

Proposal to Implement an Additional Licensing Scheme for Hastings

Document History			
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1. Introduction and Licensing Proposal

Foreword

- 1.1 The Private Rented Housing Sector (PRS) in Hastings constitutes a large proportion of the total housing stock. Over 50% of the properties in some wards are privately rented. This provides a valuable housing resource which addresses a wide variety of housing needs, students and singles through to family houses. The historical development of Hastings and St Leonard's has left a rich legacy but also a housing base which consists of many large houses which have subsequently been converted into self-contained flats. Due to their original conversions being of poor quality most of these flats fall into a special category of House in Multiple Occupation (HMO). It is these HMOs clustered around the historic town centres of Hastings and St Leonard's which are the main focus of this proposal. Hastings is unusual in having so many of these HMOs (over 1000) as few other towns have such large concentrations. Whilst the majority of the properties are well managed and kept in good repair there are a small but significant number that are not.
- 1.2 The nature of these properties is that they may contain any number of different residents including leaseholders, freeholders and tenants. Ownership and control of such properties can be complex with Right to Manage companies, letting agents, managing agents and absentee owners all of whom may have some interest in how a property is run. These parties may not always agree on the best way forward. Licensing provides a means by which a single party takes responsibility for the property and has responsibility to ensure that it is managed effectively.
- 1.3 The other significant feature of these HMOs is that the fire precautions will by definition be lacking or not up to the standards of the average new building because all were converted prior to the 1991 building regulations which required structural fire safety precautions to a higher standard. Hence retrospective smoke detectors, fire alarms and emergency lighting may be required. To date only about 50%¹ of these buildings have the full package of fire precautions.
- 1.4 A previous HMO licensing scheme which ran from 2011 until 2016 successfully licensed nearly 900 properties. There was no automatic renewal of the scheme and a further decision is required to implement a new scheme. Hastings Council has been considering various measures to improve the condition and management of HMOs. As part of this, the Council is currently considering the re-introduction of an Additional Licensing Scheme for HMOs that are not already covered by Mandatory Licensing, and has undertaken a formal consultation process with landlords and letting agents, the public and other stakeholders on its proposals.
- 1.5 Subject to the consultation and Council approval it is proposed that that an Additional licensing scheme is introduced in the designated areas of Central St Leonards, Braybrooke,

¹ Hastings House Condition Survey 2016 (HCS)

Castle and Gensing wards of Hastings Borough. A copy of the proposed designated area may be found as Appendix 1.

The Private Rented Sector in Hastings

- 1.6 The private rented sector in Hastings makes up a significant proportion of the Housing Stock. In the town centre wards under consideration the number of household in the private rented sector comfortably exceeds those in the owner occupied and registered social sectors combined.²
- 1.7 Hastings has a high turnover of PRS tenants and in 2015 there were over 1000 repossessions in the private rented sector compared with less than 100 mortgage repossessions. Without making judgement on the reasons for these repossessions the resulting disturbance to family life, social links and education cannot be underestimated. This places an additional burden on statutory agencies to provide services to support affected households.

HMOs in Hastings

- 1.8 The HMO Housing stock in Hastings is not characterised by the traditional shared house HMO of bedsit or student houses. There are less than 200 properties which fall into this category. Instead, the HMOs which make up the bulk of the HMO stock in Hastings and St Leonards are a special category of HMO known as Section 257 HMOs. These are HMOs (as defined in Section 257 of the Housing Act 2004) which consist of poorly converted self-contained flats of which less than two thirds of those flats are owner occupied. Before 2004 these properties were never classified as HMOs and may alternate between being and not being HMOs merely by the terms of their occupancy. Many of these flats are small conversions providing minimum space to meet the demands of the market. The number of single occupancy households increased by 40% between 1991 and 2004 and now stand at 16,000 households across the Borough. Within this reality, HMOs offer a relatively affordable form of accommodation. Unfortunately, due to high demand and the lack of properties available to rent, some HMO properties are sub-standard and occupied by those who cannot afford better alternatives.
- 1.9 The areas where these HMO's are located experience high levels of worklessness, poor health, high levels of crime and anti-social behaviour, and physical and social deprivation.³ Research shows that housing conditions play an important part in the health and well-being of its residents and the above statistics are symptomatic of housing that is poorly managed and in a poor condition. Based on the previous Additional HMO Licensing Scheme the Council estimate that there are approximately 1000 HMOS which fall into the section 257 category. The Council previously licensed 881 HMOs under its previous scheme although this also included some smaller shared house HMOs. We estimate that about 100 -150 HMOs were not licensed under the previous scheme.

² HCS 2016

³ Indices of Multiple Deprivation 2015 (Office for National Statistics)

Mandatory and Additional Licensing

- 1.10 The Housing Act 2004 prescribes those properties which are subject to Mandatory HMO Licensing. These are houses of three or more storeys occupied by more than one household who are sharing facilities such as a bathroom or kitchen. Additional HMO licensing is discretionary and applies to all other HMOS (subject to exemptions) that a local authority wishes to licence e.g. two storey HMOs or Section 257 HMOs. Local authorities wishing to adopt an additional HMO licensing scheme must show that a significant proportion of HMOs in their area are considered to be managed sufficiently ineffectively as to give rise, or likely to give rise, to one or more particular problems for those occupying HMOs or for members of the public.
- 1.11 In 2011 Hastings Borough Council designated 4 wards - Castle, Braybrooke, Gensing and Central St Leonards as areas where additional HMO licensing would apply. This scheme ran for five years until 2016. The scheme is not automatically renewable.

Pre- Consultation Background

- 1.12 Following the completion of the 2011 Additional HMO Licensing Scheme an exit review was undertaken. This exit review was considered by senior officers at the council as well as the housing portfolio holder before being published on the council website. As a result of the findings in the exit review officers have considered the evidence for the continued licensing of houses in multiple occupation and developed a consultation on a new Additional HMO Licensing Scheme.

The Proposal

- 1.13 It is proposed that Hastings Council designate the area outlined in purple in Appendix 1 as the additional HMO licensing area. These are the wards marked as Castle, Central St Leonards Braybrooke and Gensing. The consultation document evidenced that there is a clear link between private rented sector properties in the area and issues caused by the poor management of HMOs leading to problems for their tenants and other members of the public.
- 1.14 The designation will be used to improve fire safety, property conditions, as well as assisting in improving the management of rented accommodation. Every HMO (unless exempt –see list below)) will require a licence to operate in the area and landlords will be responsible for making an application to the Council for an additional licence. The majority of licensable HMOs will be those defined under section 257 of the Housing Act 2004 which are buildings converted into and consisting entirely of self-contained flats and where:-
- The standard of conversion does not meet at least that required by the Building Regulations 1991 and
 - Less than two-third of the flats are owner occupied

- 1.15 The council will exempt the following HMOs from HMO Licensing:-
- Premises exclude from licensing by virtue of schedule 14 to the Housing Act 2004
 - Section 257 HMOs consisting of two flats where neither of the flats is situated above or below commercial premises.
 - Smaller Section 254 HMOs (shared facilities) with less than 5 occupiers where the building containing the HMO does not extend over two storeys.
 - Section 257 HMOs which have no common parts.
- 1.16 It is proposed that the additional licensing scheme will be declared by February 2018 and become operative in April 2018 with the designations lasting for 5 years. Initially it is expected that compliant landlords will apply for the relevant licence shortly after the designation, however it will be necessary to introduce a comprehensive enforcement programme to capture un-licensed properties.

HMO Licence Applications Fees and Charges

- 1.17 Fees have been set (Table 1) to reflect the overall cost of running the scheme. To incentivise good quality, well managed HMOs, compliant premises will receive longer licenses for the same fee, whilst non-compliant premises will only receive a one year licence. To achieve the full five year licence, not only must the property be compliant but the licence holder and manager must meet the Council's designated criteria. See Appendix 2.
- 1.18 The additional licensing scheme will run alongside the current Selective licensing scheme and will be complimentary to that scheme. HMOs are generally exempt from Selective licensing and those subject to Mandatory or Additional HMO licensing are by definition exempt. This means that some Section 257 HMOs (once designated) will contain flats which are selectively licensed. Where these flats are under the control of persons who are the HMO licence holders then these flats will be included in the HMO licence and the selective licence will end. Where flats are not under the control of the licence holder then they will remain in the Selective licensing regime.
- 1.19 Some changes have been made to the scheme following the consultation. The £400 fee for new licence holders Category B (Table 1) has been amended to the same level as existing licensing holders (apart from those people who should have licensed before but didn't) as it was considered that it would make the scheme easier to administrate as there would be effectively two fees rather than three. To make up the loss of income and to allow for inflationary rises the basic fee will be harmonized at £400 a £40 increase on the fee that was consulted on. The fee for licences in premises that were previously unlicensed but should have been has been rounded to £1000.

TABLE 1 FEES AND CHARGES

Category	New Licence Holders	Fee
A	New Licence Holder One-year licence where owner has been found to be operating an unlicensed HMO for more than 2 months or held an interest in a property not previously licensed under 2011 scheme and should have been. (Maximum one year licence in all cases)	£1000
B	New Licence Holder All other new licence holders applying within first four months of the scheme or within 2 months of acquiring an interest in the property. Can apply for one, three, five year licences as below.	£400
Previous Licence Holder under 2011 Scheme		
C	Basic Renewal (From previous scheme) Annual re-inspection required	£400
D	Advanced Licence Renewal (From previous scheme) Must meet all three year license criteria See Appendix 2	£400
E	Professional ('five-year') Licence Renewal (From previous scheme) Must meet all 'five-year' license criteria See Appendix 2	£400
F	Additional charge per unit of accommodation where the applicant controls rooms or flats within the HMO. Existing selective licensing holders will not be subject to this fee. Landlord's discounts will apply for this part of the fee only.	As set for individual selective licence applications
G	All further one and three year renewals	£400

OPTIONAL CHARGES FOR OTHER SERVICES AVAILABLE

Category	Service type	Price
H	On line assistance in completing application form.	£100
I	Advisory visit – pre-application visit to advise on licensing requirements	£150 per visit
J	Fees for sending documents by post	£25

2. Legislative Framework

Housing Act 2004 – Types of Discretionary licensing

- 2.1 Under parts 2 and 3 of the Housing Act 2004 (the Act) Local Authorities have the power to introduce a discretionary licensing scheme.
- 2.2 There are two types of scheme that can be considered; Additional Licensing and Selective licensing.
- 2.3 Additional licensing under section 56 of the Act allows the local authority to extend the Mandatory HMO licensing scheme to include other types of HMO. Section 56 (2) states that;
- “The authority must consider that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public.”*
- 2.4 Regarding additional licensing the law says that: *“Section 56 of the Act gives powers to LHAs to designate areas, or the whole of the area, within their district, as subject to additional licensing in respect of some or all of the HMOs in its area that are not already subject to mandatory licensing.”*
- 2.5 Local authorities should be aware that those HMOs that fall within the definition of section 257, converted blocks of flats, are not subject to mandatory licensing, and those that wish to license such properties will need to follow the approval steps for additional HMO licensing.
- 2.6 A document issued by Communities and Local Government in 2007 ‘Approval steps for additional and selective licensing designations in England’ provides guidance on how to apply for a discretionary licensing designation. Up until April 2010 all designations had to be agreed by the Secretary of State, however the Housing Act 2004: Licensing of Houses in Multiple Occupation and Selective Licensing of Other Residential Accommodation (England) General Approval 2015 provides the local authority with the power to designate an additional licensing scheme.
- 2.7 This is subject to the caveat in Para 5 which states “The general approval described in paragraphs 3 and 4 is not given in relation to a designation in respect of which the local housing authority has not consulted persons who are likely to be affected by it under section 56(3)(a) or section 80(9)(a) of the Act for not less than 10 weeks.” In preparation for this report a full consultation has been undertaken – this is described in part4 of this document.
- 2.8 Additional licensing gives councils the ability to tackle issues in smaller HMO’s around internal and external property conditions as well as management conditions.

Conditions applying to additional HMO licensing

- 2.9 Before making an additional HMO licensing designation for a particular type of HMO, or for a particular area, a local authority must:
- (a) *consider that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public*
 - (b) *have regard to any information regarding the extent to which any codes of practice approved under section 233 have been complied with by persons managing HMOs in the area in question*
 - (c) *consider whether there are any other courses of action available to them (of whatever nature) that might provide an effective method of dealing with the problem or problems in question*
 - (d) *that making the designation will significantly assist them to deal with the problem or problems whether or not they take any other course of action as well).*
 - (e) *consult persons likely to be affected by the designation.*

Requirements for the Designation of an Area for Additional Licensing

- 2.10 Section 59 of the Housing Act 2004, requires the Council to publish the designation. Once published the designation must remain available to the public. The designation must set out:
- (a) *that the designation has been made,*
 - (b) *whether or not the designation was required to be confirmed and either that it has been confirmed or that a general approval under section 58 applied to it (giving details of the approval in question),*
 - (c) *the date on which the designation is to come into force, and*
 - (d) *any other information which may be prescribed.*
- 2.11 After publication of a notice and for as long as the designation is in force, the local housing authority must make available to the public in accordance with any prescribed requirements:
- (a) *copies of the designation, and*
 - (b) *such information relating to the designation as is prescribed.*
- 2.12 In addition to the requirements of the Act, the notice must also contain the following information:
- A brief description of the designated area;
 - The name, address, telephone number and email address of- the local housing authority which made the designation;
 - The premises where the designation may be inspected; and
 - The premises where applications for licences and general advice may be obtained;

- A statement advising any landlord, person managing or tenant within the designated area to seek advice from the local housing authority on whether their property is affected by the designation; and a warning of the consequences of failing to licence a property which is required to be licensed, including the criminal sanctions.

2.13 The Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006 places further requirements on this;

Within 7 days after the date on which the designation was confirmed:

- Place the notice on a public notice board at one or more municipal buildings within the designated area,
- Publish the notice on the Councils web site; and
- Arrange for its publication in at least two local newspapers. must be published five more times in the same two newspapers at intervals of no less than two weeks and no more than three
- Within 2 weeks after the designation was confirmed, must send a copy of the notice to:
 - Any person who responded to the consultation conducted by it under section 56(3) of the Act (this will be by email)
 - Any organisation which, to the reasonable knowledge of the local housing authority represents the interests of landlords or tenants; or
 - Represents managing agents, estate agents or letting agents, and
 - Every organisation within the area which the LA knows or believes provides advice on landlord and tenant matters, including; law centres; citizens' advice bureaux; housing advice centres; and homeless persons' units.

