

WE ARE CONSULTING.

WE ARE NEWHAM.



Property licensing schemes – have your say....

Property licensing helps define standards for tenants and landlords alike on the quality of the private rented sector. Licensing helps us to tackle poor property conditions, deprivation, anti-social behaviour, crime and substandard management of properties by some landlords. Whether you are a private tenant, landlord, local resident or business, we want your views on property licensing, as the current scheme expires in 2023.

We really welcome your views, as they are important to us.

You can view and respond to the consultation

By the 26th January 2022 by following the link below or scanning the QR code.

www.newham.gov.uk/propertylicensingconsultation



**People at the Heart
of Everything We Do**

Rented Property licensing

Consultation Proposal 2021

November 2021

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1.0 Introduction

Newham Council wishes to consult and seek the views of tenants, landlords, residents and all other stakeholders in relation to a proposed new five year large scale property licensing scheme after 2023 when the current schemes expires. We need to consult now in 2021 as the legal process required to continue with a new scheme is complex and the Government have to consider and approve all large scheme applications.

If after the consultation, a new property licensing scheme is found to be the best option, and this is then approved and agreed by the Council and Government, we anticipate that the new scheme will commence in or around March 2023 when the current scheme expires.

Since 2018 when the licensing schemes commenced there have been some key changes affecting Newham’s residents:

- The Covid19 pandemic that started in March 2020 has had a devastating impact for Newham residents with many suffering ill health and the loss of loved ones. It has also driven many families into poverty, particularly those living in insecure private rented accommodation.
- Despite the pandemic and all that has happened the borough has continued to grow over the last 3 years, with many new residential housing blocks in the E20 and E16 areas.
- The number of new homes built has also contributed to the continuing rise in the number of privately rented tenants and for the first time over half of all homes in Newham are rented from a private landlord.
- New legal responsibilities relating to homelessness mean that the Council now assists many more households who are homeless or threatened with homelessness to find homes in the private rented sector and is now the main housing option for many families.
- Universal Credit (UC) has now largely replaced Housing Benefit to help families with paying rent. The Department of Work & Pensions (DWP) administers UC, which means that the Council now has less day-to-day contact and information on the financial security of private landlords and tenants. The latest available figures earlier this year indicate that around 26,000 households in the private rented sector in Newham were getting help with their rent.

In the light of these issues and evidence outlined in Section 7 meeting the Governments specific criteria, the Council believes that further property licensing schemes are the preferred option for residents, tenants and landlords. This is at a time when the private rented sector provides housing for more than half of Newham's population and our evidence shows that a significant minority of landlords are still non-compliant and many households are struggling to pay their rent and bills.

2.0 Background

In January 2013, the London Borough of Newham became the first local authority in England to require all privately let property without an exemption to have a valid licence in order to be legally rented out by landlords. Newham's private rented sector has continued to grow significantly year on year. In 2001, the Census recorded that just under 20 percent of housing in Newham was privately rented and this has now grown to more than 50 percent of all housing in the borough. This is nearly twice that of the London average, which stands at 28 percent. As the national average is at 19 per cent and falling (Office of National Statistics 2019/20) Newham has probably one of the highest level of private renting in England and this trend looks set to continue into the future.

Many households in Newham are experiencing financial hardship and deprivation is still widespread across the borough. There are enormous pressures relating to housing as rents have increased more than household income year on year. Housing affordability affects many families with thousands of households now in temporary accommodation due to homelessness and a growing population of families are unable to afford to rent in the private sector, a trend happening across the whole of London

Now, as of October 2021, there are more than 26,000 private landlords operating in Newham and the Council has issued over 40,000 licences covering the homes of nearly 60,000 households.

Privately rented properties are important because they can provide people with flexible, affordable and good quality homes, albeit at much higher rents than social housing. However, the nature, size and growth of private renting, which has become the dominant tenure in the borough, continues to give rise to problems related to antisocial behaviour, including fly-tipping, rubbish in front gardens, and excessive noise. Poor housing conditions, associated with overcrowding, subletting and damp/mould problems are still disproportionately linked to privately rented accommodation although after 8 years of landlord licencing we are now seeing some improvements to housing conditions in certain neighbourhoods in the borough.

