

<b>COMMUNITY SAFETY AND ENVIRONMENT SCRUTINY PANEL</b>	<b>DATE</b> 27 April 2021	<b>ITEM NO</b> 6
<b>TITLE</b> Situation Report: Private Rented Sector Housing Licensing Schemes, Houses in Multiple Occupation (HMO)	<b>WARD (S)</b> All	
<b>CHIEF OFFICER</b> Director for Housing & Safer Communities	<b>CABINET MEMBER</b> Community Safety & Enforcement	
<b>DECISION CLASSIFICATION</b> Information only	<b>IS THE FINAL DECISION ON THE RECOMMENDATIONS IN THIS REPORT TO BE MADE AT THIS MEETING?</b> N/A	

1. **Decision required**

This report makes the following recommendations to the decision-maker:

- 1.1 To note the following status report from Environmental Health Residential services on the impact of private rented sector property licensing since the introduction of the borough wide Additional HMO licensing scheme in October 2017.

2. **Links to the Royal Greenwich high level objectives**

- 2.1 This report relates to the Council's agreed high-level objectives as follows:

- 2.2 *A Safer Greenwich.*

Licensing schemes enable the Council to more effectively communicate with, and offer advice and support to, landlords who might not necessarily be aware of their responsibilities.

To foster cohesive communities.

To take a tough approach to anti-social behaviour by working with partners and; involving our local communities at every opportunity.

To work with all landlords and tenants to ensure the safety of our residents and tenants.

### 2.3 *A Healthier Greenwich.*

Licensing schemes, combined with targeted intelligence-led enforcement, enable the Council to proactively target the worst housing conditions and the rogue landlords who are neglecting their properties or otherwise behaving illegally in their treatment of tenants, promoting healthier and safer housing in the borough.

An estimated 2,414 dwellings in Greenwich's private rented sector have category I HHSRS hazards. This equates to 7% of properties in the private rented sector.

## 3. **Purpose of Report and Executive Summary**

- 3.1 The report aims to provide the committee with a short situation update, ahead of the statutory review of the adopted additional licensing scheme which is currently underway.

## 4. **Introduction and Background: Overview of landlord licensing**

- 4.1 Currently Greenwich operates the Mandatory Licensing scheme covering larger HMOs and has also designated the whole borough in an Additional Licensing scheme that commenced in October 2017.
- 4.2 Mandatory Licensing of HMOs: this applies only to the largest HMOs and must be implemented by all local authorities nationwide.
- 4.3 Additional Licensing of HMOs: this is a discretionary power for local authorities to introduce licensing for a wider range of HMOs than those covered by the mandatory scheme. A local authority can specify what type of HMO will be covered by an Additional Licensing scheme based on housing conditions in its area. In 2017 Cabinet approved the introduction of Additional Licensing of houses in multiple occupation (HMO) to all areas of The Royal Borough of Greenwich.
- 4.4 Landlords who rent HMO properties privately within Greenwich are required to obtain a licence from the Council and to comply with the licensing conditions imposed. Much of the sector offers good

accommodation but there is also significant evidence of poor management and poor conditions.

4.5 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 poorly managed privately rented properties and tenancies. Overcrowding and illegal conversions are also features of the private rented sector and all contribute to neighbourhood problems.

4.6 Licences include legally binding conditions regulating, among other things, room sizes, provision of amenities, levels of occupation, property conditions and property management. Licenses issued under mandatory licensing and additional licensing are valid for 5 years. The adoption of discretionary schemes, including the boroughs additional licensing will run for a maximum period of five years after which further public consultation and Cabinet approval is required if renewal is sought by the Council.

#### 4.7 **Fee setting and service provision**

4.7.1 The legislation permits funds raised to be used for administration of the scheme and (subject to constraints) enforcement.

4.7.2 The licence requires payment of a fee, one part of which covers processing of the application and the remainder supports the associated enforcement scheme.

4.7.3 The fees are calculated to create a self-supporting scheme. The largest single cost of operating a scheme is staffing; setting a fee too low can have significant consequences – usually a reduction in the percentage of properties inspected, delays in issuing licences etc.

#### 4.7.4 HMO licence fees 2021

<b>Fee type</b>	<b>Cost</b>
Standard	£408 per unit
Member of a landlord's professional association or accreditation scheme	£338.64 per unit
Enhanced (where the Council have discovered the HMO use and written to the property owner/landlord) - no discounts apply	£520.40 per unit

<b>Fee type</b>	<b>Cost</b>
Standard rate for applications for renewing a licence	£321.30 per unit
Member of a landlord's professional association or accreditation scheme rate for applications for renewing a licence	£283.56 per unit
Assistance with completing an application	£153 each

