



RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2018-19

**HEALTH & WELLBEING SCRUTINY
COMMITTEE 9th OCTOBER 2018**

**REPORT OF THE DIRECTOR, PUBLIC
HEALTH, PROTECTION & COMMUNITY
SERVICES**

Agenda Item No. 3

**REVIEW OF THE 2014 ADDITIONAL
LICENSING SCHEME FOR HOUSES
IN MULTIPLE OCCUPATION AND
THE PROPOSAL TO DECLARE A
NEW SCHEME IN 2019**

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1. PURPOSE OF THE REPORT

- 1.1 To allow members to scrutinise the effectiveness of the 2014 Additional Licensing Scheme for Houses in Multiple Occupation (HMOs) and, subject to those findings, to scrutinise the proposal to declare a New Additional Licensing Scheme for HMOs from April 2019, in accordance with the provisions of the Housing Act 2004.

2. RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 Scrutinise the findings of the Evaluation of the 2014 Additional HMO Licensing Scheme in Rhondda Cynon Taf.
- 2.2 Subject to the review of the evaluation of the 2104 scheme, scrutinise the evidence for the proposal to declare a New Additional Licensing Scheme for HMOs in Rhondda Cynon Taf, in accordance with the provisions of the Housing Act 2004.

- 2.3 Subject to recommendation 2.2 above, make recommendations in respect of the licensing conditions to be placed on all HMO licenses granted by the Council under both the Mandatory Licensing Scheme, and the proposed new Additional Licensing Scheme from April 2019.
- 2.4 Make recommendations to the Cabinet in respect of future additional licensing requirements for HMOs in Rhondda Cynon Taf from April 2019.

3. BACKGROUND

- 3.1 As of May 2018, there were an estimated 14,353 private rented properties across Rhondda Cynon Taf, accounting for approximately 13.35% of the housing stock. Of these 633 were licensed as houses in multiple occupation, which represents 4.4% of the private rented sector (PRS) and the majority of these properties are in the Treforest Ward.
- 3.2 Historically, HMOs in RCT have been the domain of students, however the impact of welfare reform and changes to Housing Benefit has made the scale and nature of the PRS in RCT difficult to predict. Demand for student accommodation has declined in Treforest and landlords have diversified in order to ensure their properties are occupied. Trends have shown an increased reliance on the PRS as people's housing choices are limited by availability of housing benefit and the demand for smaller accommodation including shared housing is increasing.
- 3.3 For people who are priced out of owning their own home and who are unlikely to be able to access social housing, the PRS is often the only viable housing option available. HMOs in particular are now seen as a housing choice by young professionals, new to the employment market.
- 3.4 HMOs have been subject to proactive regulation in RCT for the last 16 years. Between 2002 and 2006 the Council operated a successful Borough wide Special Control Registration Scheme for HMOs. The Housing Act 2004 ('the Act') came into force in Wales in June 2006 and introduced powers for local authorities to regulate standards in the private rented housing sector. In particular, the Act introduced the requirement for local authorities to licence certain types of HMO, namely those of 3 storeys or above with 5 or more tenants that comprise 2 or more households; this is termed Mandatory HMO Licensing. The Act also allowed local authorities to introduce other types of licensing scheme for different types of HMO (Additional Licensing) and also to licence the single occupation rented sector (Selective Licensing). Both of these schemes are discretionary.
- 3.5 Since 2006, the Council has operated successive Additional Licensing Schemes, the most recent Scheme of which was introduced in 2014 and regulated all types of HMO including small 2 storey properties with three people living as two households and certain buildings converted to pre 1991 Building Regulations standards. Large HMOs i.e. those that are 3 storeys or above with 5 or more tenants, that comprise 2 or more households have continually been regulated through the Mandatory Licensing Scheme. The purpose of implementing the 2014 scheme in particular was both to protect the safety of tenants living in HMOs and also to minimise the impact of shared housing on

the character and amenity of the surrounding area. Hence conditions are included to require that landlords maintain boundaries, gardens and walls and take reasonable steps to reduce anti-social behaviour by persons living in HMOs. The standard conditions currently placed on HMO licences are attached as Appendix 1.

- 3.6 Any Additional Licensing Scheme for HMOs declared by a Local Authority must only last for 5 years. Any decision on whether a further Additional Licensing scheme is required must be based on evidence of the need for such a scheme. In April 2007, the Welsh Assembly Government issued guidance to local authorities, indicating that they may implement Additional Licensing Schemes without obtaining Approval, providing they can satisfy the requirements of the legislation with regard to evidence, consultation with interested parties and implementation. In particular, the Council must be satisfied that a significant proportion of the HMOs to be included in the Scheme are being managed ineffectively so as to give rise, or likely to give rise to problems either for those occupying the HMO or for other residents.

4. EVALUATION OF THE 2014 ADDITIONAL LICENSING SCHEME

- 4.1 A full evaluation of the HMO Licensing Schemes (Additional and Mandatory), since 2014, has been undertaken by the Housing Strategy Team and the full report is included as Appendix 2.