Whilst the majority of private landlords take their responsibilities seriously and provide much needed rented housing in the borough, there are still a significant minority of negligent or criminal landlords who avoid or evade their licensing responsibilities. They do this by exploiting vulnerable tenants and the shortage of affordable housing in London, letting out cramped, unsuitable and in some cases dangerous properties. This has a real human cost for individuals, families and the wider community. Due to the huge number of households living in the private rented sector, some of whom are vulnerable, the Council must continue to remain proactive in inspecting privately rented homes, supporting private tenants and ensuring landlords comply

with their legal obligations. For example during the Covid19 lockdowns in 2020/21, when routine licensing inspections were drastically reduced across Newham, a backlog developed of over 1,000 substandard privately rented homes to inspect.

The Council is also very concerned at the number of households losing their privately rented home whilst at the same time there are enormous pressures on the dwindling supply of social housing. We have over 5,000 households in temporary accommodation with little prospect of being able to move into longer-term stable accommodation. Currently our extensive property licensing schemes provide the Council with a contact database of over 26,000 landlords and considerable opportunity to identify suitable private rented accommodation. The property licensing schemes also provide us with reassurance that should there be an issue with accommodation for vulnerable households we will generally have the legal powers and framework to deal with problems that may arise. It should be noted that most of our neighbouring East London boroughs such as the LB Waltham Forest, LB Barking & Dagenham and the London Borough of Redbridge have all adopted our approach of large scale property licensing schemes to tackle similar issues with privately rented housing.

The Boundary Commission has recently confirmed that four extra wards will be created in May 2022, because of Newham's growing population and the increase in housing built on regenerated land. From May 2022, the Council will have 24 wards instead of the current 20 (see maps in [Appendix 5 – Borough maps showing wards and boundaries from 2022](#)). Please note that all data has been displayed in the new boundary wards format unless otherwise specified.

3.0 What has property licensing achieved over the last 8 years?

Over the past eight years of landlord licencing we have learnt a considerable amount about private renting in Newham. We know that most private landlords have only one property in the borough, but some of the largest have over 350 homes. We also now know that many landlords are not property professionals and need information, guidance and support if they are to look after their tenants and manage their properties effectively without having a negative impact on neighbourhoods. Every month we deal with over 2,000 private rented property issues from Newham landlords and private tenants seeking advice and assistance.

Utilising the data from our Licensing Statutory Register we are able to regularly update over 17,000 of our landlords with digital news and information on legal issues and property management via our ebulletins, as well as holding regular Focus Groups and Landlord Seminars with bodies such as the National Residential Landlords Association. We have also scaled up our rented home safety and compliance inspection programme based upon licensing conditions. We are currently visiting over 500 privately rented homes a month as part of the programme and hope to increase this figure to 800 month in the near future. In addition, we carry out thousands of property audits of rented homes each year to ensure that landlords are fulfilling their licensing conditions relating to the health and safety and security of their tenants.

Property licensing has allowed us to introduce a number of initiatives to improve the private rented sector. After consulting with licensed landlords in 2020 we will be setting up an external mediation scheme, a “hotline” for landlords to contact the Council to avert the need for formal action, providing free training opportunities to professionalise letting activities, a free pest audit inspection offer and an insurance backed rent guarantee product for nominated households. Following a Newham landlord consultation exercise earlier this year, we have responded to their requests for more information and advice by developing a Newham landlord digital advice pack.