#### **4.8 Licensing under coronavirus:**

- 4.8.1 The arrival of COVID-19 in the UK marked the beginning of a strange and challenging period for all persons concerned with the regulation of the private housing sector, whether as landlords trying to comply with regulatory requirements, tenants living in unsatisfactory housing conditions, or local authorities seeking to enforce their additional and selective licensing schemes.
- 4.8.2 Local authorities are to have had regard to the non-statutory guidance on enforcing standards in the PRS under COVID-19, published on 28 March 2020. It contains various (non-binding) suggestions for how to approach inspection and enforcement under lockdown.
- 4.8.3 As reported to the Overview & Scrutiny panel, the COVID19 pandemic has impacted on service delivery. This includes loss of income arising from a reduction in applications being submitted but also somewhat reduced ability, particularly earlier in 2020/21 to process these as efficiently as pre-lockdown. Likewise, the impact on resourcing, both in terms of supporting of other areas of lockdown compliance but also abstraction from COVID19 related illness and self-isolation. These issues are of course not unique to this service area.

#### **4.9 Current situation 2021: Review of scheme and licensing outputs**

- 4.9.1 The Additional licensing is now in its 4<sup>th</sup> year. Local Authorities are subject to a statutory requirement to review discretionary additional licensing schemes within the 5-year running period. This then helps to inform the decision whether to renew the scheme in 2022.
- 4.9.2 An external consultancy has been appointed to complete the review. This keeps this process impartial.
- 4.9.3 The review will be completed over the next 5 months with the detailed findings being published in September 2021. This report therefore

provides a summary overview only, ahead of the published report due in September. We intend to report back to the Scrutiny Panel in more detail later in the year along with relevant performance measurement and benchmarking if available.

- 4.9.4 Table I provides data on the outputs from both Mandatory and Additional Licensing Schemes in Greenwich. An estimate of licensable properties was determined in 2017 as being approximately 7000 licensable HMOs in the borough. As referenced below, a more recent study would suggest this figure being more realistically 5000. Currently there are 1240 actual licensed HMOs so in addition to processing applications received, continued promotion of licensing requirements post review will be undertaken to encourage compliance. Further relaxation of restrictions will also enable more proactive HMO investigation and inspection activity in future whilst selective licensing, if approved and implemented, may also provide further opportunity to identify and license unregistered HMOs whilst implementing and enforcing the additional licensing scheme.
- 4.9.5 In 2020/21 there was a total of 259 licences issued to HMO's, and 279 new applications received.
- 4.9.6 A stock modelling exercise was completed in June 2020 following a successful bid for funding from MHCLG's Rogue Landlord Fund. *BRE were appointed to produce an Integrated Dwelling Level Housing Stock Modelling Database for the Royal Borough of Greenwich*, and this more recent data has been used for the purpose of this report. It should however be noted that this remains an estimate only and often the size of the private rented sector is found to be larger, and only confirmed through inspection of properties.

4.9.7 Table I. HMO Licenses issued to date, by type and neighbourhood area.

<b>Neighbourhood Areas</b>	<b>Mandatory Properties Licensed</b>	<b>% Properties Licensed Estimate of licensable properties</b>	<b>Additional Properties Licensed</b>	<b>% Properties Licensed Estimate of licensable properties</b>
Coldharbour and New Eltham Eltham North Eltham South Eltham West Middle Park and Sutcliffe Shooters Hill	86		55	
Blackheath Westcombe Peninsula Greenwich West	104		327	
Charlton Kidbrooke with Hornfair Woolwich Common Woolwich Riverside	181		202	
Abbey Wood Glyndon Plumstead Thamesmead Moorings	200		85	
<b>Total</b>	<b>571</b>		<b>77.5% of an estimated 737*</b>	
Pending applications (received and undergoing checks or consultation)	<b>101</b>		<b>214</b>	

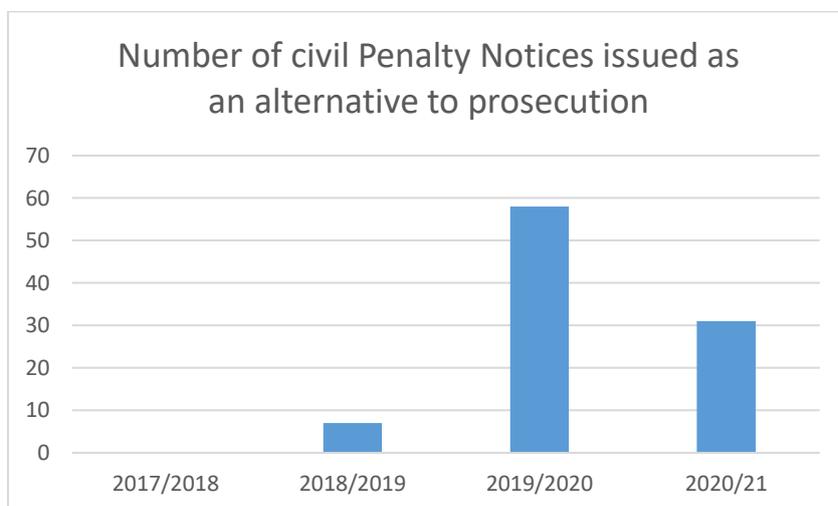
\*Revised 2020 data following stock modelling exercise (*BRE Integrated Dwelling Level Housing Stock Modelling and Database for the Royal Borough of Greenwich*)

