

Overview and Scrutiny Committee Report

Ward(s) affected: all

Report of Director of Service Delivery

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Date: 19 April 2021

Licensing of Houses in Multiple Occupation (HMO) Update

Executive Summary

This report provides the Committee with an update on the progress of HMO licensing in the Borough, the recommendations of the 2014 HMO Task and Finish Group approved by the Executive on 28 October 2014, and future options to consider for regulating HMOs.

Recommendation to Committee

That the Committee notes the progress made implementing the changes required as a result of the change to the definition of HMO for the purposes of mandatory licensing and associated mandatory HMO licence conditions that came into force on 1 October 2018 and recommendations of the task and finish group in 2014.

Reason for Recommendation:

To identify the recommendations of the HMO task and finish group 2014 that have been implemented and to update the Committee with progress made and provide the current HMO position in the Borough.

Is the report (or part of it) exempt from publication?

No

1. Purpose of Report

- 1.1 The report aims to provide the Committee with an update on progress with the recommendations of the 2014 Task and Finish Group and review progress with HMO licensing since the extension of the mandatory HMO definition in 2018 captured significantly more dwellings requiring licensing.

2. Strategic Priorities

- 2.1 HMO licensing meets the Housing and Community corporate priority by supporting older, more vulnerable and less advantaged people in our community.
- 2.2 Keeping the community safe and well, ensuring private rented sector properties that fit the mandatory HMO definition meet required standards and are well managed, compliant and safe. Well managed licensable HMOs provide a valuable housing resource within the Borough. Safe and well managed HMOs also have a wider impact on the community such as reduced Anti-Social-Behaviour (ASB).

3. Background

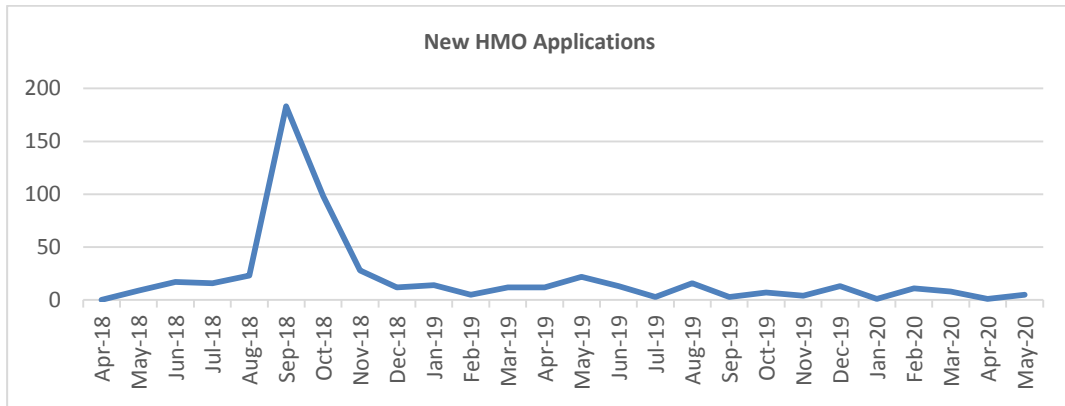
- 3.1 Housing is a key determinant to health and there is a well-established evidence base that identifies HMOs as having some of the worst housing conditions. HMOs provide affordable accommodation for a diverse range of society from migrants, young professionals to students including some of the most marginalised and vulnerable persons. Regulating HMOs enables the Council to reduce hazards to health in rented properties by bringing some of the poorest housing conditions up to standard.
- 3.2 Amidst a national housing shortage, the wide-reaching secondary effects of the COVID-19 pandemic and high housing costs in the Borough, HMOs are likely to continue to be an important part of the housing market. The legislative changes to the mandatory HMO definition that came into force in 2018 have emerged as an opportunity for the Council to protect the most vulnerable from the worst housing conditions.
- 3.3 Properties occupied by 5 or more persons from 2 or more households meet the definition of mandatory HMO licensing and require a licence to operate. A HMO licence once granted applies regulatory requirements to the following areas:
 - Fire Safety
 - Amenity Standards
 - Space Standards
 - Numbers permitted to occupy
 - Waste Provisions
 - ASB
 - Property management such as water supply and maintenance
 - Gardens, Yards, Outbuildings and Forecourts are to be free from infestations, well maintained and in a clean, tidy and safe condition