Since we started our current property licensing schemes we have also been trying to provide more support and assistance for the increasing number of private tenants in Newham. We have engaged Safer Renting, a voluntary sector organisation, for their expertise in supporting and assisting private tenants suffering harassment and illegal evictions. We have worked with them on over 60 cases in the last 12 months to prevent evictions and homelessness. Moreover, we have two new Tenancy Liaison Officers, who investigate these issues as well as providing mediation for landlords and tenants. We have also been working with Generation Rent to find out what private tenants need from the Council in terms of advice and support and with their help, we will soon be launching a digital private tenant’s advice pack, similar to the landlord pack initiative.

We are currently working on a project to ensure that Newham Residential Letting Agents are operating fairly with regard to tenancy deposits and other consumer rights issues. This will benefit both private tenants looking for a home and landlords using agents to manage their properties. All these initiatives have only happened because we have property licensing in place across the borough and are able to resource and support these vital activities, to improve the private housing market in Newham.

However, we have also continued to invest in robust enforcement against those landlords who fail to licence, rent out sub-standard properties and put tenants’ safety at risk, cause anti-social behaviour, or profit from overcrowding. We have been cited in recent research by the [National Residential Landlords Association](#) 2021 survey which found fewer than half of all Councils have issued any civil penalties in the last three years, and Newham by contrast is one of the leading local authorities in the use of enforcement activity against landlords.

Case Study 1 - Using property licensing powers to deal with fire safety issues

Details of all licensed properties are held on a publicly available register as well as internal Council systems. Higher risk properties can be identified from the list of licensed properties, including HMOs, which pose a higher fire risk than single-family housing. Using this licensing information a proactive inspection programme was drawn up for HMOs.

An Environmental Health Officer inspected a flat in Stratford, E15. The HMO is located above commercial premises with an entrance via the back alleyway. Two households comprising of a family of three and a couple occupied the flat. The only escape route from the flat was through the shared kitchen. As most fires occur in the kitchen, the tenants occupying the rooms on the second floor could be trapped with no means of escape from any fire. In addition, there was no adequate fire detection system to give the tenants an early warning in case of a fire occurring and no primary firefighting equipment. A notice was served on the landlord to change the escape route and remedy all the potential fire hazards. The notice was served on the licence holder, whose details were immediately available to the Council. Furthermore, in conjunction with this action a property licence audit was issued, requiring various management and safety documents to be produced (including tenancy agreement, gas safety and electric safety certificates). The tenants now feel considerably better protected, and much safer and more secure in their home.

How licensing helped? As the property already had an Additional (HMO) licence, the Council had detailed information on the licence holder, owner, property layout and fire safety measures in place. This then allowed the Council to identify the property as higher risk, needing quicker attention. Once it was determined that a legal notice was required, this was served on the licence holder. These details are already known so there is no delay in taking action when needed, as opposed to operating without a licensing scheme where lengthy ownership searches may have to be carried out. Furthermore, the proactive use of the licence conditions allows the Council to obtain a snapshot of how the property is being managed. A partial or no response back indicates poor or inactive management and likely poor property conditions.

Since 2013 when property licensing was first introduced, the Council has recorded the following private sector housing enforcement activities:

- 1,100 prosecutions against criminal landlords
- £2.5 million recovered in unpaid Council Tax owed by Landlords
- £350,000 of Rent Repayment Orders - rent recovered from unlicensed landlords
- 450 joint operations carried out with the Police /HMRC and the Fire Brigade targeted at reported illegal activities
- 2,459 legal notices served on landlords to improve property conditions