Properties covered by Additional Licensing

2.14 Additional licensing can cover all HMOs which are not subject to Mandatory Licensing unless exempt under Schedule 14 of the Housing Act 2004. This primarily relates buildings owned and managed by other public sector bodies such as Housing Associations, the Police and educational establishments.

Licence Applications and fees

2.15 Section 87 of the Act details the application process for a licence. In particular this section states that an application must be made in accordance with such requirement as specified by the authority. It also states that the authority may require the application to be accompanied by a fee fixed by the authority.

2.16 When fixing fees under this section of the Act the local housing authority may take into account the following:-

- all costs incurred by the authority in carrying out their functions under this part of the legislation
- and all costs incurred in carrying out their functions under Part 4 of the Act chapter 1 which relates to management orders.

- 2.17 The application process is detailed within the Act and there are subsequent regulations detailing the contents of an application form. This includes providing:-
- information on the property layout,
 - certificates for gas, furniture and fire safety.
- 2.18 The Licensing and management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006 schedule 2 provides full details on what must be included within in an application this includes:-
- determining if the manager or proposed licence holder is a fit and proper person. This requires the declaration of any unspent convictions, unlawful discrimination and prosecutions under housing, public health, environmental health or landlord and tenant law. The Licensing Team will make full checks into a person's 'fit and proper' status and will also request full Police checks if necessary and request owners to submit a full DBS clearance via Disclosure Scotland where appropriate.

Conditions and penalties

- 2.19 Once an application has been made the local authority must consider whether to grant or refuse the licence and the licence holder must firstly pass the Fit and Proper Person Test as defined by the Housing Act 2004 (section 66 (2)). This test specifies that the local authority must take into account evidence of any of the conduct detailed below and also applies to anyone *“associated or formerly associated with the proposed licence holder or manager whether on a personal, work or other basis”*, if relevant. The matters that the local authority needs to have a regard to are:
- Any offence involving fraud, or other dishonesty, or violence or drugs in section 3 of the Sex Offences Act 2003.
 - Practiced unlawful discrimination of the law in connection with the carrying out of any business.
 - Contravened any provision of the law relating to housing or landlord and tenant law – illegal eviction etc.
 - Acted other than in accordance with any code of practice for the management of HMO's
 - requires leave to enter or remain in the United Kingdom but does not have it (to be added by Housing and Planning Act 2016).
 - Is insolvent or an undischarged bankrupt (to be added by Housing and Planning Act 2016). and
 - A person is not a fit and proper person for the purposes of section 64(3) (b) or (d) if a banning order under section 16 of the Housing and Planning Act 2016 is in force against the person.” (to be added by Housing and Planning Act 2016).
- 2.20 N.B. Any “spent” convictions cannot be taken into account. However a lack of conviction may not mean that the incident was not relevant. The manager must send in with their application proof of their status and that they do not have any unspent convictions as specified above.

2.21 In the event that the landlord would not pass the fit and proper person test then he/she can nominate a manager in their place who must pass this test. If the local authority is not satisfied then it must refuse the application and give its reasons for this. The local authority must grant a licence if it is satisfied that:

- The HMO is reasonably suitable
- The licence holder would be a fit and proper person

2.22 If the licence is granted it will have conditions attached to it. Section 90 and Schedule 4 of the Act details the mandatory licence conditions that must be included, however there is provision for the local authority to add additional conditions that are either specific to the licence in question or that are locally agreed to address specific issues.

'A licence under Part 2 or 3 must include the following conditions

1. Conditions requiring the licence holder, if gas is supplied to the house, to produce to the local housing authority annually for their inspection a gas safety certificate obtained in respect of the house within the last 12 months.

2. Conditions requiring the licence holder

a) to keep electrical appliances and furniture made available by him in the house in a safe condition;

b) to supply the authority, on demand, with a declaration by him as to the safety of such appliances and furniture.

3. Conditions requiring the licence holder -

a) to ensure that smoke alarms are installed in the house and to keep them in proper working order;

b) to supply the authority, on demand, with a declaration by him as to the condition and positioning of such alarms.

4. Conditions requiring the licence holder to supply to the occupiers of the house a written statement of the terms on which they occupy it.'

2.23 The Local Authority may also impose its own conditions to regulate the occupation of the house including numbers of persons who may occupy the house and the facilities to be provided.

3. The Need for an Additional Licensing Scheme

Profile and Strategic Context

- 3.1 Hastings is an urban borough of about 90,000 inhabitants, the majority of which live within 4 miles of the town centre. It has the typical characteristics of a large seaside town and to that end could be compared with Blackpool, Great Yarmouth, Scarborough, Skegness and Clacton.
- 3.2 The National Index of Deprivation for 2015 ranked Hastings 20th out of 326, where 1 is the ranking for the most deprived local authority in England. The comparative figures for 2004, 2007 and 2010 were 48th, 38th and 31st respectively, which would suggest that deprivation relative to other authorities is worsening although this may be because of the relative improvement in London due to property price increases which has not affected Hastings to the same extent.
- 3.3 Although the above figures represent Hastings and St Leonards as a whole, deprivation can be measured down to Lower Layer Super Output Area level. (LSOAs). These are the smallest neighbourhoods which can be effectively measured for statistical purposes and encompass about 1500 properties each. There are 32,844 of these areas across England and Wales. LSOAs are usually categorized for descriptive purposes for as being in one of ten deciles numbered from one to ten where 'one' is the most deprived 10% of neighbourhoods, 'two' is the next 10% of deprived neighbourhoods and so on. Within Hastings there are 16 LSOAs that are in the top ten percent of most deprived areas. Nine of these are within the four wards that make up the Additional HMO licensing area.

Housing Tenure and Stock Type

- 3.4 The private rented sector in Hastings makes up a significant proportion of the Housing Stock. In the town centre wards under consideration the number of household in the private rented sector comfortably exceeds those in the owner occupied and registered social sectors combined.
- 3.5 The Hastings Stock Condition Survey (HSCS 2016) undertaken in 7 town centre wards in 2016 found that the private rented sector had grown significantly in the study area in the last decade. At the time of the 2001 Census there were 5,754 households in the private rented sector, and the 2011 Census confirmed significant growth, indicating that this had risen to 9,125. The HSCS indicates that this number has further risen to 9580. This represents 50% of the stock in those areas. Nationally the figure is nearer 25% in the PRS.
- 3.6 71% of the stock in the study area was built before 1919 compared to the national average of 23%.

- 3.7 The makeup of the stock is biased towards converted flats which make up 39% of the dwellings in the study area. Of these at least 13% are section 257 HMOs. In addition there are a further 2% shared house HMOs.

Housing Strategy

- 3.8 Making best use of the existing housing stock is paramount when the number of new properties coming on to the market is low. The Hastings and St Leonards Housing Strategy 2016-2019 has a number of key priorities including Promoting Economic Regeneration.

- 3.9 The policies promoted to assist with this aim include:-

- Maintaining our focus on the regeneration of the St Leonards Housing Renewal Area
- *Seeking further improvement of private rented housing through licensing and enforcement where required*
- Encouraging and supporting responsible landlords
- Working to secure funding for targeted housing interventions within the Borough
- Monitoring the condition of the private housing stock
- Continuing to bring empty and derelict homes and land back into use, through CPO where necessary
- Reducing fuel poverty and improving energy efficiency for local residents

- 3.10 Improving the private rented stock is a key priority and the Council has already introduced Selective Licensing in seven wards including the four wards that consist of the wards in this proposal and has recently concluded the previous HMO licensing scheme.

Homelessness

- 3.11 Understanding the role of the private rented sector in managing homelessness is crucial. This valued resource, currently available for local people to secure affordable housing, is also a risk to the Borough in terms of future increases in homelessness. Households presenting as homelessness as a result of their private sector tenancy being terminated is increasing as the stock of private accommodation grows. Hastings has a high turnover of PRS tenants and in 2015 there were over 1000 repossessions in the private rented sector compared with less than 100 mortgage repossessions. Without making judgement on the reasons for these repossessions the resulting disturbance to family life, social links and education cannot be underestimated. This places an additional burden on statutory agencies to pick up the pieces.

- 3.12 In addition, the housing market is changing as confidence returns to the area and it becomes a more attractive area to live. A more competitive housing market can be seen as a positive sign of successful regeneration but this is also driving up rents and making it increasingly hard for lower income households to access private housing thus increasing homelessness. Although numbers are remaining fairly low, neighbouring Local Authorities and London Authorities continue to relocate homeless households to Hastings which is further compounding the problem of accessibility for local people.

3.13 Homeless acceptances have risen from 45 in 2009/10 to 138 in 2014/15 (Source: Hastings and St Leonards Homelessness Strategy 2016-2018.)

3.14 The Homelessness Strategy Strategic Priority 2 is to - *Improve access to good quality, well managed accommodation in the private rented sector.*

The key mechanisms for achieving this objective are:-

- *Improve joint working and support for private landlords*
 - *Continue to expand the social lettings agency*
 - *Improve the condition of accommodation through enforcement*
 - *Raise standards of management in private sector accommodation*
 - *Implement selective licencing and continue with additional and mandatory licencing*
 - *Address financial barriers to accessing accommodation*
- Ensure people have support to sustain tenancies*

3.15 Licensing has a positive role to play in preventing homelessness as proactive inspections and interventions act as a barrier between tenants and landlords and thus help prevent retaliatory evictions.

Housing Market – Prices and Affordability

3.16 Property values in Hastings remain below the regional average, despite growing quite rapidly in recent years as evidenced in the charts below. Even taking into account the lower prices there is an affordability gap as incomes are well below the regional average. Many households who are unable to buy are dependent on benefits or have income levels that are insufficient to maintain a mortgage. As a consequence owner occupation is unaffordable for many households on modest incomes and they depend upon access to privately rented accommodation as the only viable alternative to socially rented provision.

3.17 House prices in the four town centre wards are all currently below the Borough average. However average house prices do not take into account property size. A four bedroom detached house in one ward over two floors might seem pricier than a two bedroomed flat on the sea front, but there are often 5 or 6 flats in a single sea front property. Therefore absolute price levels are less relevant for comparison purposes than price growth over a period of time. The chart and graph below show average house prices across the four wards against the average price for Hastings as a whole.

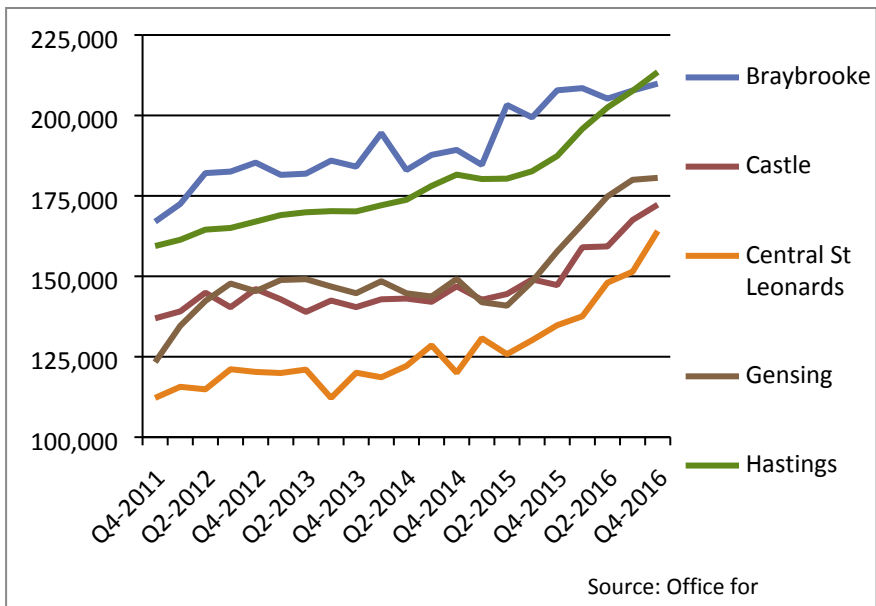
TABLE 2 AVERAGE HOUSE PRICE CHANGE % FIVE YEARS TO 4TH QUARTER 2016 SOURCE: HCS 2016

Ward	Average House Price (4th Quarter 2011)	Average House Price (4th Quarter 2016)	% change
All Hastings	159936	214799	+34%
Central St. Leonards	112210	164083	+46%
Castle	136931	172252	+25.8%
Gensing	123302	180605	+47%

Braybrooke	166979	209894	+ 26%
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3.18 It would appear that there has been a split between the different wards in terms of house price growth. The St Leonards wards have increased above the Hastings average whilst the Hastings wards have not kept pace with average price growth. There may be a number of reasons for this disparity including gentrification or the demand for more one and two bedroomed flats. Whatever the reason it is pleasing to note that HMO Licensing across the four wards has not caused house prices to decline as feared by some HMO landlords.

FIGURE 1 MEAN HOUSE PRICES - 4 WARDS V HASTINGS 2011-2016



Empty Homes

3.19 National policy is to bring vacant dwellings back into use to help both to ease the housing shortage and maximise the use of existing stock. Vacant dwellings can be difficult to identify and there are frequently problems in gaining access for surveys; however on the basis of the survey data it is possible to estimate that there are approximately 910 vacant dwellings in the study area, or 4.5% of the stock. The national average is approximately 4.3%. This is a welcome development as traditionally Hastings has above average levels of vacant dwellings and this improvement has been assisted by the use of targeted interventions, including advice, financial assistance, enforcement action and compulsory purchase orders.

3.20 Of these properties, the survey estimates that around 580 dwellings (2.9% of the overall stock) are long-term vacant (defined as any dwelling vacant for six months or more, or subject to unauthorised occupation). This figure will be subject to constant fluctuation and is affected by a small sample size making it less reliable. 1.6% of stock is short-term vacant.

The Housing Renewal Area

3.21 Central St Leonards is the most deprived area in the Borough and was designated as a Renewal Area in 2003. The aim was to improve unsatisfactory housing conditions,

employment prospects, social facilities and health to make Central St Leonards an area where people want to live, work and visit. The Renewal Area covers the whole of Central St Leonards ward and also some parts of Gensing ward to the North East and North West of Warrior Square station which have a high concentration of poor quality private rented housing.