4. HMO licensing 2018

HMO Population

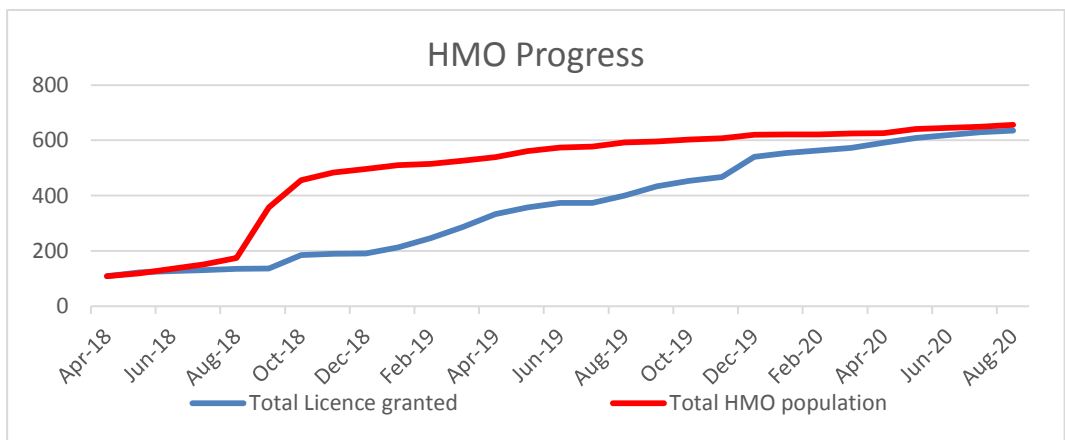
- 4.1 The HMO population has grown by nearly 600% since 2018 from just over 100 to over 650 in the 2 years since the extension of the HMO licensing definition. 311 of the applications were received between 1 September 2018 – 1 December 2018 tripling the HMO population within 3 months as shown in Graph 1 below.

Graph 1



- 4.2 Graph 2 shows the Council has now issued 539 licences since the extension of the mandatory HMO definition with 100% of applications from 2018 assessed. The total HMO population now stands at 659. Current pending applications are assessed within 3 months of the date of receipt of a full and valid application. Where noncompliance has been found during inspection the HMO licence stipulates the required works to be completed within specific timeframes to bring the property up to standard. Completing required works within specific timeframes is a legal requirement and noncompliance without reasonable excuse can be resolved with enforcement.

Graph 2



- 4.3 The most common areas of improvement noted at inspection in HMOs across the Borough are statutory undersized bedrooms, lacking adequate fire safety controls and properties not having Sui Generis planning permission in place for properties with 7+ persons. Private Sector Housing have published detailed guidance and expectations for HMO standards, including an explanation of the licensing pathway on the Council's website to improve accessibility for landlords in relation to the Council's requirements in HMOs.
- 4.4 Whilst the complete data on HMO licence compliance levels is not yet available, over 100 (approximately 15-20%) HMOs have been identified as compliant. The Council will continue to monitor compliance with HMO licences and enforce where appropriate. Private Sector Housing are currently assessing compliance with a further 50 dwellings as a sample to identify if further investigation into compliance with HMO conditions is proportionate.

Current HMO Situation

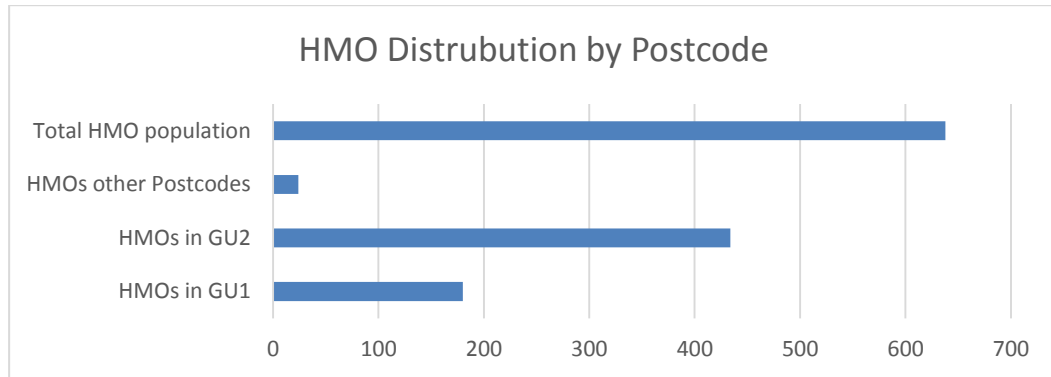
- 5.1 There are currently 20 pending, new or renewal, HMO applications to be assessed. All new and renewal applications are assessed within 3 months of a complete and valid HMO application.
- 5.2 Since the expansion of the mandatory HMO definition generated a significant increase in the HMO population in October 2018, the Council receives a mean average of 9 HMO applications each month from both new and renewal applications.
- 5.3 An HMO licence lasts for 5 years in the vast majority of cases. This factor in conjunction with the influx of initial HMO applications received between September – December 2018, means there will be an influx of renewal HMO applications in Autumn 2023.