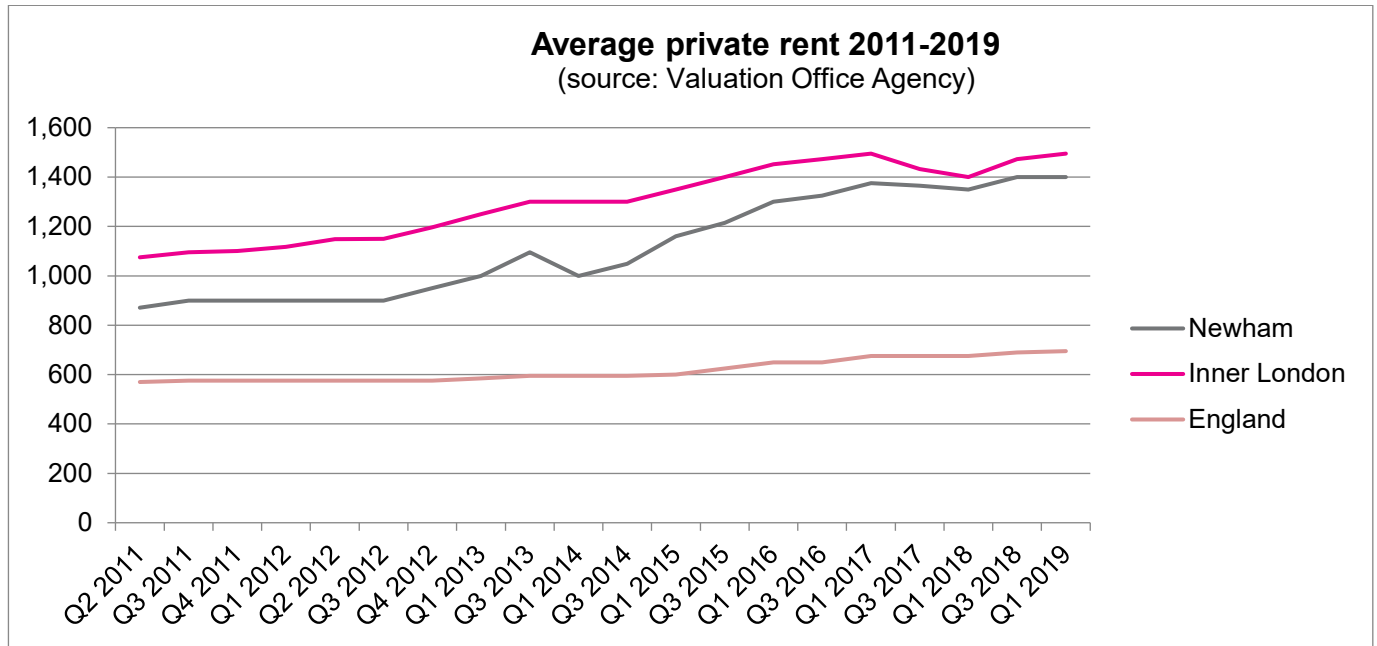
In the last 3 years of the latest licensing schemes, whilst working through the Covid19 pandemic and lockdowns we have managed to achieve the following:

- Over 26, 000 landlords have been issued with licences for 40,000 rented homes.
- We have dealt with over 95,000 requests and contacts from private landlords/tenants.
- Carried out 15,300 inspections and licence audits.
- 384 financial penalty notices (since their introduction in 2017)
- Served 570 notices on landlords relating to property standards.
- Imposed 290 Financial Penalty Notices on non-compliant landlords.

4.0 Affordability in the private rented sector in Newham and the cost of property licensing

The cost of privately renting a home in Newham over the last 10 years has continued to increase above the average Newham household income level and inflation, in line with national trends and London rent levels. See Figure 4.0.1 below showing how rents in Newham have increased much faster than the national private rent levels over the last 10 years.

