses said licensing has not made improvements to the private rented sector
- Three quarters (77%) said fees charged for licensing are unreasonable
- Over a quarter of responses expressed concern about antisocial behaviour in the neighbourhood and noisy neighbours
- Nearly half expressed concern about rubbish or litter in the neighbourhood
- A significant minority (15%) of responses indicated lack of awareness of the need to provide enough refuse bins and 24% expressed lack of awareness of the refuse collection arrangements including dates and times of collections

Survey of privately renting tenants December 2020 to February 2021

General		Yes	No
Are you satisfied with your landlord?		68%	32%
At the start of tenancy, were you supplied with:		Yes	No
A Tenancy Agreement		96%	2%
An inventory of furnishings		69%	29%
A statement of the terms of the tenancy deposit scheme used (only if you paid a deposit)		84%	16%
Repairs	Sometimes	Yes	No
Are the following kept in good repair and proper working order :	42%	49%	8%
Drain pipes and gutters; Supplies for water, gas and electricity; Sinks, baths, showers, basins and WCs; Heating and hot water			
Safety		Yes	No
Has your landlord given you a current gas safety certificate (if there is gas)?		73%	27%
Is there a carbon monoxide detector (if there is gas or open fireplace)		82%	18%
Are any smoke alarms provided in your property?		95%	4%
	Don't know	Yes	No
Are smoke alarms in working order?	23%	75%	2%
Space		Yes	No
Do you think there is enough space in the property for the number of people residing there?		79%	20%
Do you think the size and standard of kitchen is adequate?		71%	27%
Do you think the size and number of bathrooms, showers and toilets are adequate?		84%	16%

Anti-social behaviour	Yes	No
Are you concerned about antisocial behaviour in your street?	20%	79%
Are you concerned about noisy neighbours in your street?	22%	77%
Are you concerned about rubbish or litter in your street?	37%	62%
Rubbish and refuse	Yes	No
Do you have enough waste bins ?	63%	37%
Are you aware of the refuse collection arrangements including dates and times of collections?	82%	17%

Summary

It is reassuring that for all questions the majority of responses were more positive than negative. However, it is a cause for concern that there were significant minorities of tenants who:

- Were dissatisfied with their landlord (1 in 3)
- Were not given an inventory (3 in 10)
- Were not given information about deposit protection (1 in 7)
- Were not given a gas safety certificate (1 in 4)
- Had no carbon monoxide detector (1 in 5.5)
- Had no smoke alarms (1 in 25)
- Thought the property was too small (1 in 5)
- Thought the kitchen was too small (1 in 4)
- Thought the bathrooms were insufficient (1 in 6)
- Were concerned about antisocial behaviour in the street (1 in 5)
- Were concerned about noisy neighbours (1 in 5)
- Were concerned about rubbish or litter in the street (1 in 3)
- Said they did not have enough waste bins (1 in 3)
- Said they were not aware of refuse collection arrangements (1 in 6)