- 3.22 A report on the work carried out in the Renewal Area in 2013 concluded that even though nearly 1,000 homes had been improved through enforcement, there were still an estimated 800 that failed basic housing standards and the area still has the highest number of empty homes in the town. As a result, the Renewal Area status has been extended until 2018.
- 3.23 Although much has been achieved since 2003 there is still more to do. Overall, Central St Leonards still compares poorly with other parts of the borough and the rest of the South East in respect of key indicators of deprivation; partners remain committed to continuing the social, economic and physical regeneration of the area.

The Coastal Space Project

- 3.24 The level of capital funding now available for regeneration and renewal projects is much reduced as a result of the government's deficit reduction plans. However, the Council and Optivo (previously Amicus Horizon) have pursued an innovative approach to combining the purchase and improvement of empty and privately owned property for rent with social and economic regeneration. The initiative was launched in 2013 and is known as the Coastal Space Project.
- 3.25 The project is currently in its second phase, which runs from 2016-18. The previous phase attracted support from the Homes and Communities Agency and there is an expectation that phase three will be supported financially by the Council and the South East Local Economic Partnership (SELEP) as well as Optivo.

Students

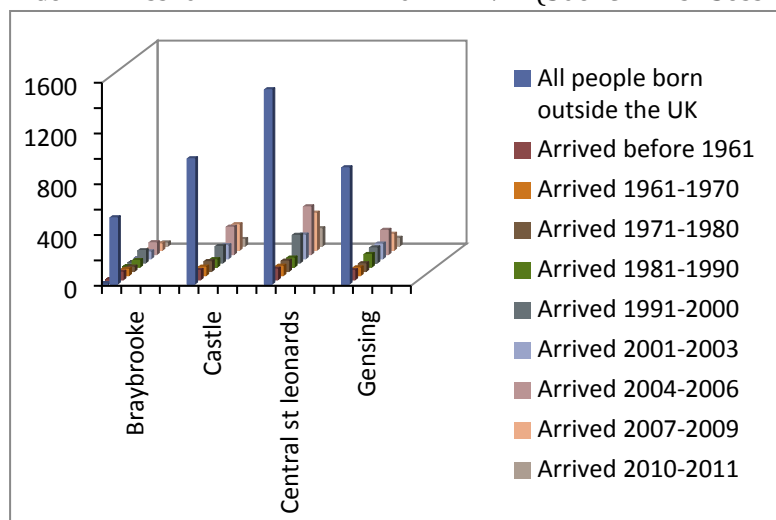
- 3.26 The decision by the University of Brighton to close the Hastings Campus will eventually result in the loss of 650 undergraduates to the town, which will have some bearing on the demand for HMO accommodation. Additionally the university is also giving up control of Robert Tressell Hall which will likely return to the private sector. Although some student courses will remain through Sussex Coast College the numbers are likely to be significantly lower. These spaces are likely to be filled by local residents accessing HMO accommodation or the properties may return to single family homes.

Migration

- 3.27 Estimates suggest that there were on average 504 new registrations from International Migrants between 2002 and 2009. In Central St Leonards in particular there is in effect a separate migrant housing market' that offers cheaper , easy access primarily HMO

accommodation, which is often poorer quality or overcrowded. The chart below shows the numbers of passports held by people born outside the UK.

FIGURE2 PASSPORT HELD BY YEAR OF ARRIVAL (SOURCE: EAST SUSSEX IN FIGURES)



3.28 Evidence suggests that the migrant housing market may be distorted by landlords/agents acting on the margins of the law in relation to exploitation and sometimes intimidation, as well as failure to licence and overcrowding etc. As a result migrants may fear cooperating with “the authorities” because they are worried about losing their accommodation. This is compounded by language difficulties.

Working with Landlords

3.29 The Council participates in and facilitates a Landlords Forum which is led by the National Landlords Association (NLA). This meets bi-annually and presentations are made which will support and inform Landlords who wish to participate. The Council has also previously secured funding for a dedicated officer to assist landlords with advice and guidance. Although the funding has now ceased, there is still a dedicated Rogue Landlord Hotline providing

- Advice on the correct procedure in serving notices and obtaining a legal eviction
- Breach of tenancy agreements
- Rent payments/rent arrears
- Advice on abandonment
- What to do if a tenant has damaged your property.

3.30 As a part of the previous Rogue Landlord Project the Council commissioned three on-line videos designed to assist Landlords with starting, managing and ending tenancies. These are available on the Council’s website.

Housing issues in the Proposed HMO licensing Area

Community Safety and Anti-Social Behaviour

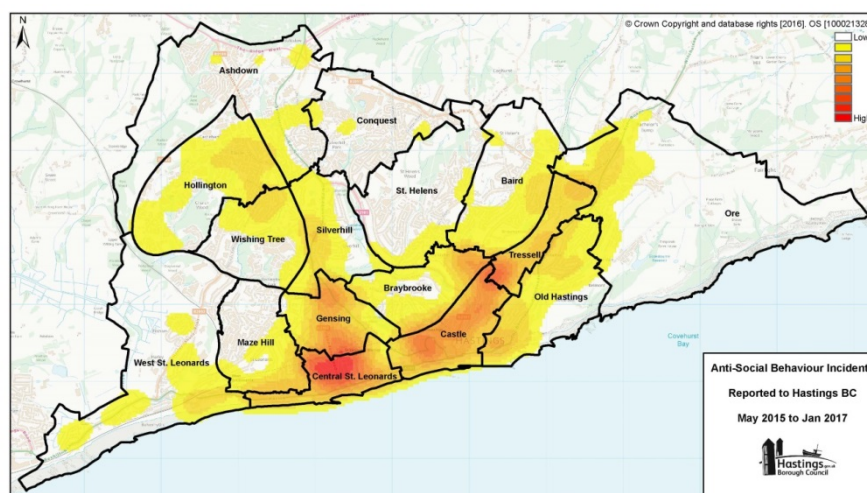
3.31 Nationally crime levels have been falling and this is also reflected in Hastings. Since 2002 crime has fallen from 14,000 to around 7500 incidents per year. Significant improvements have been achieved over recent year through the work of the Safer Hastings Partnership (SHP). This brings together a range of statutory partners to help tackle crime.

Anti-Social Behaviour

3.32 The number of recorded incidents of antisocial behaviour per thousand head of population for Hastings in 2014 -15 is 50. For Gensing ward it is 63, For Central St Leonard’s ward it is 93 and for Castle ward 137.

3.33 The heat map below shows reports of Anti-social behaviour reported to the Council across Hastings and St Leonards between May 2015 and Jan 2017. Although there is a greater concentration in the town centres, there are lower though still elevated pockets of ASB in some of the residential areas bordering the town centres. The wards with the highest levels of ASB are Castle and Central St Leonards with Gensing and Braybrooke having elevated levels in the more densely populated areas

FIGURE 3 ASB REPORTED ACROSS HASTINGS MAY 2015 JAN 2017



3.34 In July 2017 Hastings Borough Council launched a major initiative to crack down on litter and dog fouling in the borough following complaints from residents and visitors alike. The Council responded with a publicity campaign and by making it possible to report these issues online, 24 hours a day, 7 days a week. This was followed by the introduction of two Public Space Protection Orders to deal with dog fouling and anti-social behaviour.

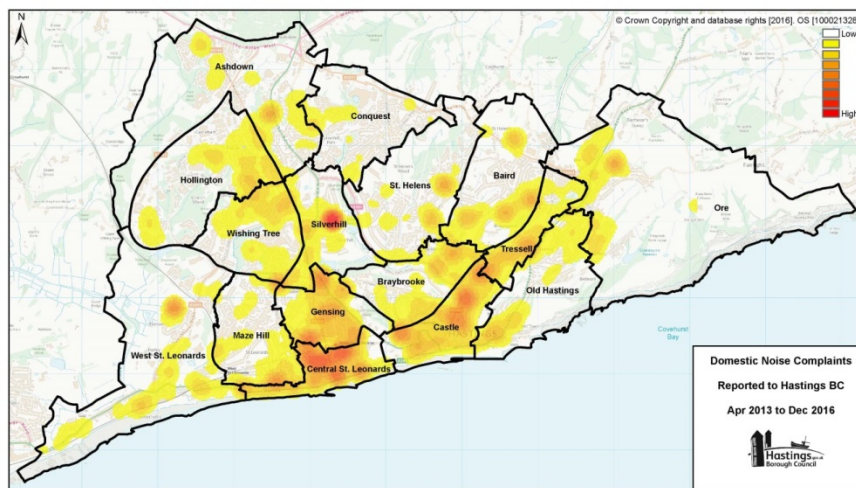
3.35 The anti –social behaviour order includes a borough wide ban on aggressive begging; borough wide requirement to surrender alcohol if requested to so because someone is causing nuisance/annoyance/disorder. Consumption of alcohol is banned in specified public spaces in the Old Town, Town Centre and Central St Leonards. Use of psychoactive substances is banned in specified public spaces within a zone covering much of the Old Town and lower part of the West Hill, the town centre and Central St. Leonards, plus the associated promenade, seafront and beach. General ASB such as shouting and screaming or

acting in such a way as to cause annoyance, alarm, harassment or distress, is banned in specified public spaces within a zone covering much of the Old Town and lower part of the West Hill, the town centre (Castle Ward) and Central St. Leonards, plus the associated promenade, seafront and beach.

Noise

- 3.36 Environmental Health data for noise complaints shows similar patterns to that of ASB with high concentrations in Castle, Gensing and Central St Leonards Wards.

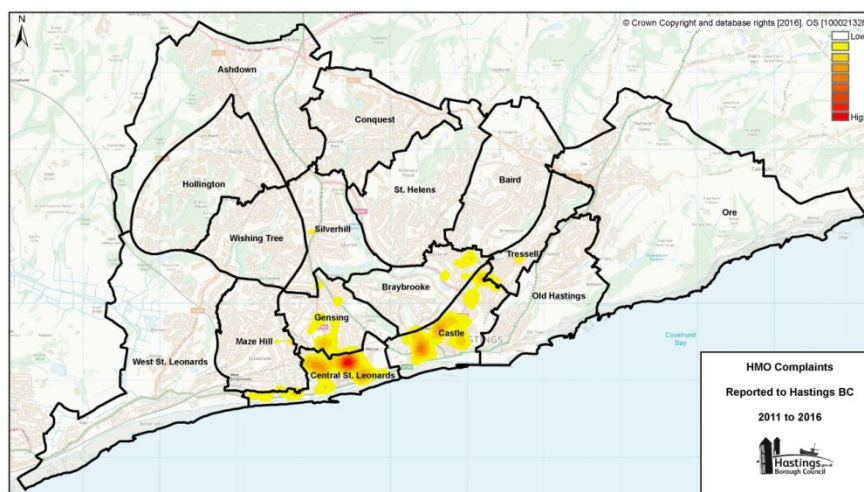
FIGURE 4 DOMESTIC NOISE COMPLAINTS APRIL 2013 –DEC 2016 (INTERNAL DATA)



HMO complaints

- 3.37 HMO complaints to the Housing Renewal team are almost exclusively within the four wards that made up the previous Additional HMO licensing area, supporting the reintroduction of licensing in these areas only.

FIGURE 5 HOUSING COMPLAINTS RELATING TO HMOs 2011-2016 – (HBC INTERNAL DATA)



Property management

- 3.38 The House Condition Survey (HCS) carried out in 2016 by Opinion Research Services (ORS) found that across the study area there were 720 Section 257 HMOs and 400 other HMOs. There were also 1400 other converted buildings which were not classified as HMOs. However as the criteria for being an HMO depends on the current occupation (certainly difficult to ascertain easily) it is highly likely that some of these properties are also section 257 HMOs.
- 3.39 When a dwelling which was privately rented was surveyed, a series of separate questions were asked of the tenants within the dwelling which covered questions about renting in the private rented sector. The findings in Table 3 generally indicate that while much of the privately rented sector is likely to be well managed, there are prevalent issues around landlords failing to carry out routine maintenance (only 64.9% fulfil this obligation) and failing to respond to problems in a reasonable time (only 78.3% do). In addition, there are further problems with giving notice before entering the property (only 78.2% give notice) and over a fifth (20.4%) of landlords do not secure their tenant’s deposit in a government backed tenancy deposit scheme (known as a TDP, required for all shorthold tenancies since 2007).

TABLE 3 ISSUES ARISING WITH PRIVATE SECTOR LANDLORDS (SOURCE: ADDITIONAL AND SELECTIVE LICENSING HSCS 2016)

Issues arising with private sector landlords	Private rented dwellings where household answered 'Yes'	
Is there a written tenancy agreement?	8,750	91.26%
Was deposit NOT protected under a government back deposit scheme?	1,180	20.37%
Does the landlord respond to problems in a reasonable time?	7,500	78.29%
Does the landlord have an emergency number?	8,180	85.41%
Does the landlord carry out routine maintenance?	6,220	64.89%
Does the landlord always give notice before entering the property?	7,500	78.22%
Is there a smoke alarm working and present?	7,480	82.61%

Fire Safety

- 3.40 Table 4 provides a breakdown of the extent to which fire safety measures were present. Figures are broken down between self-contained flats and HMOs.
- 3.41 Certain aspects of fire safety provision in private rented flats and HMOs in the study area could be considered as requiring improvement, with only 0.9% of self-contained flats having a fire blanket and 6% of HMOs having fire extinguishers present. However these are generally no longer requested by Fire Officers or the Local authority as they consider that it is generally better for residents to evacuate and call the fire brigade rather than stay and fight the fire thus exposing themselves to greater risk.

- 3.42 More positively, in the event of fire, 59% have an escape route free from obstructions (65% in self-contained flats but reducing to 42.6% in HMOs.). However this still means that 41% do not.