Figure 4.0.1



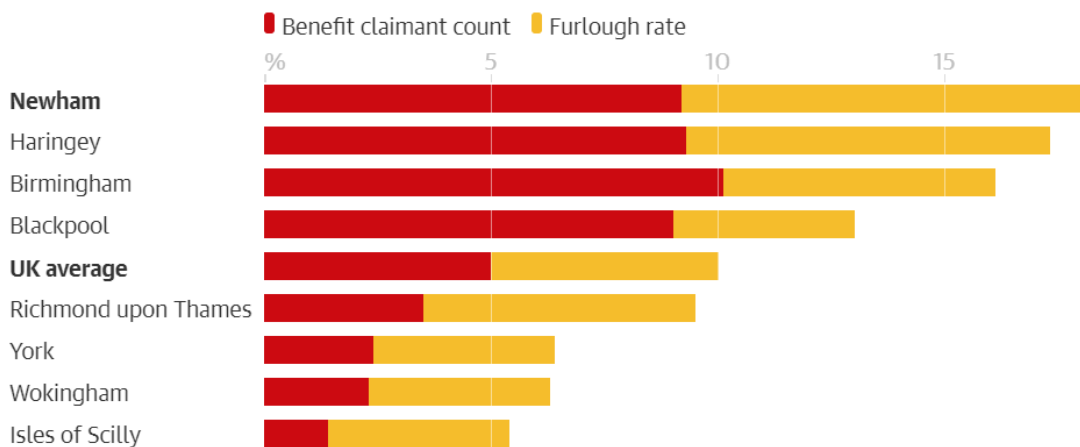
Based on an average rent for a 2 bed roomed property in Newham at £1,740 per month (GLA Rent Map Sept 2021), licenced landlords in the borough are estimated to receive around £835 million in rental income each year, a significant proportion of which is now paid through public subsidy, formerly Housing Benefit and now Universal Credit.

As stated earlier we believe due to the impact of Covid 19, that there are now around 26,000 households in the private rented sector getting some form of state support with rent. Figure 4.0.2 produced in October 2001 shows Newham as having one of the highest benefit/furlough rates of any local authority in the country

Figure 4.0.2

Newham had among the highest combined rates of furlough and unemployment in Britain

Selected local authorities, September 2021



Guardian graphic | Source: ONS, HMRC. Note: local authorities selected from among the highest and lowest furlough and benefit claimant rates

By comparison, the current cost of a landlord licence held by 75% of all Newham landlords is £400 for a 5 year term, which equates to £80 per year or £1.54 per week (before any HMRC tax allowances which could reduce the amount to as little as 92p per week) as both capital values and rental income continues to rise.

The licensing income received from the scheme allows the Council to finance property licensing and related regulatory and enforcement functions in private housing, instead of this burden falling on the Newham Council Tax payer. It also helps other Council services such as the Anti-social Behaviour team and Planning Enforcement, as well as providing valuable information and support to the Metropolitan Police and London Fire Brigade. Most Newham landlords do not live in Newham or pay Council Tax to Newham and without property licensing, the costs of anti-social behaviour or illegal dumping of rubbish from tenanted properties would be a cost to residents.

5.0 What are the key benefits of the property licensing schemes to residents, tenants and landlords?

Some of the supplementary powers and benefits that the Council has with an extensive property licensing scheme are as follows:

- The ability to refuse to licence property where the landlord has a history of criminal convictions or who are otherwise found not to be fit and proper.
- Provides a level playing field for all landlords/licence holder in the borough running legitimate businesses.

- Protection for private tenants to ensure that they have proper tenancies with legal tenancy agreements.
- Reduces the high level of “churn” that can be the result of illegal tenancy arrangements.
- Assists to provide oversight and proper regulation for the significant amount of taxpayer’s funding of private rented accommodation in Newham.
- Protects vulnerable households, including those from the Black, Asian and other ethnically diverse communities, who are disproportionately represented in the private rented sector.
- The ability to ensure rented homes are safe by requiring current gas and electrical safety certificates as a licence condition.
- A requirement that a landlord/licence holder provides 24/7 contact details to ensure consistent property management to assist both tenants and the Council to solve problems such as emergency rehousing after fires or floods.
- Provide specific powers to control overcrowding in all licenced rented homes.
- Tackles anti-social behaviour by imposing a requirement on the property licence for landlords/licence holder to investigate problems in their properties, such as noise nuisance and bad behaviour, instead of leaving it solely for the Council to resolve.
- Provides a whole toolbox of enforcement powers for Newham Environmental Health Officers to use to tackle rented housing conditions including Financial Penalty Notices and prosecutions.
- Imposes specific obligations on the property licence requiring landlord/licence holder to prevent fly tipping and illegal dumping.
- Enables the Council to provide free training and other support services to the large number of non-professional landlords who operate in the borough.
- The Licensing framework with its penalties and obligations largely prevents criminal landlords from operating on any scale.