HMO Regulation Progress

6. HMO profile

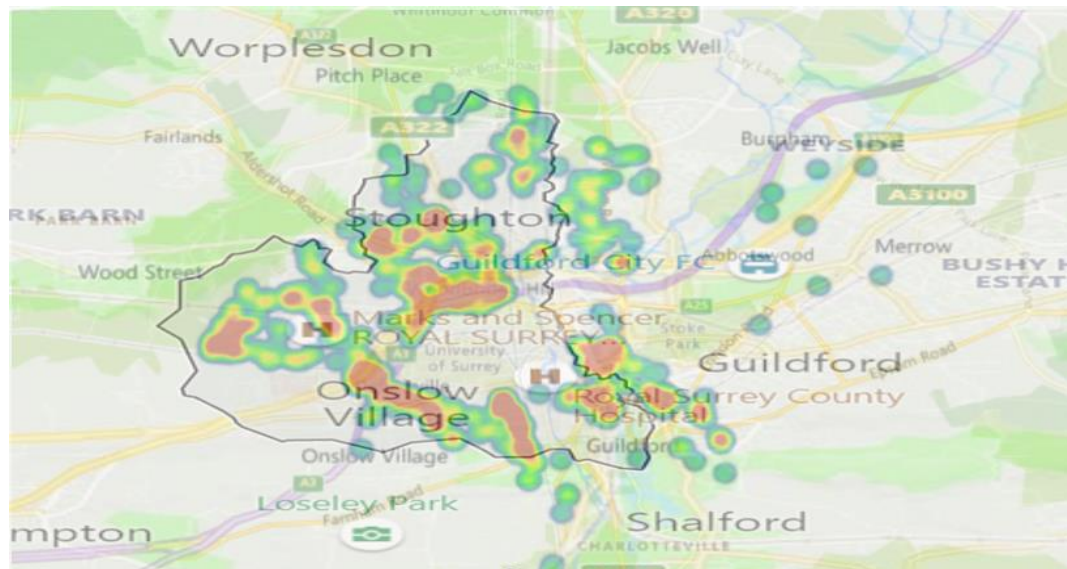
- 6.1 The current spread of HMOs, shown in graph 3, illustrates that the vast majority of HMOs are located in GU1 and GU2, with over twice the number of HMOs in the postcode GU2 than in GU1. GU2 consists of mainly post war housing that lends itself to HMO conversion and is located around the University of Surrey where demand is high. There are very few HMOs in other postcodes in the Borough.

Graph 3



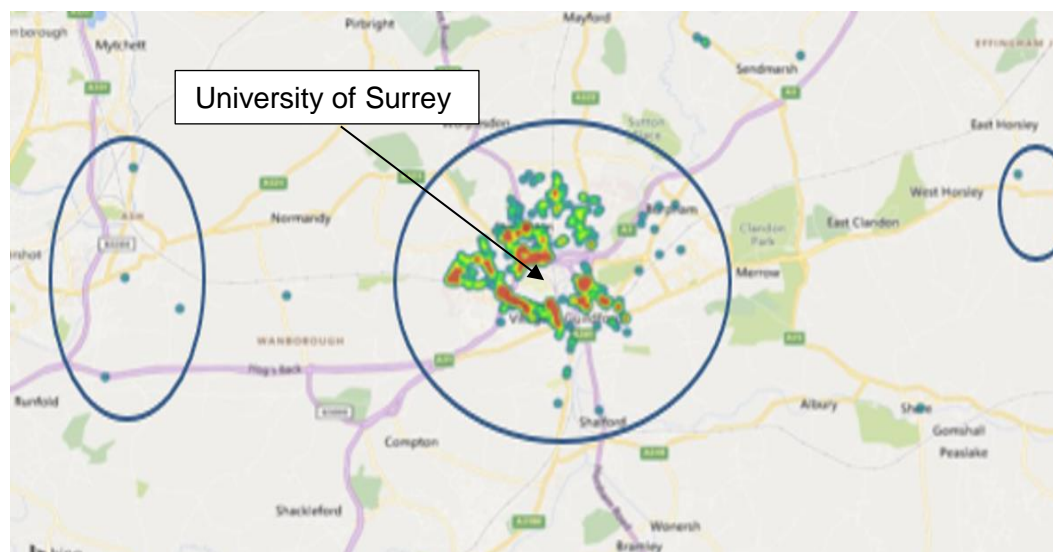
6.2 Figure 1, a heat map of HMOs overlaid with the GU2 boundary clearly shows the majority of HMOs are in the GU2 postcode, with particular density around Onslow Village and Stoughton.

Figure 1



6.3 Figure 2 shows HMO density disperses from the centre of the Borough, with small pockets in the east and west, specifically Ash and West/East Horsley respectively. The heat map indicates that HMOs are most dense around the University of Surrey.

Figure 2



HMOs and Students

- 7.1 Council Tax records indicate that there are currently 1,980 properties that benefit from a Student Council Tax exemption. This figure includes those dwellings that do not meet the definition of a HMO for the purposes of mandatory HMO licensing such as those dwellings let to 3-4 persons. Of the 1,980 Council tax student exempt properties, over 650 are licensed with the Council. By cross referencing the 650 HMOs licensed within the Borough with Council tax records of all student exempt properties within Council Tax bands E, F, G and H (larger dwellings), it is identified that there may be an additional 171 licensable HMOs within the Borough, occupied principally by students as these properties may house 5 or more persons.
- 7.2 The possible 171 HMOs with student exemptions that have the potential to house 5 or more persons that are currently operating without a licence are based on new data in 2020 that is indicative and not conclusive. Investigations will be conducted to identify the accuracy of the 171 suspected unlicensed student HMOs data set. Private Sector Housing have successfully used proactive methods such as searching online property adverts to find unlicensed HMOs. Such investigations have identified 30 HMOs operating without a licence, one of these resulted in the issuing of a Civil Penalty Notice (CPN) of £1,000. The civil penalty was paid and subsequently all 30 properties identified resulted in a full and valid HMO application.
- 7.3 The student exemptions data indicates that there are approximately 1,800 unlicensable student occupied properties that house 1-4 persons, with many of these exempt from licensing being purpose built student accommodation. Of these 1,800 properties, approximately 1,200 have the potential to be occupied by 3-4 persons and be classed as an HMO that does not require a licence to operate. An unlicensable HMO, is a property that does not require a licence to