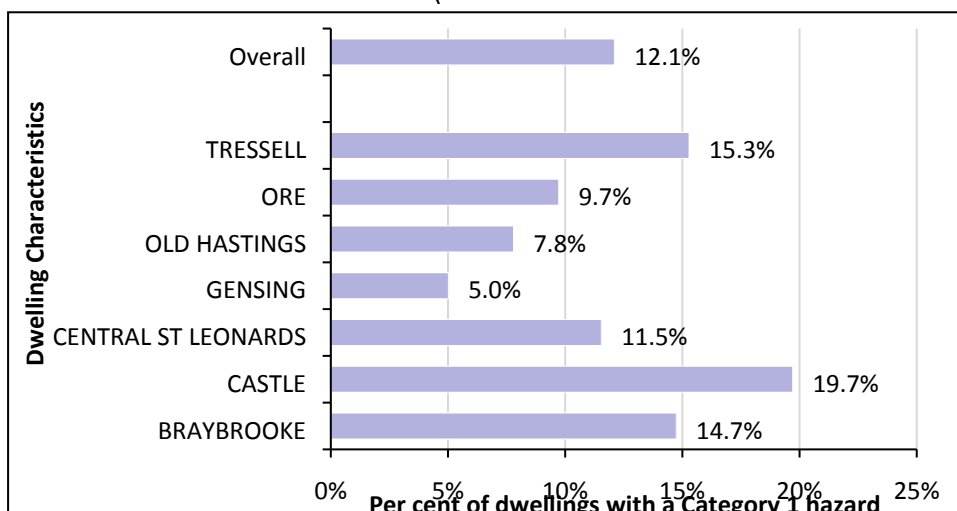
TABLE 4 FIRE SAFETY MEASURE (SOURCE: ADDITIONAL AND SELECTIVE LICENSING HSCS 2016)

Fire safety measure	Self-contained flats		HMOs		Overall	
	Count	Percentage	Count	Percentage	Count	Percentage
Fire safety notice	3,700	43.99%	1,040	33.65%	4,740	41.22%
Mains wired smoke detectors	3,800	45.22%	1,550	50.36%	5,360	46.60%
Safe practices	5,950	70.78%	670	21.73%	6,620	57.62%
Fire extinguishers	2,210	26.27%	190	6.14%	2,400	20.87%
Fire Blankets	70	0.88%	40	1.35%	120	1.00%
Emergency lighting	5,850	69.49%	1,930	62.73%	7,780	67.68%
Self-closing Doors	4,890	58.19%	1,360	44.07%	6,250	54.40%
Protected escape route	5,720	67.98%	1,370	44.53%	7,090	61.69%
Escape route free from obstruction	5,470	65.01%	1,310	42.60%	6,780	59.00%
Alternative escape route	1,770	21.07%	1,020	33.06%	2,790	24.29%
Sign Posting	2,580	30.65%	470	15.13%	3,040	26.49%

Hazards in Properties

- 3.43 Tackling Health and Safety hazards in homes is an important issue both in terms of the quality of the housing stock but also in terms of the contribution this makes to Health and Well Being. The obligation to do so is set out in law. The housing health and safety rating system (HHSRS) is a risk-based evaluation tool to help local authorities identify and protect against potential risks and hazards to health and safety from any deficiencies identified in dwellings. There are 29 different hazards which may require assessment. Hazards are categorised into Category one (most severe) or category two hazards. Where a category one hazard exists the Local authority is obliged to take some form of enforcement action. Where a category two hazard exists the local authority have a power but not a duty to take enforcement action.
- 3.44 The survey (figure 6) found that overall 12% of the stock in the study area contained a category one hazard. This compares to 13.2% nationally (English House Condition Survey)
- 3.45 Within the four Additional Licensing Wards there were high numbers of Category one hazards in Braybrooke 14.7% and Castle 19.7 % whereas Central St Leonards 11.5% and Gensing 5% were below the average.
- 3.46 The most prominent Category 1 hazards are excess cold and falls on stairs (8.9% and 3% respectively).

FIGURE 6 CATEGORY 1 HAZARDS BY AREA (SOURCE: ADDITIONAL AND SELECTIVE LICENSING HSCS 2016)



Decent Homes Standard

3.47 The Decent Homes Standard is a broad measure of housing condition which was introduced to ensure all public sector housing met a minimum standard by 2010. The percentage of vulnerable households in decent homes in the private sector has also been a focus for Government; whilst local authority targets were withdrawn following the Comprehensive Spending Review in 2007, the percentage has remained part of CLG's own Departmental Strategic Objectives (DSO2, 2.8).

3.48 Aside from governmental obligations and measures, the Decent Homes Standard has become the norm for measuring housing conditions and was analysed for this survey.

3.49 To meet the Standard a dwelling must achieve all four of the following criteria:

A	It meets the current statutory minimum standard for housing: At present, this means that it should not have a Category 1 hazard under the HHSRS
B	It is in a reasonable state of repair – has to have no old and defective major elements
C	It has reasonably modern facilities and services: Adequate bathroom, kitchen, common areas of flats and is not subject to undue noise
D	Provides a reasonable degree of thermal comfort – has effective insulation and efficient heating

3.50 The Survey estimates that around 5,200 dwellings in the study area fail the Decent Homes Standard and this is approximately 25.7% of all private sector dwellings. 1,302 dwellings (6.5%) fail on two criteria and around 533 dwellings (2.6%) fail on three or more criteria.

3.51 Within the study area; the most common reason for failure is having a poor degree of thermal comfort. This correlates closely with Category One hazards for excess cold as the two are interrelated in effect. Castle has the highest rate of non-decency of the studied wards (41.5%). Next highest were Central St Leonards and Braybrooke (both with 26.4%) with similar levels to the study area average of 25.7%.

4. The Consultation Process – Questionnaire Responses

Overview

- 4.1 As part of Hastings consultation on the proposal to introduce an additional licensing scheme for HMOs in Hastings a Consultation Report was prepared and made available on a dedicated webpage⁴ on the Hastings Online website. A condensed version was also provided.
- 4.2 In this consultation document readers would have found a detailed argument in support of the Council's reasons for introducing a new Additional Licensing Scheme together with the following
- A schedule of fees for additional licensing
 - Criteria by which licences would be issued
 - A proposed licence terms and conditions
 - Draft adopted standards for Houses in Multiple Occupation
- 4.3 Three Consultation Questionnaires were linked to the web page. Separate questionnaires were provided for landlords and agents; for tenants; for other householders, individuals and groups.
- 4.4 The consultation questionnaire included an introduction to the consultation, followed by questions which covered the following topics:
- Views on issues associated with HMOs
 - Views on, and support for, the Council's proposals for an additional licensing scheme
 - Views on the conditions proposed as part of the additional licensing scheme
 - Views on whether the proposed scheme will improve HMOs and help address some of the issues associated with them
 - The types of properties that should be included in the scheme
 - Whether the proposed scheme should cover all or only parts of Hastings
 - Profiling and demographic questions.
- 4.5 The open consultation questionnaire was designed by HBC using Survey Monkey software and made available online through the Council's dedicated website and the URL was also circulated on Council emails and on especially printed business cards. Letters from Housing Renewal were also printed with the URL link. Paper copies of the consultation document were made available in the two main council offices. The purpose of the consultation questionnaire was to provide feedback on the concerns and views of individual participants. Whilst the survey information is important, it is not an end in itself and is only a part of the overall consideration that must be made in deciding whether to implement a new scheme.
- 4.6 Of course, it is for HBC to determine the appropriate emphasis for different elements within the consultation, while bearing in mind that the outcome of the consultation should not be

⁴ http://www.hastings.gov.uk/my_council/consultations/hmo/

just a 'numbers' game. In other words, the question is not '*Which findings should determine our decision?*' but '*What evidence or considerations have emerged that should influence our deliberations about the proposed additional licensing scheme for HMOs in Hastings?*'

Questionnaire responses

- 4.7 The questionnaire was made available for respondents between 24th March 2017 and 9th June 2017 a period of 11 weeks.
- 4.8 Overall, 72 responses to the questionnaire were received by the Council by the end of the consultation period. There were 45 responses from Landlords or letting agents, 17 from owners or other interested parties and 10 from tenants. This is a low figure from which it would be unwise to extrapolate too much in the way of meaningful conclusions.
- 4.9 It is also likely that with a low response rate a few respondents will have a disproportionate effect on the results and the degree of confidence in the results is thus much lower.
- 4.10 Although there were some separate questions for the different groups it has been decided where possible to amalgamate the responses to form a single response. Where there are significant differences between the groups these are highlighted in the text
- 4.11 There may be a number of reasons why the response rate was low. It is possible that because the scheme had much lower fees than before that the landlords who read the review decided that it was not going to impose such a large burden on them. It was noteworthy that the National Landlords Association whilst not endorsing Additional HMO licensing did not object to the scheme which they had done with previous scheme. It may also be true that hostility to the original scheme has abated since landlords are aware of the implications and requirements. The final matter which may have impinged directly on the consultation was that the consultation period coincided with a General Election campaign which was called shortly after the start of the consultation.

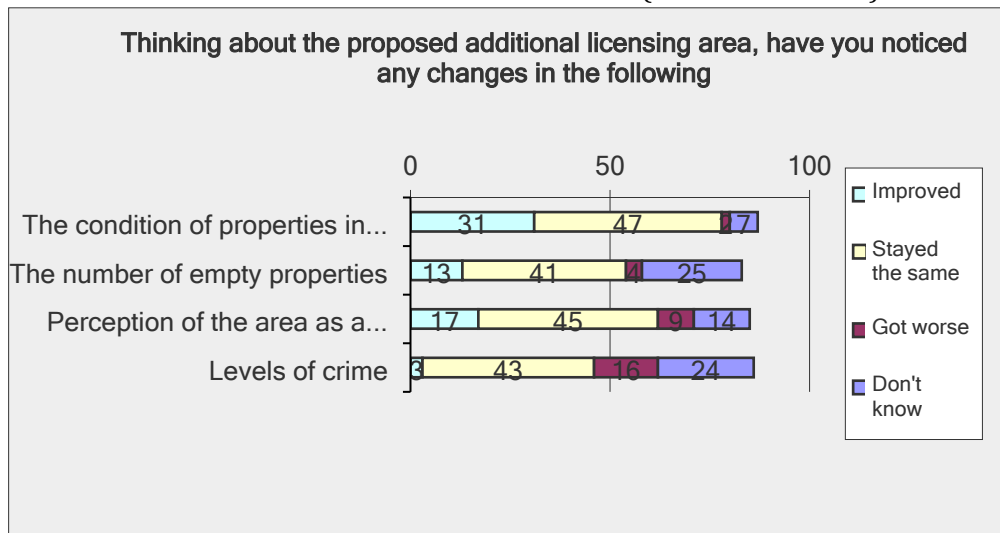
Overall Summary

- 70% of tenants who responded supported further additional licensing.
 - 73% of landlords were opposed to a further additional licensing scheme with only 16% being in favour.
 - Overall only a third of respondents in favour of extending HMO licensing.
 - 75% of landlords wanted bedsit HMOs to be included in any new HMO licensing scheme.
- 4.12 There were more respondents in favour of extending the scheme boundaries than there were in favour of restricting the boundaries. Even amongst Landlords fewer than 30% wanted the area restricted and there was little support for removing Braybrooke from the scheme. Some landlords wanted all HMOs to be included as this they saw as fairer.

- 4.13 There was general support for licence fees based on specific factors. Only the suggestions that fees should be related to the energy efficiency of the HMO and that all properties should be managed by fully qualified property professionals received less than 50% support.
- 4.14 60% of respondents support the Council's suggestion that shorter licences be given to landlords who rent out sub-standard properties. Landlords generally supported this proposition with only 29% being against variable length licences.

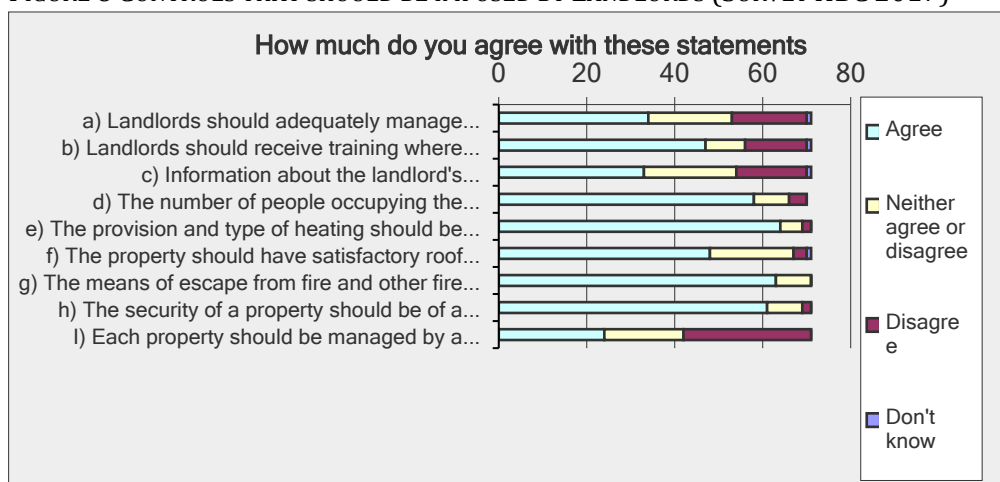
Grouped Responses

FIGURE 7 PERCEPTION OF THE AREA AS A PLACE TO RENT (SURVEY HBC 2017)



- 4.15 There was general agreement that the condition of the properties in the area had improved; there were fewer empty properties and that the perception of the area as a place to rent had improved. There was a perception that crime levels had got slightly worse though a quarter of respondent didn't know either way

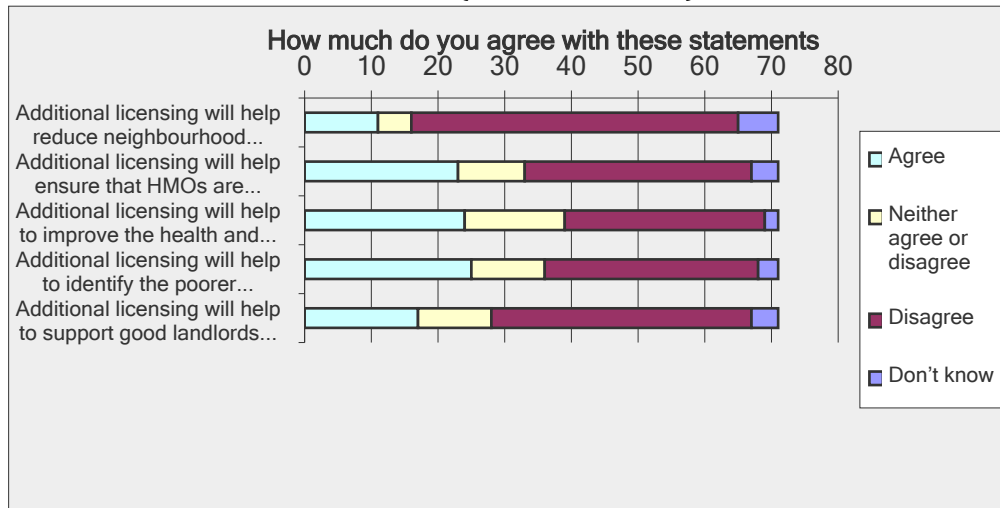
FIGURE 8 CONTROLS THAT SHOULD BE IMPOSED BY LANDLORDS (SURVEY HBC 2017)