6.0 What are the alternatives to property licensing for the private rented sector in Newham?

As this is a consultation exercise, the Council is interested in hearing your views regarding alternatives to having further extensive property licensing schemes. Any alternative however needs to be able to ensure that housing in the private rented sector is well managed, tenants are protected

and that residents are not burdened with further problems caused by absentee landlords and irresponsible letting practices.

Other options could include:

- **Voluntary landlord accreditation to seek improvements in private rented management:** The Council has been encouraging training and accreditation for Newham landlords for over 20 years but currently fewer than 1% of Newham landlords are members of any scheme, so this is not considered to be a significant viable alternative to licensing at present.
- **Use of current Housing powers the Council has to regulate landlords:** There are significant limitations in practice as Part 1 of the Housing Act 2004 neither allows the Council to regulate the management of privately rented properties, nor requires landlords to proactively ensure that their properties meet minimum health and safety standards. The ability to deal with hazards in the home under Part 1 of the Housing Act 2004 (known as Category 1 & 2 hazards depending on severity) is a complex, time-consuming process and is currently under review as it is widely recognised that this legislation requires updating. Only a very small proportion of rented homes can be regulated with this option. Where formal action is taken, the Council prosecution costs are often not fully recovered. It is acknowledged that these powers alone would be insufficient to tackle the scale of the problems in the private rented sector in Newham as evidenced in Section 7. The ability to deal with shared accommodation is most effective when dealing with large shared houses known as mandatory houses in multiple occupation (HMOs) and is limited to around 750 HMOs in Newham.
- **Use of current ASB powers and formal notices to remedy ASB:** Action would generally be taken against the tenant in occupation but does not place any obligation on landlords/licence holders to be proactive in managing their properties to prevent or reduce the likelihood of ASB occurring.
- **Discretionary Additional (HMO) licensing scheme only:** This is a less extensive licensing option for borough wide regulation of shared properties with Council approval. Generally, this would cover properties with three or more persons, not in the same household sharing kitchens/bathrooms. Currently there are around 2,500 properties in this category, which is approximately 7% of the Newham private rented sector.
- **A reduced selective property licensing scheme without further government approval;** With Council approval this can apply to less than 20% of the borough which is around four Newham wards, for single-family homes. However, this would leave 75% of Newham private renters without licensing protection and only subject a minority of Newham landlords who rent properties in the poorest neighbourhoods to be licensed, which could be unfair and unjust to the landlord community as a whole.
- **Government planned housing reforms:** The government has announced that they want to provide more protection for private tenants and national registration for landlords. However the details of any legal reforms affecting private rented housing are still unknown and without a clear timetable.
- **Grants to improve sub-standard property:** Generally, there are few government grants available. Newham has limited scope to offer landlords grants through successful external funding such as energy efficiency green home grants, via the Local Authority Delivery scheme in 2021. Any grant scheme would be discretionary, would rely on voluntary property owner engagement, and unlikely to be substantial enough to have a notable impact on property conditions.

Therefore having regard to the options outlined above, the Council believes, there is a need to continue with large scale property licensing schemes when used alongside and in conjunction with other regulatory and enforcement powers. This will allow the council to achieve its strategic objectives, namely improving:

- health,
- the economic and social wellbeing of residents,
- housing choices and
- the neighbourhood environment for all residents.

7.0 What are the requirements for further property licensing in Newham from 2023?

The Council wants to ensure that private rented properties in the borough continue to offer residents a choice of safe, good quality and well managed accommodation. Decent housing is the bedrock of people's lives and underpins a strong and cohesive local community. A more stable and high quality private rented sector will lead to better community cohesion and less of the anti-social behaviour that can damage our neighbourhoods. Newham's property licensing regime has allowed us to both crack down on criminal landlords and support tenants and landlords who are trying to let properties responsibly.