operate and is occupied by 3-4 persons from 2 or more households, that is not situated within a designated Additional HMO Licensing area.

- 7.4 Properties occupied by 1-2 persons are not defined as a HMO. Cluster flats with 3 or more bedrooms inside purpose build student accommodation are exempt from HMO licensing if the developer and managers of the building are registered with ANUK. The developers that have been approached in Guildford are all registered with ANUK and exemptions to licensing apply. Purpose built student blocks all remain subject to the Regulatory Reform (Fire Safety) Order 2005, enforced by Surrey Fire and Rescue Service.

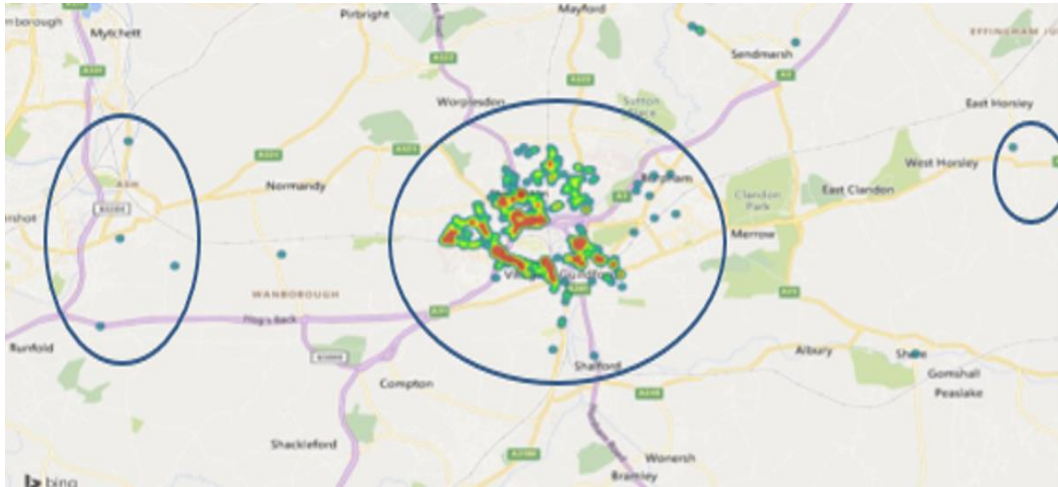
Relationship between HMOs and Disrepair

- 8.1 Dwelling condition complaints to the Council regarding defective privately rented properties indicate there is a geographical relationship between property conditions and HMO status. Part of the HMO inspection is to ensure the property is free of severe hazards. The relationship between the Figures 3 and 4 below may in fact show that there is a connection to private sector housing conditions and not just HMOs specifically. This is due to the majority of rental properties (not just HMOs) being located in the circled areas.