- 4.16 There was a general overall agreement that landlords were responsible for matters which impacted on their tenants. There was strong agreement around levels of occupation, fire

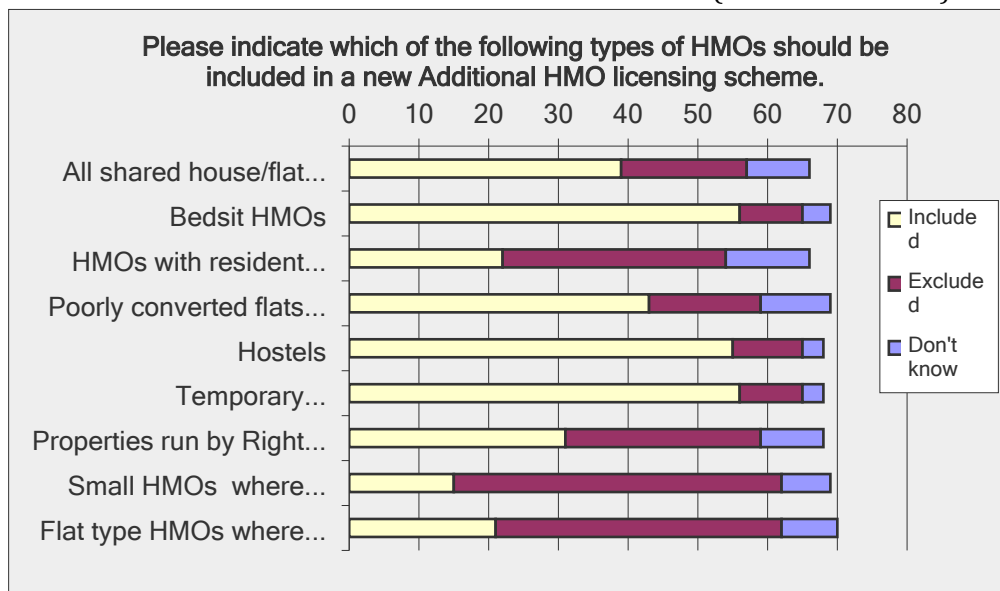
precautions, suitable heating and security. There was less support for other matters and lowest support for the involvement of fully qualified property professionals. This is perhaps not surprising as only 6 letting/property management agents responded to the survey.

FIGURE 9 BENEFITS OF HMO LICENSING (SURVEY HBC 2017)



4.17 Respondents generally did not believe HMO licensing would reduce neighbourhood problems, improve maintenance of HMOs or help identify poorly performing landlords. More respondents disagreed with the statement “that HMO licensing would help to improve the health and safety of tenants living in HMOs” than agreed with it.

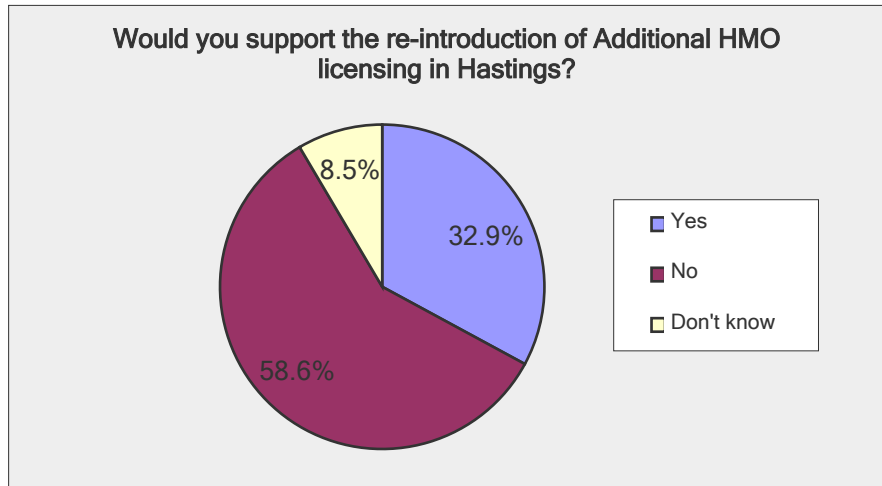
FIGURE 10 TYPES OF HMOs TO BE INCLUDED IN A NEW SCHEME (SURVEY HBC 2017)



4.18 There was quite a wide variation in responses to this question with some respondents supporting the Councils suggestion that smaller two flat HMOs might be removed from licensing or flat type HMOs where there were no common parts. Perhaps surprisingly there was little support for removing other shared house HMOs and bedsits. There was more support for licensing bedsit type HMOs than there was for section 257 flat conversions which are the subject of the consultation. This may be because respondents saw bedsits as being

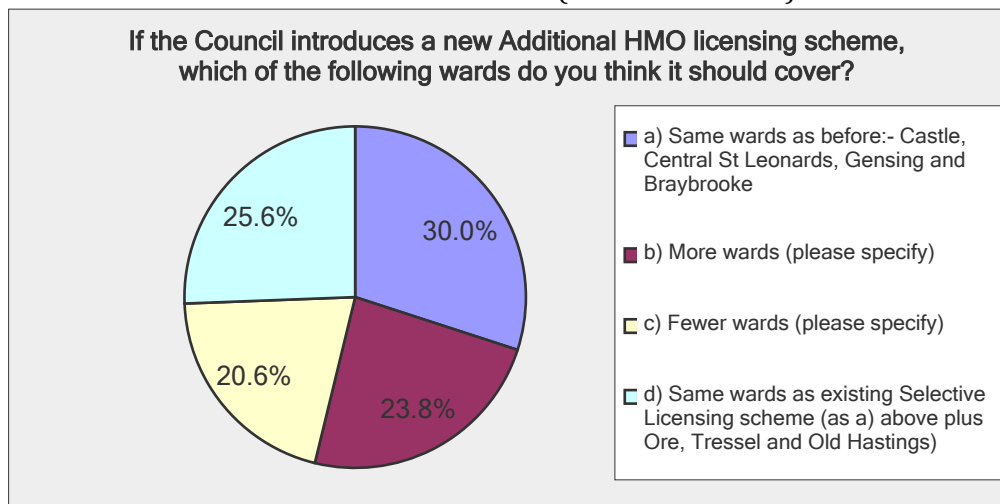
more representative of HMO accommodation even though in Hastings it only makes up a relatively small part of the HMO stock. Temporary accommodation and hostels also featured highly on the licensing wish list. Landlords were particularly keen to see these other HMOs licensed.

FIGURE 11 SUPPORT FOR FURTHER ADDITIONAL LICENSING (SURVEY HBC 2017)



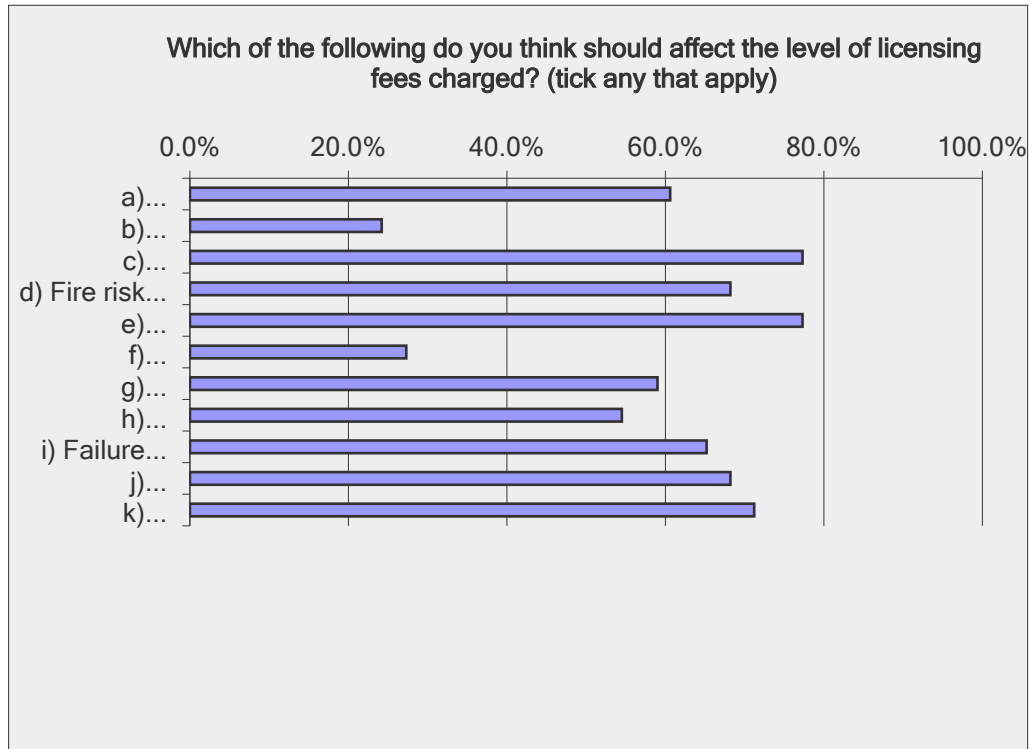
4.19 Landlords were generally not in favour of further Additional HMO Licensing, although tenants and other groups were broadly in favour.

FIGURE 12 WHICH WARDS SHOULD BE LICENSED? (SURVEY HBC 2017)



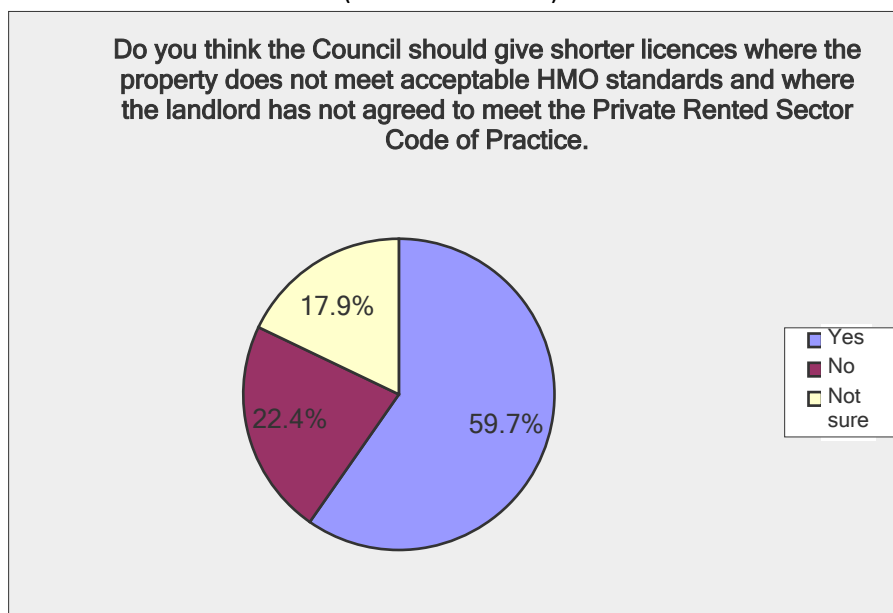
4.20 Responses to this question were more evenly divided with more respondents wanting to extend the scheme than to restrict it to a smaller area. The largest majority 30% wanted to keep the areas as previously whilst a further 24 % wanted to extend it to the same wards as the Selective Licensing scheme. There were a few suggestions for removing wards or adding wards but most comments related to either not having a scheme at all or suggesting that it cover the whole district. There was no particular support for removing Braybrooke ward from the scheme as highlighted in the main report.

FIGURE13 FACTORS TO CONSIDER IN SETTING LICENSING FEES (SURVEY HBC 2017)



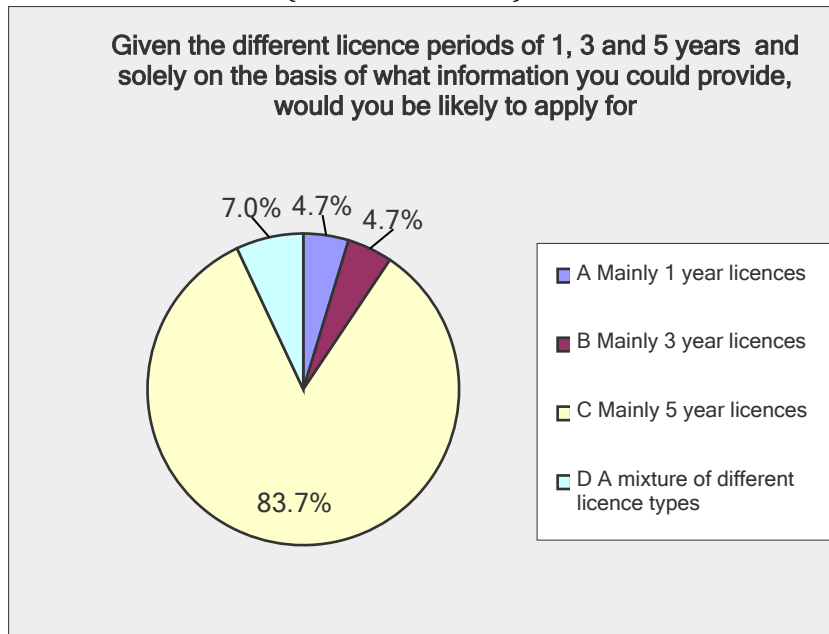
4.21 There was general support for most of the suggestions made by the Council as to what factors should affect the level of fees imposed. Absence of serious hazards, fully functioning fire alarms and a fire risk assessment scored highly as determining factors in setting a fee. There was much less support for Energy Efficiency and having suitably qualified Managing Agents. The latter may have been influenced by the perception that the Council was requiring the appointment of Managing Agents for all properties rather than the requirement that agents should be fully qualified.