An independent national review of Selective licensing carried out in 2019 on behalf of the then Ministry of Housing Communities & Local Government was positive concerning the effectiveness of property licensing used by local authorities as an effective way of improving the private rented sector see - [Selective licensing review - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/424242/selective-licensing-review-2019.pdf)

Because of property licensing since 2013 we have seen improvements in housing across the borough. However, we know that there is still a need for large scale property licensing to be in place, as without the further powers provided by property licensing, we have only limited options available to protect private tenants and ensure landlords behave responsibly. New evidence shows that every ward in Newham still faces the challenges that come with growing numbers of private rented properties.

The Council believes that further large scale property licensing schemes are needed to follow on from the current regime to make sure that the hard work already underway in addressing local problems is allowed to continue. That is why we are now consulting on proposals for a new rented property licensing scheme to start in 2023. The full details of the legislative background for property licensing can be found in [Appendix 1 of this Consultation Proposal here](#). In addition there is a considerable amount of background information on both current property licensing schemes in operation on the Newham Council website at [Apply for a property licence – Rented property licensing – Newham Council](#)

Additional (HMO) licensing

For smaller HMOs, there are powers under Part 2 of the Housing Act 2004 to introduce discretionary licensing schemes, known as Additional (HMO) licensing. These can be introduced where a significant proportion of HMOs are poorly managed and give rise to problems for residents. In order to designate an area for an Additional (HMO) licensing scheme a consultation period must take place, similar to that required for licensing single family homes (Selective licensing).

There are a number of statutory exemptions for Additional (HMO) licensing which can be found in Schedule 14 of the Housing Act 2004. These can be found at; [Housing Act 2004 \(legislation.gov.uk\)](https://www.legislation.gov.uk) Therefore, in this consultation the Council seek views of extending Additional (HMO) and Selective licensing schemes.

Selective licensing

Under Part 3 of the 2004 Housing Act, a local authority can designate the whole or any part of its area as subject to Selective Licensing, in accordance with Section 80 of the 2004 Housing Act under The Selective licensing of Houses (Additional Conditions)(England) Order 2015.

There are also a number of [statutory exemptions](#) for Selective licensing made under Section 79(4) of the 2004 Housing Act to exempt certain tenancies or licences. [Government guidance \(2015\)](#) states that to introduce a Selective licensing scheme (for landlords who rent to families or single households) the Council has to demonstrate three key issues that:

- 1. the area covered by the scheme has a high proportion of privately rented properties and that**
- 2. it is affected by one or more of a range of social and physical factors outlined below, and**
- 3. that property licensing will have a positive impact in addressing those factors.**

Therefore, one or more of the following specific factors need to be present in any area considered:

- High levels of crime and significant and persistent anti-social behaviour.**
- High levels of deprivation.**
- Poor housing conditions.**
- High levels of migration.**
- Low housing demand (note: this criterion is not applicable to the LB Newham and is not outlined below).**

Figure 7.0.1 below summarises the position of each new ward (from May 2022) against the four-specific criteria (excluding migration) required by the Government guidance for the introduction of a Selective discretionary property licensing scheme. After reviewing current Newham Council data, all new wards would seem to justify the introduction of a scheme except Royal Victoria and Stratford Olympic Park, where the available data is not so clear-cut. This is largely because some of the information on the new neighbourhoods in these wards is not yet fully available.