Figure 3 - Geographic Spread of Dwelling Condition Reports Over 10 Years

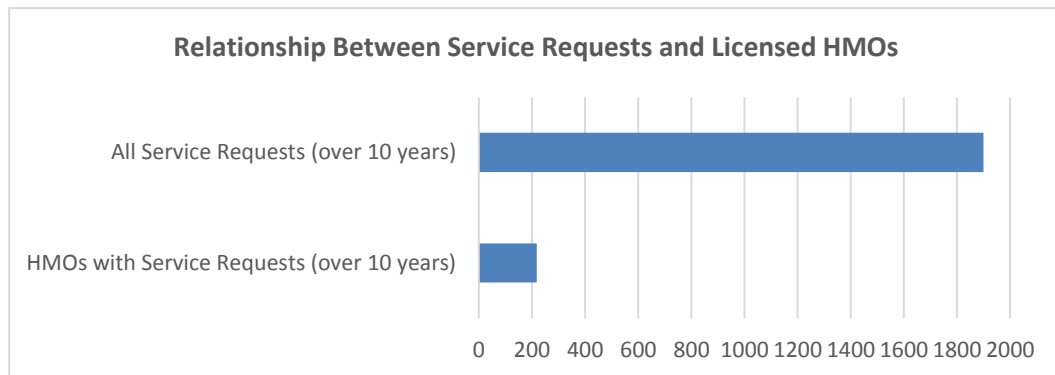


Figure 4 - Geographic Spread of Licensed HMOs



- 8.2 From 1900 dwelling condition reports to the Council in the last 10 years, 218 related directly to a property that now has a granted HMO licence. This data indicates the majority of conditions reports relate to privately rented dwellings that are not licensed HMOs or are privately let and not defined as a HMO of any kind. Property standards in unlicensable HMOs and properties that do not meet the definition of a HMO are subject to Part 1 of the Housing Act 2004. Unlicensable HMOs are also subject to the Management of Houses in Multiple Occupation Regulations 2006 which allows us to ensure that residents live in safe housing.
- 8.3 As Graph 4 below shows, the low number of property condition reports in relation to a licensed HMO is likely due to the success of HMO licensing improving property management and safety. Unlicensable HMOs can become licensable in specific areas of the Borough by introducing an Additional Licensing Scheme that would regulate HMOs with 3-4 persons in the same manner as those that currently meet the mandatory HMO licensing definition housing 5+ persons.

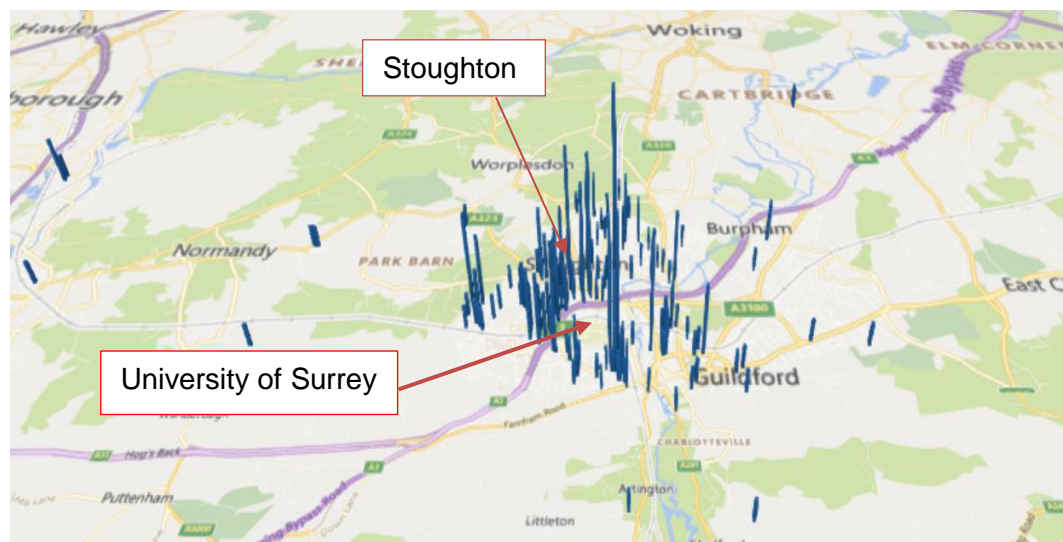
Graph 4



9. Unlicensed HMOs

- 9.1 In 2018 when the mandatory HMO definition changed, the initial focus was on publicising the new legislation and securing compliance with it by ensuring licensable HMOs in the Borough made a full and valid application. In 2019 the Housing Standards team identified 30 properties from a sample of 200 suspected HMOs operating without a licence. This sample indicates that up to 15% of the wider HMO population may be operating without a licence. Contact with all 30 properties identified in the sample resulted in a full and valid HMO application being received. Private Sector Housing will continue to monitor data and investigate reports from the public regarding potential unlicensed HMOs.
- 9.2 The location of HMOs, shown in Figure 5, reported to the Council by the public indicate a relationship between HMO status and properties around the University of Surrey. Specifically, Stoughton appears to have the majority of reports to the Council regarding unlicensed HMOs, indicating that this Ward may be the most noncompliant with the mandatory HMO licensing scheme.

Figure 5



10. Update on Task and Finish Group 2014

- 10.1 On 10 September 2013, the Customer and Community Scrutiny Committee established a task and finish group to investigate concerns about houses in multiple occupation (HMOs). The group's conclusions and recommendations are set out in **Appendix 2**.
- 10.2 On 28 October 2014 the Executive considered the recommendations contained in the report of the Houses in Multiple Occupation task and finish group and agreed that the recommendations should be implemented. This report follows previous updates to the Committee.
- 10.3 Progress made on the recommendations made by the Task and Finish Groups findings are discussed in the following paragraphs.

11. Landlord Accreditation

- 11.1 The landlord accreditation scheme in Guildford was launched on 21 May 2015. To date 356 landlords have benefitted from the scheme and are now accredited with it. This figure represents 54% of the licensed HMO population.
- 11.2 The accreditation scheme has been set up in partnership with Guildford Borough Council, The University of Surrey, Surrey Students Union and a number of other stakeholders.
- 11.3 The Guildford Lettings Accreditation Scheme is also part of UK Landlord Accreditation Partnership (UKLAP) and the London Landlord Accreditation Scheme (LLAS). Landlords who gain accreditation are demonstrating that they are operating a professional business and committed to providing high standards of accommodation and management for their tenants.

Seek increased support from Surrey University and the ACM for tackling complaints.