FIGURE 14 LENGTH OF LICENCES (SURVEY HBC 2017)



4.22 There was broad support from all groups that the Council should give shorter licences where properties were non-compliant. Less than 25% of respondents thought this was inappropriate. It should be noted however that respondents would generally be persons who were informed and in the case of Landlords already engaged with the Council. The support for the Councils fee proposal is nevertheless encouraging.

FIGURE 15 LICENCE MIX (SURVEY HBC 2017)



4.23 The vast majority of respondent landlords though they would be applying for five year licences with only about 10% indicating that they would go for 1 or 3 year licences. This is encouraging but may again be statistically skewed by the fact that the Landlords who responded are more likely to be engaged with the Council.

Individual Comments

4.24 Specific Comments made by landlords are included as Table 5 below. Because many of the comments were duplicated we have listed the principal concerns below with a short comment in response:-

TABLE 5 COMMENTS MADE IN ONLINE CONSULTATION RESPONSE. (SURVEY HBC 2017)

No.	Comment	Response
1	Tenants will pick up the bill for licensing	No evidence from last scheme that average rents increased due to licensing fees above that of surrounding areas
2	Scheme is a cash cow for the Council	Scheme is designed to break even, not make a profit. The fees have been reduced from previous scheme to reduce impact on landlords and tenants and to take into account the new online application process.
3	I already have a Selective Licence why do I need an HMO licence	Selective licences control the unit of accommodation not the common parts of blocks. HMO licences are much more wide

		ranging and include stairways, hallways, gardens, roofs and the means of escape from the building none of which are controlled by Selective licensing.
4	Discounts should be offered for 2 nd /3rd property	Discounts to one landlord would mean a fee increase to another landlord as fees would have to rise overall.
5	Why can't licences be transferred or there be reduced fees for new licence holders	We are not allowed to transfer licence as the licence is specific to the licence holder. We are considering allowing new licence holders the full range of 1, 3 and 5 year licences.
6	Don't trust Council to run the scheme properly	
7	Licensing is a Disincentive to rent out properties	The Council believes that licensing sets a level playing field for all landlords. The disincentive to rent out should only be felt by landlords with poorer properties
8	Bad landlords will get away with it whilst good ones will licence.	Previous experience showed that there are some good landlords and some bad landlords but also a number of poor landlords who tried to evade controls and were slow to license. The Council is actively pursuing poor landlords
9	Why doesn't the Council enforce against socially owned housing and HMOs	Social Housing is excluded from the definition of HMO for licensing purposes therefore we cannot license such properties.
10	The Council needs to remember that Local Housing Allowance is frozen whilst rents are increasing significantly thereby contributing to the housing problems of the town. Why does the Council continue to allow landlords who do not comply with licensing etc. to take tenants who receive Local Housing Allowance and are often the most vulnerable in society?	The Local Housing Allowance is not controlled by the Local Authority. Rent levels are set by landlords. Legally we cannot withhold HB and it is paid to the tenant not the Landlord. Failure to licence in future may result in rent repayment orders whereby HB has to be repaid
11	I don't see why I should have to pay for HMO licence when I don't rent out my flat	As a resident leaseholder it is normal practice that you contribute to the expenses of maintaining the building. This would include a shared portion of the cost of the HMO licence
12	I own a house on St Helens Rd, which has been converted into 2 flats. I live in the top flat with a lodger and rent out the self-contained bottom flat. Under the proposed and previous schemes which say a property must be at least 2/3 owner occupied, my property will always be an HMO, even if just one other person lives in the flat downstairs - this seems grossly unfair!	Yes national legislation means this building is an HMO. If you separate the two flats to Building regulation standards then it would cease to be an HMO. The Council is proposing to exempt two flat HMOs from the scheme.

<p>13 The appointment of professional managing agents does to guarantee any improvement in standards.</p>	<p>Evidence would suggest that fully qualified managing agents will if given adequate resources maintain premises to a high standard.</p>
<p>14 There should be a way in which tenants / professionals working with tenants can report bad practice that should then be recorded and investigated. E.g. a landlord can have a license but harass and unlawfully evict a tenant and if no legal action is taken the landlord keeps their license.</p>	<p>The Council has a direct reporting mechanism for Rogue Landlords via its website.</p>
<p>15 Support needs to be made readily available to landlords who have anti-social tenants. This should be from the police and local council.</p>	
<p>16 My rent will increase (tenant)</p>	<p>Whilst the Council cannot guarantee that some costs will not be passed on the previous scheme did not appear to inflate rent levels. The average monthly rent level for a one bedroom flat in Hastings in 2015/16 was £450 (Valuation office) Local Housing Allowance rates between 2011 and 2016 did not rise significantly indicating that costs may not have been passed onto tenants</p>

Written Representations

4.25 Two written representations were received one from a landlord, one from a chartered surveyor and three emails were received from two landlords and a managing agent.

4.26 Many of the issues raised are those previously highlighted above. Some of the individual comments made about the consultation or the proposals are listed below in italics. The Councils response (if any) follows:-

- Respondent suggests that as the Crime ASB and Noise Heat maps indicate lower levels of activity in Braybrooke, this area should be excluded.*
 Comment: Whilst it is accepted that some areas have lower ASB than others, ASB and Crime are not the only indicators of poorly managed properties.
- Notes that rents are low but comments that cost of upkeep of buildings is high because of need to scaffold and redecorate every 5 years. Conservation areas should allow buildings that are not listed to install appropriate UPVC windows, take down disused chimneys and apply thermal insulation to walls and ceilings in order to achieve EPC levels of E or above at reasonable costs. Council needs to support landlords in upgrading properties.*

Comment: The Council Conservation team advises that in many cases changes can be made without destroying the fabric of the original. This could include secondary internal glazing and draught proofing. Installing gas fired boilers will significantly improve the EPC levels without the need for external insulation.

- *.... was shocked to find that the council is 'cherry picking' only properties that do not comply with the 1991 building regulations due to their age and when they were converted in to flats
...in our case 1850 and 1985 respectively.*

Comment: There is more flat type HMOs than bedsit HMOs in the Hastings Central wards. Larger bedsit HMOs fall within mandatory licensing. The original intention was to concentrate on Section 257 HMOs as the Govt. was going to extend HMO licensing to smaller HMOs. This may now not occur so the council will revisit this proposal.

- *Many flats are owned and rented with minimal financial profit or used as second homes and thus remain empty causing further problems to the building as a whole, not necessarily the fault of the FH or within their remit to resolve? Improvements to older properties can be extremely expensive and even though there may be clauses in the lease to pass on these costs to LH's in the service charges, this can ultimately cause financial burden to the LH, including owner/occupiers within the building. There is very little funding available now and/or usually have benefits tied criteria or limited catchment areas. Focusing on an improvement/regeneration scheme for all would encourage LL's to come forward and seek assistance and guidance on how to improve and properly self-manage their properties*

Comment: Leaseholders need to accept that certain costs are associated with buying a flat. These include the communal cost of maintaining the common parts. If the common parts are in disrepair this is likely to reduce the value of the flat proportionally. The Council has already completed a 10 year Regeneration scheme in St Leonards. However revenue funding for such schemes is not currently available and external grant schemes do not cover this type of work.

- *According to the stats for deprivation, fuel poverty, anti-social behaviour etc. these are for all sectors of housing, not just the PRS so how can these correlate to the need for additional HMO licensing? Licensing does not necessarily tackle the issues and Landlords being left to prove breach of tenancy for anti-social behaviour is not easy and often only leads to a court issuing a suspension of possession, continuing an already broken down contractual relationship, a continuation of said concerns and draining yet more resources from both the Landlords and related authorities. The local authorities and police have enforcement rights that could be more effective whether a licensable area/property or not.*

Comment: We highlight in the consultation document that 9 of the areas of greatest deprivation in Hastings are in the 4 wards that make up the proposed additional HMO licensing area. These areas have much higher levels of private renting (over

50% in some areas) and therefore the presumption of a link between is we believe valid.

- *Costs for properties dropped into new ward boundaries will be higher than before as no early bird/discounted fees and cannot get 3/5 year licence at £360 as no history of licence – one year at £360 is again penalising Landlords for something not within their remit prior.*

Comment: Agreed. We may consider revising these proposals to allow new landlords (no previous relationship to unlicensed properties) to apply for the full range of licences.

- *You state the requirement for another licensing scheme is not all about disrepair and HHSRS but to focus on anti-social behaviour and overcrowding issues still prevalent – it is unfair to assume these are caused by FH's and HMO mismanagement - surely this highlights it is predominantly an occupier problem and additional HMO licensing does not resolve this. The council should look into other avenues to assist Landlords and the neighbourhood rather than spread their resources on yet another licensing scheme that cannot be fulfilled completely.*

Comment: Evidence would suggest that in blocks of flats that the management plays a key role in preventing ASB. If the block is insecure (and many are) it encourages unwelcome visitors and damage to the common parts. Once the intercom stops working, doors start getting forced and/or friends of tenants start shouting to be let in. This is less of a problem in owner occupied blocks.

5. Consultation Meetings and Review

Overview

- 5.1 The council organised two public meetings one in Hastings and one in St Leonards to explain the licensing proposals and these were promoted on our website. The Consultation period also coincided with a Landlords Forum organised by the NLA at which the Council provided a speaker to explain the proposals for the new additional licensing scheme.
- 5.2 The first evening meeting held at the Council offices was poorly attended with no more than ten people turning up. A presentation was given and those landlords in attendance asked questions about the scheme. The second meeting was no better attended possibly due to the fact that it followed a week after the Landlords Forum but some attendees had been to both as they had not been able to ask questions at the Landlords Forum. Each meeting lasted over two hours and included rigorous and considered discussions of the Council's proposals, so the relevant issues were scrutinised in detail. Participants were doubtful about the introduction of additional licensing, but they listened with interest to the Council's reasons for its proposals (which focused on the need to improve the management, health and safety, and quality of private rented accommodation in multiple occupation). The meetings were successful in allowing wide ranging debate in which some important issues were identified for consideration by the Council. Participants were able to express their opinions freely and highlight areas on which they required clarification, as well as making a number of suggestions for the Council to consider.
- 5.3 The Landlords forum was a much more lively debate attended by over a 100 landlords. Due to the size of the audience and the limited time for questions given that there several speakers, few members of the audience were able to ask pertinent questions. There was an underlying anger with the Council for reintroducing HMO licensing at the same time that Selective licensing was taking place on the same properties.

Discussion agenda

- 5.4 The Council's introductory presentation included the following elements:
- The difference between existing mandatory licensing for HMOs and additional and selective licensing
 - The types of properties covered by the Council's proposals – that is, the scope of the Council's scheme, which (in discussion) was said to encompass about 1,000 properties in some form of multiple occupation in four town centre wards in the borough
 - The distribution of HMOs and the data the Council has gathered on complaints and other issues.
 - The levels of deprivation across the wards.
 - The outcomes of the house condition survey
 - The Council's priorities in bringing forward its proposals – to improve the management, health and safety and quality of private rented properties in multiple occupation

- Reasons for the scheme covering parts of the Borough.
- Costs of licences and the rationale for introducing variable length licences.
- Mandatory and discretionary licensing conditions.

5.5 Following the presentation, these and many other issues were reviewed in detailed questions and discussion. These notes combine the outputs from the two meetings and the landlords forum without differentiation, since the issues raised were similar in each meeting even if the tone was slightly different.

Key findings

The Council's (under-) use of its existing powers

- 5.6 Many participants were keen for the Council to pursue 'rogue' HMO landlords, and felt that this was not being done effectively under the Council's previous additional licensing scheme. Therefore, they were sceptical that a renewed scheme would be any more effective in practice. They seemed to think the Council should demonstrate its effectiveness in a more limited sphere before extending its remit to a much wider range of HMOs.
- 5.7 Landlords were also critical of the Council's failure to identify and pursue unlicensed HMOs and they particularly complained about the very small number of prosecutions in recent years. The Council responded that several prosecutions had been taken, but that these were not always fully reported in the press.

Scope of the new proposals

- 5.8 The Council's presentation explained how the length of licences would be determined by the conditions in the HMO and the management arrangements for the premises. Despite the perceived benefits of longer licences some landlords felt that freehold owners might just apply for one year licences and pass the costs onto the leaseholders. Some Landlords were keen that no one received more than a single one year licence. There was some confusion over whether properties with selective licences would also require HMO licences and it was explained that where HMO licence holders also held selectively licensed flats within the building then those flats would be passported over into the HMO licence.
- 5.9 There was the widespread belief that the Council was "milking" landlords for both Selective and HMO licensing fees although some Landlords were under the misapprehension that Selective licences also covered the common parts of buildings which is incorrect.
- 5.10 Nonetheless, the landlords in both forums seemed unsure of exactly what properties would be covered and how borderline cases would be classified: they were concerned about the possible ambiguities and uncertainties. This is an important issue, since the Council will be running Additional and Selective licences in the same areas. There was criticism of the Council at the Landlords Forum for not enforcing against Council/Housing Association properties. Landlords seemed unaware that Housing Associations were regulated differently to the PRS and that they were specifically exempted from HMO licensing.

- 5.11 There were worries that licensing would both penalise responsible landlords (who would readily register) while giving rogue landlords a big commercial advantage, insofar as their tenants would pay less and the landlords would have lower costs. They also said that being licensed and formally classified as an HMO could affect the mortgages on their properties adversely.

Administration of the Scheme

- 5.12 There was a focus on red tape and data management and why we were asking people to provide information we already have. e.g. from selective licence information or the previous additional licensing scheme. It was also suggested that the teams should work together to collate this information rather than put the burden on the landlords to provide this information again.

Possible consequences of additional licensing

- 5.13 Overall, the landlords' forums were convinced that poor landlords would evade additional licensing, whereas the good landlords would conform and be penalised. In this context, they thought that additional licensing would have undesirable unintended consequences. In particular, they said that the licence fees and the additional costs of complying with the conditions of licences would force landlords to raise their rents, to the particular disadvantage of poorer tenants. Landlords also said that there were other factors such as changes to tax legislation and Universal credit that were also acting as disincentives to invest. In this context, the forum landlords also pointed out that mortgage interest is no longer tax deductible and other tax allowances for landlords have been significantly reduced – thus adding yet further burdens on landlords and their tenants.
- 5.14 Some landlords said that an unintended consequence of additional licensing might be that landlords would reduce their lettings or withdraw from the market altogether.