- 4.2 The key findings of that evaluation are as follows:

- There are currently 633 licensed HMOs in RCT, although the potential number is higher at approximately 688 due to vacancies and under-occupation. The transient nature of occupation of HMOs requires ongoing enforcement and investigation to maintain compliance with the Scheme.
- 97% of properties subject to an application for a HMO licence were found to be non-compliant with the legal requirements. This is in spite of a significant number of the applications being in respect of properties previously subject to licensing.
- Inspections undertaken after a licence has been granted show that only 40% maintained those legal standards, resulting in enforcement action to improve ongoing maintenance and condition of properties was necessary. Deficiencies were predominantly identified in relation to substandard fire precautions, poor external appearance, damp and disrepair.
- 796 significant hazards have been removed from 346 licensed HMOs as a direct result of the licensing regime.
- Anti social behaviour reports in the Treforest Ward have remained largely constant for the last 5 years although some changes in recording procedures by the Police may have impacted on the data and mean there has been a reduction in reality.
- The Property Accreditation Scheme launched in the Treforest Ward of RCT has had a positive impact on how tenants make informed choices about the property they want to live in. The Accreditation Scheme is however voluntary and is not a substitute for regulation of the HMO sector.

5 CONSULTATION

- 5.1 In accordance with the legal requirement, a public consultation was undertaken between 6th August 2018 and the 15th September 2018, a period of 6 weeks. The consultation was as follows:
- On line via the Council website
 - Social Media using Facebook and Twitter
 - Door to door survey in Treforest
 - Targeted e-mailings to landlords, students, letting agents and other stakeholders
 - Targeted engagement with Local members, Treforest Residents Association and Treforest PACT
- 5.2 The full Consultation feedback report is produced as Appendix 3. The key findings were as follows:
- 146 responses were received to the consultation. The majority of these identified Treforest as their place of residence.
 - 54% of respondents were owner occupiers, 14% were landlords and 26% were tenants.
 - 43% of respondents had concerns about HMOs in their area, with 49% saying anti social behaviour was the main cause for concern, followed by 25% saying it was disrepair.
 - 60% of respondents believed HMO licensing can improve the quality and appearance of HMOs.
 - 64% of respondents believed HMO licensing can improve the safety and security of HMOs.
 - 61% of respondents believed HMO licensing can be an effective way of preventing anti social behaviour, with a further 61% believing it can improve the management of HMOs.
 - 65% of respondents said they want to see the Additional Licensing Scheme continue. Only 11% of respondents said they did not want it to continue
- 5.3 Many respondents provided comments to illustrate their opinion and these are reproduced in full from Page 20 of the Report in Appendix 2. Key comments by respondent type can be summarised as follows:
- Landlords: HMO licensing is an unnecessary tax on their properties, concerns that the Scheme only captures “good landlords” and others go unregulated, comments that licensing is the wrong approach and unbalances the housing market thus driving property prices up.
 - Students & tenants: increase controls especially in relation to appearance of HMOs, desire for higher quality HMOs, focus on poor landlords.
 - Owner Occupiers: need to address refuse problems, need to do more to make landlords and tenants look after properties, absent landlords are a problem, pressure on parking in Treforest, unsavoury tenants and anti social behaviour is an issue, too many HMOs and not enough affordable housing, need to protect tenants from unscrupulous landlords.

6 FINANCIAL IMPLICATION(S)

- 6.1 The Housing Act 2004 allows local authorities to recover the cost of administering licensing scheme from application and other associated fees. The basis of the fees charged includes the administration of the application, inspection of the property and associated enforcement actions and wider enforcement and regulation during the period of the licence. If a new Scheme is approved, the fees to be associated with the Additional HMO Licensing Scheme will be fully reviewed prior to any formal declaration for the Scheme to ensure they are appropriate and proportionate. The implementation costs of any licensing scheme should be wholly recovered from fees.

7 CONCLUSION

- 7.1 HMOs are a necessary housing option and form an important part of the housing market of RCT. The evaluation of the 2014 Additional Licensing Scheme shows the positive impact that the licensing regime has had on HMO standards, however there is clear evidence of the need for ongoing regulation of the sector to protect tenants from poor housing standards and to protect communities from the adverse impact of poorly managed HMOs. The feedback from the public consultation provides additional evidence of the impact of HMOs on our communities, in particular Treforest.
- 7.2 Should the recommendation to declare a new Additional Licensing Scheme be supported, it can be concluded that the local authority has satisfied the requirements of the Housing Act 2004 (Section 56) as follows:
- The exercise of the power is in accordance with the Council's Housing Strategy. Rhondda Cynon Taf's Single Integrated Plan 'Delivering Change' and the 'Place' Priority of the Council which is to "create neighbourhoods where people are proud to work and live".
 - Reasonable steps have been taken to consult persons likely to be affected by the designation through the a public consultation process
 - It is considered that making the designation will significantly assist the Council to deal with problems associated with HMOs in conjunction with other courses of action and will ensure that the risks associated with shared housing continue to be appropriately managed.