- 11.4 The Council has presented to landlord forums at the University of Surrey, publicising the HMO licensing scheme and answering landlord questions.
- 11.5 The Council has attended the University of Surrey fresher fairs providing students with information on private renting and HMOs.
- 11.6 The Council has engaged with the University of Surrey sharing university property management contacts in relation to Anti-Social-Behaviour and noise nuisance. These contacts have strengthened during the COVID-19 pandemic.

Waste Minimisation initiatives

- 12.1 Mandatory HMO conditions require the licence holder to adequately control waste at a licensed HMO address. Noncompliance is a criminal offence.
- 12.2 The Council do not receive frequent complaints in relation to waste accumulations at licensed HMOs and have not enforced upon a waste complaint in a licensed HMO, since the expansion of the mandatory HMO definition in 2018. This may be a direct success of the stakeholder group.
- 12.3 Since the actions of the HMO stakeholder group considerable work has been carried out to educate tenants about refuse and recycling collections. British Heart Foundation provide bags and collections in time for the end of year clear out which is very popular. Calendars and leaflets are distributed in October each year and local residents associations have historically assisted with delivery.
- 12.4 In 2016 Recycling and waste ordered 2000 fridge magnets with refuse and recycling information to be delivered to properties in Guildford Park Avenue. The same year a sticker campaign started where bins left out after collection were stickered to notify tenants they had missed collection and remind them of the correct collection times.

Ensure improved monitoring of complaints and knowledge of the locations of HMOs by the Council, using all sources of data.

- 13.1 The Council uses data driven techniques to map complaints by tenure and nature. The methodology for mapping service requests and the use of inferential statistics/data analysis have been improved since the recommendations in the 2014 O&S report.
- 13.2 The Council uses a register of licensed HMOs to identify the location of known HMOs. Data can be cross referenced with other data such as Council Tax and property complaints to better understand the HMO population and relationship between disrepair and the Private Rented Sector in Guildford.
- 13.3 Private Sector Housing has developed a methodology that can identify if a property is a licensable HMO with accuracy, using Council Tax and Electoral Roll data sources.

Use of social media applications for tenancy advice and information.

- 14.1 Table 1 shows that between 15 April 2019 – 30 September 2019 Private Sector Housing issued a range of communications to landlords, agents and tenants alike in relation to HMOs. The Council engaged with a total of 386 members of the public, in just over a 5-month period.

Table 1

Social Media Platform	Reach	Likes and Shares	Retweets	Total Engagement
Twitter	5221	5	4	91
Facebook	3485	16	N/A	295
Instagram	1096	17	N/A	N/A

- 14.2 Table 2 shows that during the first month of the initial national lockdown between the dates (16 March 2020) – (15 April 2020) Housing Standards made a range of communications to landlords, agents and tenants alike in relation to COVID-19. The Council engaged with 183 people with 21 posts across Facebook, Twitter and Instagram during a 1 month period.

Table 2

Social Media Platform	Reach	Likes	Retweets	Total Engagement
Twitter	6586	6	4	59
Facebook	4479	N/A	N/A	86
Instagram	1766	N/A	N/A	38

To establish a HMO stakeholders' group within two months of approval by the Executive.

- 15.1 The HMO Stakeholder group was formed in December 2014 as one of the recommendations of the HMO Task and Finish Group report which received approval from the Council's Executive in October 2014. The group aimed to meet twice a year to take forward the recommendations of the Task and Finish Group relating to the following:
- Refuse and recycling
 - Appearance of gardens and properties
 - Parking and environmental improvements
 - Community cohesion
 - Increase support from University
 - Monitoring of the number and location of HMOs and complaints
- 15.2 The group consists of representatives from the Council, Surrey University, Students Union, Surrey Property Exchange, Residents Associations, ACM, Surrey Police, Landlords, and property agents.
- 15.3 Since 2014 the group have met 4 times over a 3-year period. Since 2017 there have not been any further stakeholder group meetings due to positional changes of attendees. However, the Council continue to present information regarding changes to the private rented sector to Landlords, Surrey University, NRLA and Surrey Property Exchange.

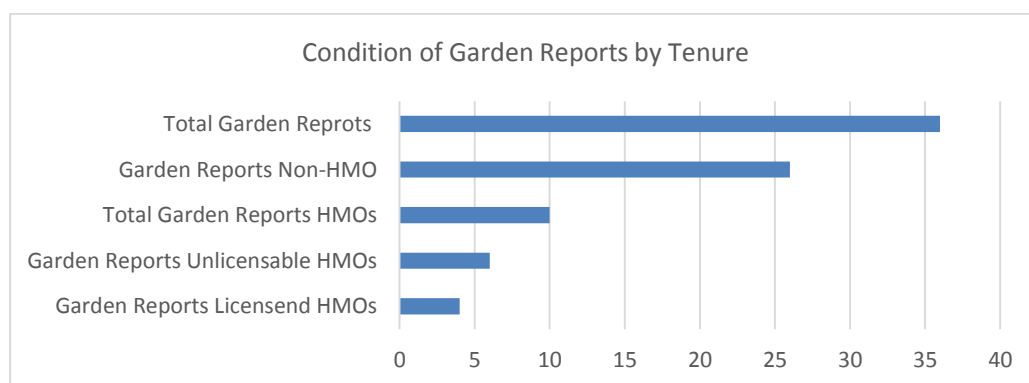
Promote community cohesion – the University of Surrey Students' Union and some tenants indicated a willingness to progress community involvement.