Charges and penalties

- 5.15 There appeared to be reasonable support for the proposal for longer licences in exchange for higher standards but some leaseholders were concerned about costs being passed on by block owners.

Balance of opinion

- 5.16 None of the landlords simply rejected additional licensing on 'ideological' grounds, as an objectionable interference with the operation of the free housing market. Rather they engaged deliberately to scrutinise the Council's proposals and offer contrary arguments. The parallel Additional and Selective Licensing regimes came in for some criticism primarily because they identify the same properties, whereas traditional shared house HMOs may escape licensing altogether.

- 5.17 Overall, there was scepticism about the Council's ability to licence all HMOs and in identifying those who had previously not licensed.
- 5.18 On these and other grounds also outlined above the two consultation meetings and the Landlords forum were strongly opposed to the introduction of additional licensing. Above all, they felt the Council should use its existing powers effectively to pursue rogue HMO owners rather than embarking on a further scheme.

6. Delivery and Enforcement

Outcomes from Previous Schemes

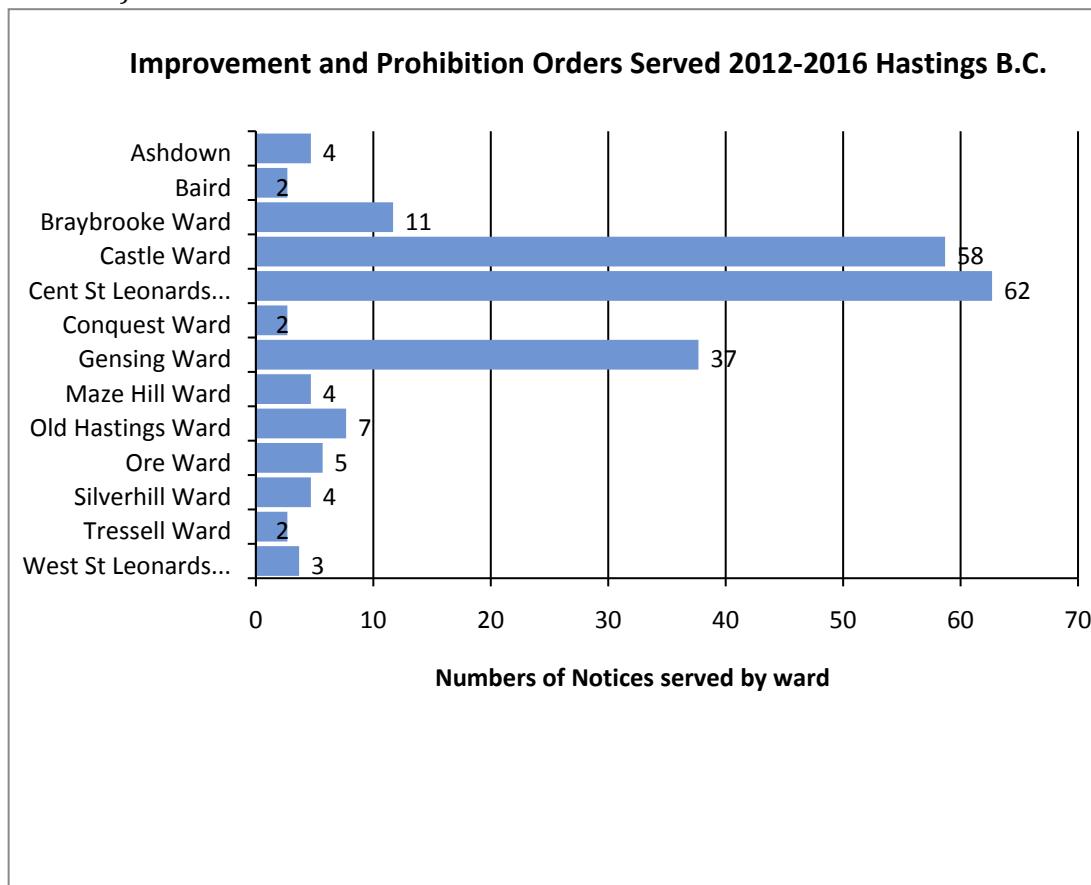
- 6.1 A number of legislative tools have been used to improve housing in the four wards. The previous Additional HMO licensing scheme which ran from 2011 to 2016 licensed over 800 buildings mainly multi flat HMOS so the effective numbers of flats improved will run into the low thousands.
- 6.2 Of the initial licence applications received, only 1% of the properties complied with the standards adopted by the Council in respect of amenity and fire safety standards. The other 99% of properties were deficient in some way, as follows:
- 72% of HMOs lacked suitable automatic fire detection and alarm systems.
 - 46% of HMOs lacked emergency lighting installations in the common parts.
 - 88% of HMOs lacked a complete and satisfactory means of escape in case of fire.
- 6.3 An exit review of the previous Additional HMO licensing scheme highlighted that upon completion of the scheme 881 HMO licences had been issued. The review demonstrated that the 2011 Additional HMO Licensing Scheme was highly successful when set against the review objectives established at the inception of the scheme.
- 6.4 The licensing regime has revealed that even responsible landlords and freeholders who have willingly submitted licence applications were just as likely to have properties that are substandard and need improvement as those criminal landlords who operate without the requisite licence. This was much greater than was originally predicted.
- 6.5 Although numbers of licences issued have been less than originally projected, a significant number of the HMOs have been licensed (80% of those in the 4 wards). Landlords and freeholders have, as a consequence, been required to take action to improve conditions, improve and/or maintain management and ensure that where applicable proper tenancy arrangements were made within HMO's. The significance of this should not be underestimated and will have resulted in considerable investment being made in respect of those properties that failed to reach basic legal requirements and standards. For instance the exit review highlights that throughout the lifetime of the scheme 465 HMO's were improved, in the main this has been the installation of fire detection, emergency lighting and suitable means of escape in the event of fire. The estimated average cost of such an installation is £ 4,000; this equates to over £ 1.8 million of private investment in the 4 wards. The direct impact upon the lives of those tenants occupying substandard properties is not easy to qualify, but it will have been considerable. This is particularly important given the number of vulnerable tenants occupying some of the worst HMOs, where fire safety is a particular concern. Up to July 2012 it was relatively easy to convert C3 (residential) dwellings to C4 (HMOs) although this change of use is now controlled by an article 4 directive, which is administered under Planning legislation. Additional licensing would give the Council

stronger powers to prevent non-compliant or criminal landlords from operating HMOs in the area.

6.6 Furthermore the Housing Renewal Team undertake about 800 Housing interventions a year based on the number of complaints received by the team. Of these about 62% directly relate to properties within the four wards of the proposed additional licensing area demonstrating that the bulk of the housing complaint work originates in the Victorian terraces of central Hastings and St Leonards.

6.7 Where landlords have failed to comply with reasonable requests to improve or maintain properties then the Council has taken formal action to improve dwelling conditions. Figure 16 below shows the number of intervention undertaken in the 4 wards using powers contained in the Housing Act 2004. This highlights the increased level of enforcement activity in the town centre wards

FIGURE 16 IMPROVEMENT AND PROHIBITION NOTICES SERVED ALL WARDS 2012 -2016 (HBC INTERNAL)



6.8 There have been a number of high profile prosecutions including five figure fines for some landlords. The largest awarded was £28,000. The council has been heavily involved in the renovation of Warrior House in Warrior Square and it was pressure from the council using Improvement Notices and the issue of legal proceedings that encouraged the freeholders to commit to the complete renovation of the building. The work has been completed to a high

standard and the building which stands in a prominent position is a beacon to what can be achieved given the right approach. It also shows confidence in the area as a place to live.

Delivery of the Scheme

- 6.9 If agreement is obtained from Council to implement a new scheme it is anticipated that a new scheme could start in February 2018. The council must by law give formal notification with a minimum of three months' notice after which the scheme becomes live. There will be a further 4 months grace period for landlords to get their applications submitted after which there will be full enforcement of the scheme.
- 6.10 Licence applications will be made on line to assist in the efficiency of issuing licences. It is the intention to deal with all licence applications within 3 months of receipt. Once granted, compliance with the conditions of the licence will be checked on a risk assessed basis. Those with five year licences will normally be subject to paper checks whilst those with one year licences will be subject to full physical inspection.
- 6.11 Compliance action will be taken against Landlords who fail to licence and those who do licence but breach licence conditions in the future. A risk assessment approach will be taken. Hastings BC will target the poorer Landlords using a risk assessment based on existing knowledge of the property and the landlord's history of compliance.
- 6.12 HMO licensing should not be seen in isolation; although it is central to the local authorities desire to improve the private rented sector. There are a number of other means by which Local Authorities can control the Private Rented Sector. Consequent to the growth of the private rented sector to encompass a wider range of tenants there has been a clamour from tenants for greater protection of their rights in the private rented sector. Not only has there been new legislation to outlaw letting fees for tenants but also several new pieces of legislation which are complimentary or directly impact on the HMO Licensing regime. The Government have recently consulted on extending mandatory HMO licensing to all 5 person HMOs irrespective of the number of stories although indications are that this will specifically exclude 257 HMOs. The Government in the Housing and Planning Act 2016 has also introduced stringent requirements in respect of rent repayment orders, introduced Civil Penalties for offences including HMO licensing offences and is proposing banning orders and a register of rogue landlords at a future date. The power to apply for Interim Management Orders (IMOs) and Final Management Orders (FMOs) has been made more attractive as the Local Authority can keep all the rental income.

Resources

- 6.13 The operation of the scheme will be funded through the revenue raised from the fees collected, which provisional estimates income of approximately £ 948,000 over the five years of the project (this equates to 75% of the total number of estimated HMO's in the area being licenced). This figure is based on the likely number of the different type of licences. It may also be the case that for various reasons that a number of licensable HMOs may vary

depending on the occupation. Where leaseholders move into a property then its status as an HMO may change.

- 6.14 All income is ring-fenced meaning it can only be used for this project and not for any other reason. Staffing will be from within the existing team with additional resources as necessary to cover peak demand.

7. Options Appraisal

Introduction

7.1 As part of the decision to introduce an Additional HMO licensing scheme the local authority must consider whether there are any other courses of action available that might provide an effective method of securing what the designation is intended to achieve and that making that designation will significantly assist them to achieve the scheme's objectives.

7.2 One method of evaluating competing courses of action is that of options appraisal. The options appraisal process seeks to examine a range of options which could be undertaken as an alternative to the proposed option namely discretionary additional licensing. Formal options appraisal was carried out for the previous scheme and a scored and weighted appraisal indicated that area based Additional licensing was by far the most effective option ranking twice as highly as the next nearest option. In reality this is not unsurprising as the relevant sections of the Housing Act 2004 were written specifically with a view to allowing local authorities to deal with HMOs which fell outside the Mandatory HMO licensing scheme.

7.3 A total of 5 options for tackling substandard and "problem" HMOs in the Borough were identified. They are:

- **Statutory Powers only**

This is the default "carry on as we are" scenario. It envisages Council intervention being limited to a basic 'complaint response' service with ad hoc working with other departments.

- **Informal Area Action**

A non-statutory Action Area, similar to the Coastal Spaces taking in part of the Borough where substandard HMOs are concentrated. Would consist of a combination of proactive inspections, Council-landlord dialogue and the threat of follow-up enforcement action.

- **Targeted use of Interim management Orders (IMOs) and, if necessary, final management orders (FMOs)**

This option would involve making interim and, if necessary, final management orders in selected HMOs whose condition justified it.

- **Area based voluntary accreditation**

This option would involve a localised accreditation scheme, tailored to suit the characteristics of the HMOs and the problems associated with them.

- **Area based Additional Licensing Scheme**

The option which is the subject of this report, described elsewhere in this document

TABLE 6 OPTIONS – STRENGTHS AND WEAKNESSES.

OPTION	FOR	AGAINST	REMARKS
Statutory Powers only	<ul style="list-style-type: none"> ○ Responds to tenants' expressed concerns ○ Ensures Council meets basic statutory responsibilities ○ Can help reduce pressure on Social Housing waiting list ○ If pursued rigorously sends a strong signal to the erring landlord, may lead to subsequent voluntary improvement 	<ul style="list-style-type: none"> ○ Not strategic: <ul style="list-style-type: none"> ● No impact beyond the subject property ● Not need-based ● Not targeted ● Not risk-based ● Wider issues in rented stock not addressed ○ No scope for synergy with other Council initiatives ○ Can lead to retaliatory eviction ○ Purely reactive service far short of Housing Inspectorate expectations ○ Tenants less likely to complain about matters directly outside the immediate curtilage of their flat. ○ tenants residing in the worst properties often do not make complaints about their living conditions ○ Low fines issued by courts do not act as a deterrent. 	<ul style="list-style-type: none"> ○ Current Policy in absence of statutory scheme
Informal Area action	<ul style="list-style-type: none"> ○ Quite strategic: <ul style="list-style-type: none"> ● Choice of area need- and risk-based ● Tailored solutions to area's 	<ul style="list-style-type: none"> ○ Informality of approach can result in extended timescales ○ Traditional, resource-intensive enforcement the only available 	<ul style="list-style-type: none"> ○ Hastings BC is already using area action within its 7 Streets Project and have a specific officer currently

	<p>housing and other problems possible</p> <ul style="list-style-type: none"> • Initiative can be project-planned • Should lead to comprehensive area improvement <ul style="list-style-type: none"> ○ Some economies of scale thanks to concentration of resources ○ ‘Grapevine effect’: message that Council active in area gets around, this facilitates resident co-operation, promotes voluntary landlord action 	<p>response to non – co-operation</p> <ul style="list-style-type: none"> ○ Pulls resources away from other areas ○ Doesn’t deal with HMOs outside of action area needing intervention ○ Resource intensive. 	<p>funded through the Costal Spaces Project</p>
<p>Targeted use of IMO and FMOs</p>	<ul style="list-style-type: none"> ○ An effective response to the most serious HMO problems ○ LA taking control means work done to proper standard, management issues resolved optimally ○ Action sends a strong signal to other errant landlords 	<ul style="list-style-type: none"> ○ Highly resource-intensive ○ LA may have difficulty attracting a management partner ○ Significant capacity issues for LA and management partner ○ Minimal impact on the overall level of poor-quality rented housing ○ Not a proportionate response to ‘mainstream’ HMO problems ○ For all of the above reasons and others besides, not strategic ○ Potentially huge cost implications for the LA ○ Need to apply to RPT, which 	<ul style="list-style-type: none"> ○ Legally a requirement of any statutory licensing scheme where it is not possible to licence a specific property or landlord is not a fit and proper person.