4.9.8 Comparisons with other London Schemes for the purpose of benchmarking need to take account of the type and combination of schemes in place in an individual borough, so to provide a like for like comparison. Other boroughs may also be in different year of operation of a scheme. We would therefore seek to benchmark with other boroughs that provide the same combination of licensing in terms of mandatory, and whole borough additional licensing, without selective licensing in place, and in operational year 4. This has proved challenging and we have approached the London Private Rented Sector Partnership Group to co-ordinated across London Local Authorities. The PRS Partnership Group has replied to say that their capacity is currently limited but that this is something that they will look to do once the capacity issue is resolved.

#### 4.10 Current situation 2021: Enforcement

4.10.1 Powers provided to local authorities in the Housing and Planning Act 2016 have strengthened authorities' ability to act against criminal landlords with civil penalties, banning orders, extended rent repayment orders and use of a national database to track rogue landlords across council boundaries. Use of enforcement powers is a key part of a broader strategy that aims to improve an area's private rented sector.

**Table 2.** Number of civil Penalty Notices issued as an alternative to prosecution in Greenwich



- 4.10.2 Enforcement action of note include: (1) The issuing of a formal caution to a landlord operating an unlicensed HMO in Eglinton Road. The landlord's details will also be entered onto the Rogue Landlords Database.  
(2) Civil Penalties and a successful prosecution against Mr Dayu (Sammy) Shang. Working together with various departments and intelligence officers within the council, the team were able to piece together that Mr. Shang had links to several unlicensed HMOs within the borough and had been operating a let-to-let scheme for the better part of a decade.
- 4.10.3 Throughout the investigation, Mr. Shang took steps to hide his wrongdoing, providing false information and even evicting tenants from some of the properties he managed, before officers could interview them. EH officers were able to trace Mr. Shang and linked him to the operation of 7 unlicensed HMOs within the borough.
- 4.10.4 Mr. Shang was issued with 4 civil penalties for failure to license HMO's and prosecuted for a further 13 Offences. He pleaded guilty at Bexleyheath Magistrates court in early 2020, but sentencing was delayed until 2021 due to the Coronavirus pandemic.

**Outcome:**

Fine: £96,000 (eligible for a discounted payment under the Enforcement Policy so total fine for both CPNs and Prosecution was reduced to £66,000)

Costs awarded: £12,495

Statutory Charge: £170

**Offences Under:**

Housing Act 2004

Local Government (Misc Provisions) Act 1976

- 4.10.5 All the properties linked to Mr Shang are now licensed or no longer operating as HMO's and meet the safety standards as required by the Royal Borough of Greenwich's HMO licensing scheme. The team are now pursuing a Banning order against Mr Shang to prevent him operating as a landlord.

## 5. Cross-Cutting Issues and Implications

<b>Issue</b>	<b>Implications</b>	<b>Sign-off</b>
<b>Legal</b> including Human Rights Act	The role of the Overview and Scrutiny Committee is set out in Article 6 of the Council Constitution. The purpose of this report is to provide the committee with an update on the impact of private rented sector property licensing since the introduction of the borough wide Additional HMO licensing scheme in October 2017. No formal decision will be taken. As such, there are no legal implications arising directly from the report.	<i>Azuka Onuorah Head of Legal Services 15<sup>th</sup> April 2021</i>
<b>Finance</b> and other resources	The Community Safety and Environment Scrutiny Panel is being asked to note the status report from Environmental Health Residential Services on the impact of private rented sector property licensing since the introduction of the borough wide Additional HMO licensing scheme in October 2017. There are no financial implications arising from the contents of this report.	Dave Lucas Business Change Accountant 12/04/21

Report Author: Ella Smallcombe – Head of Environmental Health –  
Residential & Pollution  
Tel No. 0208 921 2119  
Email. [Ella.Smallcombe@royalgreenwich.gov.uk](mailto:Ella.Smallcombe@royalgreenwich.gov.uk)

Reporting to: Sean McDermid, Assistant Director of Community Safety &  
Environmental Health  
Tel No. 020 8921 3192  
Email. [Sean.mcdermid@royalgreenwich.gov.uk](mailto:Sean.mcdermid@royalgreenwich.gov.uk)

Chief Officer: Jamie Carswell - Director of Housing and Safer  
Communities  
Tel No. 020 8921 8291  
Email. [Jamie.Carswell@royalgreenwich.gov.uk](mailto:Jamie.Carswell@royalgreenwich.gov.uk)