- 16.1 The stakeholder group have supplied education and advice to tenants via the student union. The Council have also attended stands at student fairs offering advice and information to new students. The students Union have produced a welcome home guide for students living off campus. There is also a residents newsletter which has been produced and has been circulated since the stakeholder groups implementation. This can be used as a means of publicising a community reporting procedure for local residents to report issues to the University, the Council and ACM.
- 16.2 The students Union advised that during the stakeholder group meetings there were 5 community ambassadors who covered areas around the town with high student numbers. They work with local residents and community groups to help resolve issues. Updates to the group in 2017 advised that this has worked very well in Onslow and the Community Rep is very popular with the residents. At the last review in 2017, residents' perceptions of students had improved due to the work the University and Students Union are undertaking.

Facilitation of gardening services to landlords – for example, through local social enterprises.

- 17.1 The Council does not receive a significant number of complaints from residents regarding unkept gardens or excessive vegetative growth in HMOs. The data indicate that over a 1-year period between (December 2019 – December 2020), 72% of all condition of a garden reports were in relation to a Non-HMO, with only 10 relating to a HMO licensable or not.
- 17.2 Over a 12-month period there were 4 reports relating to a licensed HMO and 6 reports in relation to an unlicensable HMO, from a total of 36 reports. This indicates that there may be up to a 50% reduction in reports relating to unkept gardens in licensed HMOs than those relating to unlicensed HMOs that do not meet the mandatory licensing definition. This is an indication that licensed HMOs received up to 50% less reports regarding the state of a garden than those that do not require a licence to operate.
- 17.3 Non-HMO dwellings account for more than two-thirds of all reports relating to an unkept garden. This accounts for the vast amount of reports to the Council. The vast majority of garden related problems in the Borough do not relate to an HMO.

Graph 5



18. Alternative Controls: Additional Licensing and Article 4

- 18.1 Additional licensing and Article 4 are provisions previously considered by the 2014 Overview and Scrutiny task and finish group. In 2014, the provisions were noted as being “Inappropriate to Guildford’s set of circumstances” at that time. However, with the significant increase in licensable HMOs within the Borough this is subject to review.
- 18.2 Making an Article 4 direction can require all properties that intend to become an HMO (licensable or not) to obtain planning permission and ultimately restricts the number of HMOs in specific areas. However, Article 4 can distort local housing markets.
- 18.3 Additional HMO licensing requires unlicensable HMOs that house only 3-4 persons to have a licence to operate. A scheme would be localised to specific

areas of the Borough where there is a significant number of mismanaged HMOs. Currently the data suggest that unlicensable HMOs that would meet the definition of an Additionally Licensed HMO are not being significantly mismanaged. Cross referencing the approximate 1,200 student exempt C and D Council Tax band addresses with approximately 2,700 service requests of any kind (from the last 10 years) to Private Sector Housing, only 10% related to a potential student occupied unlicensable HMO. 25% of reports to the Council regarding Noise nuisance, State of a garden, Bonfires and Land accumulations relate to a potential student occupied unlicensable HMO. This means that 75% of all property based complaints to the Council are not in relation to a student occupied unlicensable HMO.

- 18.4 A proportion of the Council Tax data set of 1,800 student HMOs that currently do not require a licence, would need a licence to operate, if an Additional HMO Licensing Scheme was brought into force. Additional HMO Licensing adds increased regulation to HMOs in problem areas of the Borough. From the Council Tax data that identify 1,800 student exemptions there are 1,276 Band C-D properties that could houses 3-4 persons in currently unlicensable student HMOs within the Borough. Of these 1,276 potential student unlicensable HMOs occupied by 3-4 persons, Table 3 shows that 32% are in GU1, 65% are in GU2 and 3% are in other postcodes. Additional licensing would bring these dwellings into the scope of HMO licensing. It is important to note that these are only student dwellings with 3-4 persons, there are likely to be many other properties occupied by other sectors of society such as young professionals.