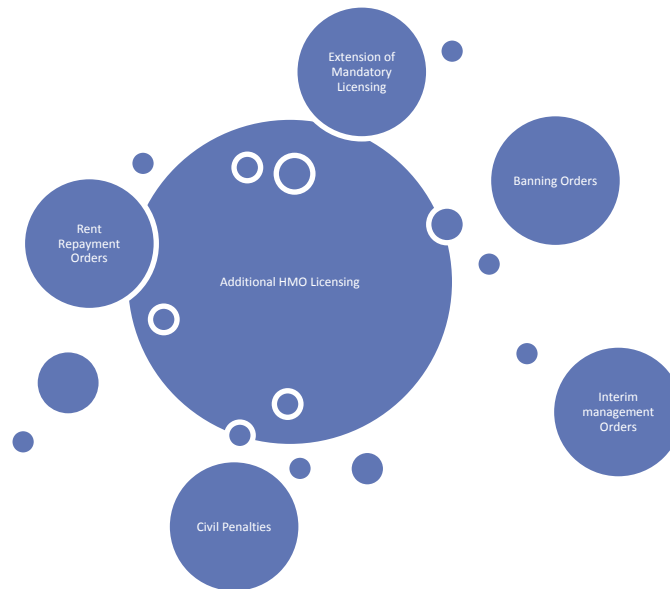
		draws the process out
Area-based voluntary accreditation	<ul style="list-style-type: none"> ○ Accreditation's proven track record ○ Easy set-up through access to existing local and national Accreditation models ○ Participating landlords 'rewarded' for their efforts ○ Possibility of 'ripple effect' as poorer landlords see tenant migration towards higher standard accommodation ○ Prospective tenants signposted to quality accommodation run by responsible landlords 	<ul style="list-style-type: none"> ○ Risk of confusion between simultaneous Borough-wide and Area-based Accreditation schemes ○ Accreditation would tend to attract the good landlord, be ignored by the bad; no incentive on the latter to join in ○ Need to differentiate between whether it is the landlord, or the property, that is accredited. ○ Not an easy 'fit' with converted blocks of flats due to multiple tenures, multiplicity of management arrangements, sheer number of players in the bigger properties. ○ Previous accreditation scheme HALO only licensed 108 properties in the four town centre wards ○ Current high demand for housing reduces the possible incentives for becoming an accredited landlord
Area-based Additional	<ul style="list-style-type: none"> ○ A strategic based approach <ul style="list-style-type: none"> ● Area(s) selected by need, risk, 	<ul style="list-style-type: none"> ○ Initiative would be seen as burdensome by many landlords

<p>Licensing scheme</p>	<p>priority</p> <ul style="list-style-type: none"> • Activity can be planned, targets set, outputs measured ○ Scope for marked impact in chosen Area(s): economies of scale, etc. ○ Fairness: mandatory nature of scheme means all join in ○ Scope to bring in funding for additional resources ○ ‘Grapevine’ effect (as Informal Area action above) should assist in moving the initiative forward ○ Nature of Licensing process cuts through problems of establishing ownerships, management arrangements, responsible persons, etc. ○ Combination of ‘carrot’ and ‘stick’ in scheme design means less time spent moving from former to latter when that becomes necessary ○ Credibility, standing of rented sector enhanced as pool of ‘approved’ rental housing enlarges ○ Previous experience of Additional Licensing makes scheme simpler to administer. 	<ul style="list-style-type: none"> ○ Scheme would need appropriate resourcing to succeed ○ Experience suggests that licensing of Section 257 HMOs is difficult where there are multiple owners ○ Potential conflict with Selective licensing scheme. Landlords may feel that Council is licensing them twice.
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Conclusions of the Option appraisal

- 7.4 Although the previous option appraisal indicates that Area based Additional Licensing is the preferred option, in reality it is not a stand-alone proposal and must be seen in the context of other more recent Housing Act Powers. It is best to see Additional Licensing as central to a holistic approach to dealing with wide scale HMO problems. The diagram below shows how Additional Licensing is the central core of a wider enforcement and regulatory regime.

FIGURE17 INTERACTION OF HMO POWERS



- 7.5 There are a number of other means by which Local Authorities can control the Private Rented Sector. There has been a recent slew of new legislation which are complimentary or directly impact on the HMO Licensing regime. The Government have recently consulted on extending mandatory HMO licensing to all 5 person HMOs irrespective of the number of stories although indications are that this will specifically exclude 257 HMOs. The Government in the Housing and Planning Act 2016 has also introduced stringent requirements in respect of rent repayment orders, introduced Civil Penalties for offences including HMO licensing offences and is proposing banning orders and a register of rogue landlords at a future date. The power to apply for Interim Management Orders (IMOs) and Final Management Orders (FMOs) has been made more attractive as the Local Authority can keep all the rental income.

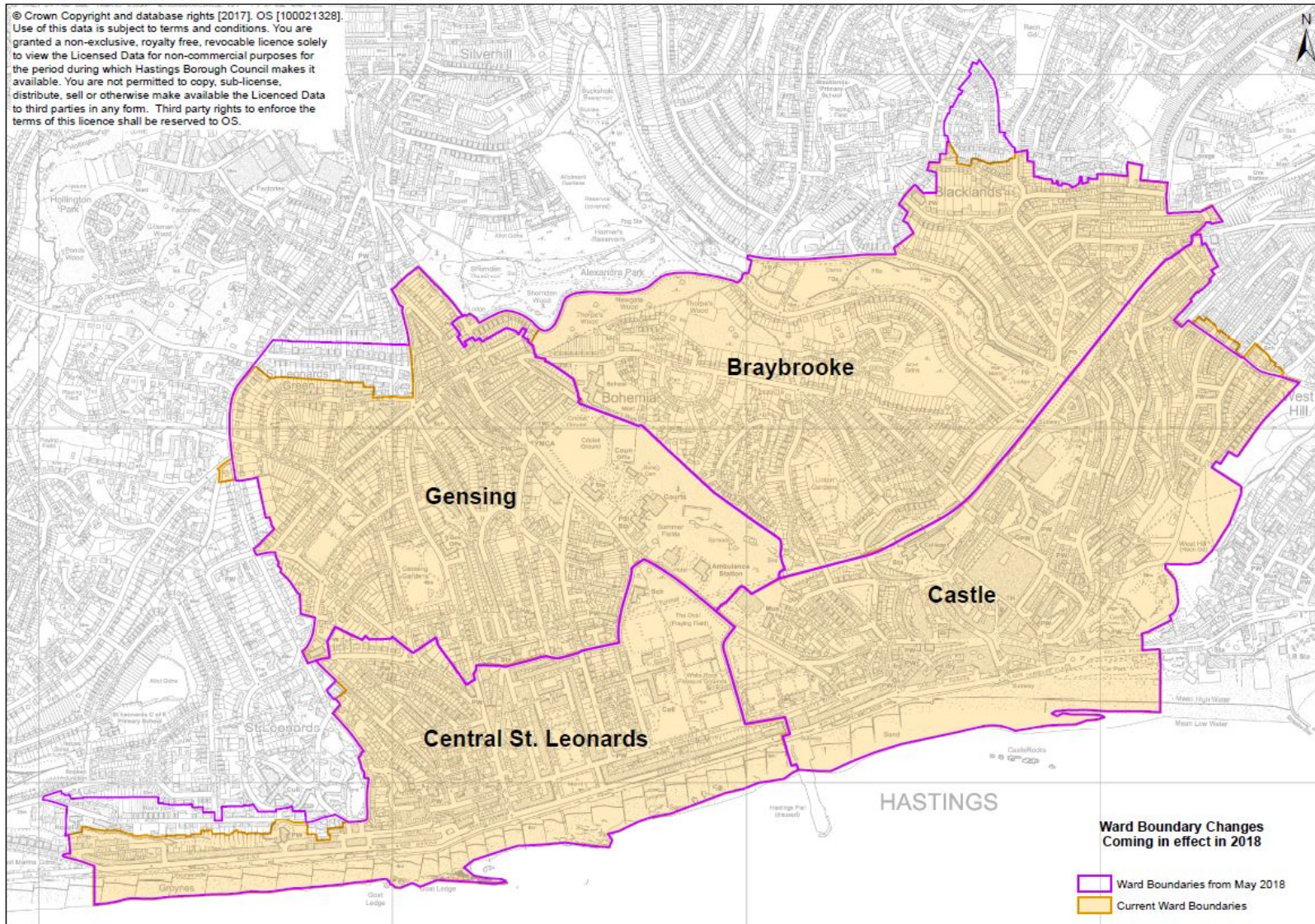
8. Conclusions

- 8.1 In some respects matters are improving across the Borough with the Council taking Strategic action to improve the lives of local residents. We have already introduced Selective licensing across seven wards including the four wards which make up the Additional Licensing area. The work in the Renewal area and “Seven Streets” area is on-going and has resulted in a number of prosecutions of local landlords with fines running into 5 figures. Concerted action has resulted in the external renovation of one of St Leonard’s most iconic buildings “Warrior House” to the extent that local residents are openly commenting on its smart appearance.
- 8.2 House prices are rising in some wards above the borough average which gives confidence to new landlords that investing in maintenance and repairs is worthwhile.
- 8.3 There are however still too many HMO landlords who seem to take a hands off approach to dealing with repairs and maintenance blaming tenants for the poor state of their properties. Whilst tenant damage is not uncommon, landlords seem unwilling or unable to challenge poor behaviour such as disabling fire alarms, or using the common hallways as a dumping ground. This can lead to a spiral of decline and exposes other flat residents to hazards not of their making. Many causes of low level anti-social behaviour in the area could be dealt with by Landlords. Proper waste disposal, noise and conduct within the property can all fall within the terms of a tenancy agreement.
- 8.4 Section 56 and 57 of the Housing Act require that before a final decision on whether additional licensing designations should be made, that the council must consider how this fits with the Council’s overall Housing Strategy and how it will provide a coordinated approach to homelessness, empty properties and anti-social behaviour. These elements have been discussed throughout this document in terms of the work being carried out by the Housing Renewal and Licensing teams.
- 8.5 The Council’s overall strategic aims, as stated in the Housing Strategy, lay out the council’s overall objectives and this project’s links to them. The Council’s homelessness strategy addresses homelessness through the maintenance of existing tenancies and innovative provision of new accommodation.
- 8.6 Empty Properties are dealt with through the Empty Homes Strategy and the Council has a dedicated Empty Homes officer to coordinate work in this arena.
- 8.7 The Consultation with interested parties did not provoke a large response in terms of the numbers of person completing the surveys, despite writing to all the previous licence holders. This perhaps suggests that previous licence holders were either content with the previous scheme or noted the Councils attempts to reduce the fees for compliant landlords. It was pleasing that there was support from all parties for the Councils decision to impose shorter licences where landlords did not meet the necessary standards.
- 8.8 Nevertheless those landlords that did respond were clear in their opposition to further HMO licensing seeing it as a cash cow for the Council and an additional financial burden on landlords which would be passed onto tenants. There is a clear agreement between residents and landlords that there is a problem that needs to be addressed even if there is sometimes disagreement on how this could be achieved. These arguments will have to be

weighed against the case for providing safe accommodation through a regulated control regime.

- 8.9 Hastings Council is committed to taking responsibility for enforcement against rogue landlords using the powers it has available to it and believes that Additional licensing has a major part to play in achieving those aims. The new scheme has been designed to promote good practice amongst landlords and agents and to reward those landlords who have compliant properties and agree to meet suitable management arrangements including the Private Rented Sector Code of Practice.
- 8.10 The introduction of an additional licensing scheme would contribute toward the following:
- Improvements to the appearance and condition of HMOs (including the gardens and outbuildings) and the environmental impact they can have on the local neighbourhood.
 - Improvements to health and safety, as gas and electrical installations will be safe and fire precautions will be in place.
 - Increased awareness of management issues including fire safety, the control of rubbish and waste, and the maintenance of communal areas, gardens, and gas / electricity installations.
 - Landlords / lettings agents will be prevented from managing licensable HMOs if they are assessed as not being a 'fit and proper' person.
- 8.11 Other, indirect improvements would include the following:
- Improvements to accommodation, achieved through the use of the Housing Health and Safety Rating System, especially in situations where there is excess cold or the property is not secure.

APPENDIX 1 MAP OF PROPOSED HMO LICENSING AREA



APPENDIX 2: ADDITIONAL LICENSING APPLICATION CRITERIA

Criteria	Standard One year licence	Advanced Three year licence	Professional Five year Licence
Application form	✓	✓	✓
Correct Fee	✓	✓	✓
Must have previous licence or applicant must have acquired ownership since last scheme.	× ^a	✓	✓
Fire Risk Assessment in accordance with Fire Safety Order 2005	× ^b	✓	✓
Minimum EPC E rating	×	×	✓ ^c
Up to date Certificates ^d	×	✓	✓
No outstanding licence conditions or Enforcement Notices ^e	×	✓	✓
Must have planning permission or established use as HMO	×	✓	✓
Good application history - no reminders	×	×	✓
Adhere to Private rented Sector Code of Practice	×	×	✓
Suitable Management arrangements in place or Agent has full management control	×	×	✓
Self-Certification ^f	×	×	✓
DBS check	× ^g	× ^g	× ^g

Notes

- a. All previously unlicensed HMOs will receive a one year licence. Previously licensed HMOs can apply for a one, three or five year licence.
- b. This is a legal requirement in premises with common parts
- c. Where the licence holder controls the roof space then a minimum of 250mm of loft insulation will be required.
- d. Fire alarm certificate, Emergency Lighting certificate, recent electrical installation certificate. PAT test certificate, gas safety certificates will be required for shared house and bedsit HMOs.
- e. From previous HMO or selective Licensing scheme
- f. Self-certification will include:- Signing up and adhering to Private Rented Sector Code of Practice; having suitable maintenance arrangements in place; qualified employees; Professional membership by management agents. All Managers for five year licenses will be required to be bound by conditions of the licence. Self-Certification will include requirement for audit checks by the Local Authority.
- g. We may ask for a DBS check where we consider it necessary.