Table 3

Postcode	Distribution of Potential Unlicensable HMOs
GU1	32% (403)
GU2	65% (828)
All other GBC Postcodes	3% (42)

19 Emerging priorities

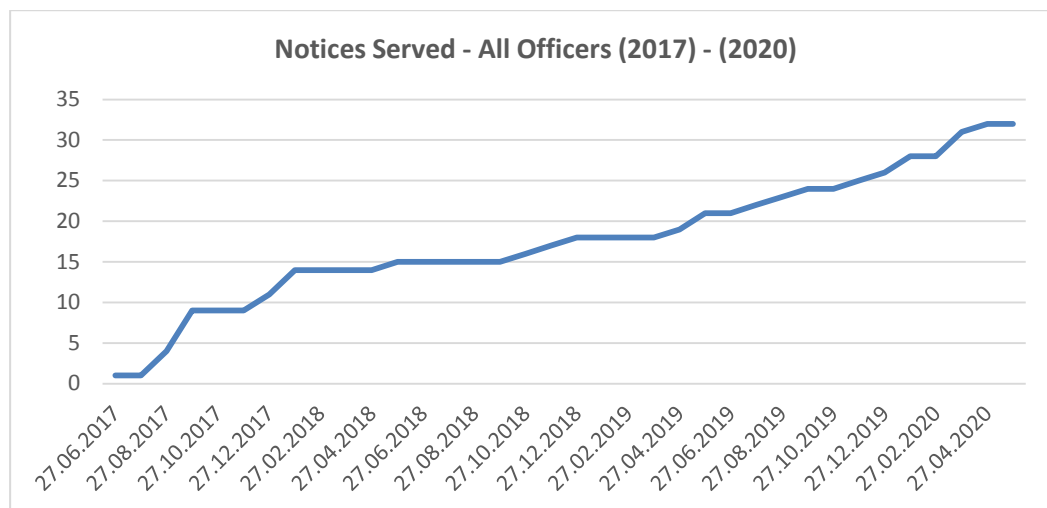
HMO Licence Compliance

- 19.1 Officers are beginning to check compliance with HMO licence conditions, this workflow has been slowed by the COVID-19 pandemic deprioritising proactive property visits.
- 19.3 Private Sector Housing have identified approximately 120 complaint HMOs from a population of 659. This equates to 18% of the licensed HMO population in the Borough.
- 19.3 The Council will continue to monitor compliance with HMO licenses and will continue to assess samples of licensed HMOs once the COVID-19 pandemic slows and proactive projects that involve full property inspection can be undertaken safely.

Enforcement

- 20.1 The Council has successfully prosecuted a landlord resulting in a fine of £4,690 and separately issued a Civil Penalty Fine of £1,000 for the offences of not licensing properties that met the mandatory HMO definition within the Borough.
- 20.2 Private Sector Housing continue to serve more legal Notices for noncompliance over time, shown in Graph 6. This could be seen as correlating directly with increased noncompliance, however the data is likely to be skewed by a range of new enforcement powers within the Private Sector Housing discipline, that will inevitably result in more noncompliance.

Graph 6



21. Consultations

- 21.1 The Lead Councillor has approved the report and will continue to monitor progress with implementation throughout the year.

22. Key Risks

- 22.1 There will be an influx of over 300 HMO applications in Autumn 2023. Resources will be prepared to undertake, process, validate the applications and conduct inspections. During this period a temporary 1x FTE resource may be required. It is also possible to undertake the influx of renewal inspections in 2023 from desktops by assessing floorplans and visiting the HMO at a later date to ensure compliance and ensure there are no significant hazards.

23. Financial Implications

- 23.1 HMO licensing is self-sufficient. The current scheme can be delivered within existing resources. Fees for HMO licensing are set locally using the corporate methodology for setting fees. Only the time spent processing the application and

associated licence documents, inclusive of inspecting the property form the amount of the fee.

24. Legal Implications

- 24.1 The legislative scheme for licensing HMOs is set out in Part 2 of the Housing Act 2004 (the Act). This legislation sets out the requirement for mandatory licensing of HMOs that meet the definition in the Act. The Act also allows the Council to introduce additional licensing requirements if the conditions set out in the Act are met.

25. Human Resource Implications

- 25.1 There are no human resource implications arising from the report.

26. Equality and Diversity Implications

- 26.1 There are no equality and diversity implications arising from the report.

27. Climate Change/Sustainability Implications

- 27.1 There are no direct links to climate change and the progress made on delivering the current mandatory HMO licensing scheme.

28. Conclusion

- 28.1 Progress continues to be made with HMO licensing with all licence applications fully assessed within 3 months. There have been many successes improving standards in HMO regulation evidenced by decreased reports relating to licensable HMOs than of properties that do not require a licence to operate.
- 28.2 There have been improvements in data analysis that have led to a better understanding of HMO locations within the Borough, their occupation and their connection to disrepair. There have also been improvements identifying unlicensed HMOs and ensuring applications are made. Assessing data sources and reports from the public, Private Sector Housing will continue to identify and investigate unlicensed HMOs.
- 28.3 There have been improvements in enforcement with the Council effectively enforcing upon noncompliant landlords, agents and property managers within the Borough.
- 28.4 The recommendations of the 2014 HMO Task and Finish Group have been implemented with increased landlord uptake of the Guildford accreditation scheme, support from academic establishments, waste minimisation projects, Improved understanding of the relationship between complaints/HMOs, use of social media platforms to promote services and the establishment of a HMO stakeholders group that sat for 3 years.

29. Appendices

Appendix 1 – Customer and Community Scrutiny Committee Report

Appendix 2 – Recommendations of the Houses in Multiple Occupation, Overview and Scrutiny Task and Finish Group: Report to the Customer and Community Scrutiny Committee