Meets criteria for PRS landlord licencing	✓
Does not meet criteria for PRS landlord licencing	X

Figure 7.0.1 Ward Summary against Government Criteria for Selective Licensing

Newham Wards (from May 2022)	Tenure: Large percentage PRS housing (over 19%)	Anti-social behaviour: at least 20% of PRS properties reporting an ASB incident	Deprivation: large population in the 30% most deprived nationally	Property conditions: at least 20% of PRS properties at high risk of hazards
Beckton	✓	✓	✓	✓
Boleyn	✓	✓	✓	✓
Canning Town North	✓	✓	✓	✓
Canning Town South	✓	✓	✓	✓
Custom House	✓	✓	✓	✓
East Ham	✓	✓	✓	✓
East Ham South	✓	✓	✓	✓
Forest Gate North	✓	✓	✓	✓
Forest Gate South	✓	✓	✓	✓
Green Street East	✓	✓	✓	✓
Green Street West	✓	✓	✓	✓
Little Ilford	✓	✓	✓	✓
Manor Park	✓	✓	✓	✓
Maryland	✓	✓	✓	✓
Plaistow North	✓	✓	✓	✓
Plaistow South	✓	✓	✓	✓
Plaistow West & Canning Town East	✓	✓	✓	✓
Plashet	✓	✓	✓	✓
Royal Albert	✓	✓	✓	✓
Stratford	✓	✓	✓	✓
Wall End	✓	✓	✓	✓
West Ham	✓	✓	✓	✓
<i>Royal Victoria</i>	✓	X	X	X
<i>Stratford Olympic Park</i>	✓	X	✓	X

The sections that follow will look in more detail at each of the Government criteria in turn:

7.01 A high proportion of private rented property

Government statistics show that nationally the private rented sector currently makes up around 19 percent of the total housing stock in England. However, the current estimate of the proportion of privately rented properties in Newham is now well over 50 percent - more than double the national average. This is evidenced across all wards in the borough, demonstrating the scale at which the private rented housing sector is now the dominant tenure across the whole of Newham.

Figure 7.01.1 below shows the tenure levels across Newham as a whole in three broad categories, illustrating that the private rented sector is now more than four times larger than the level of social housing provision.

Figure 7.01.1

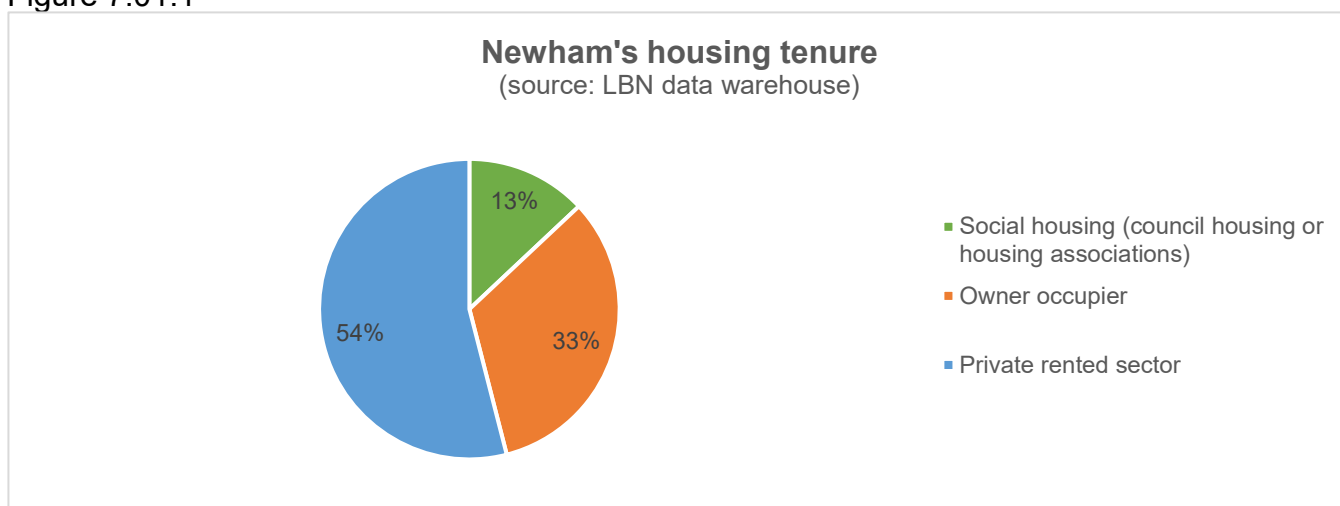
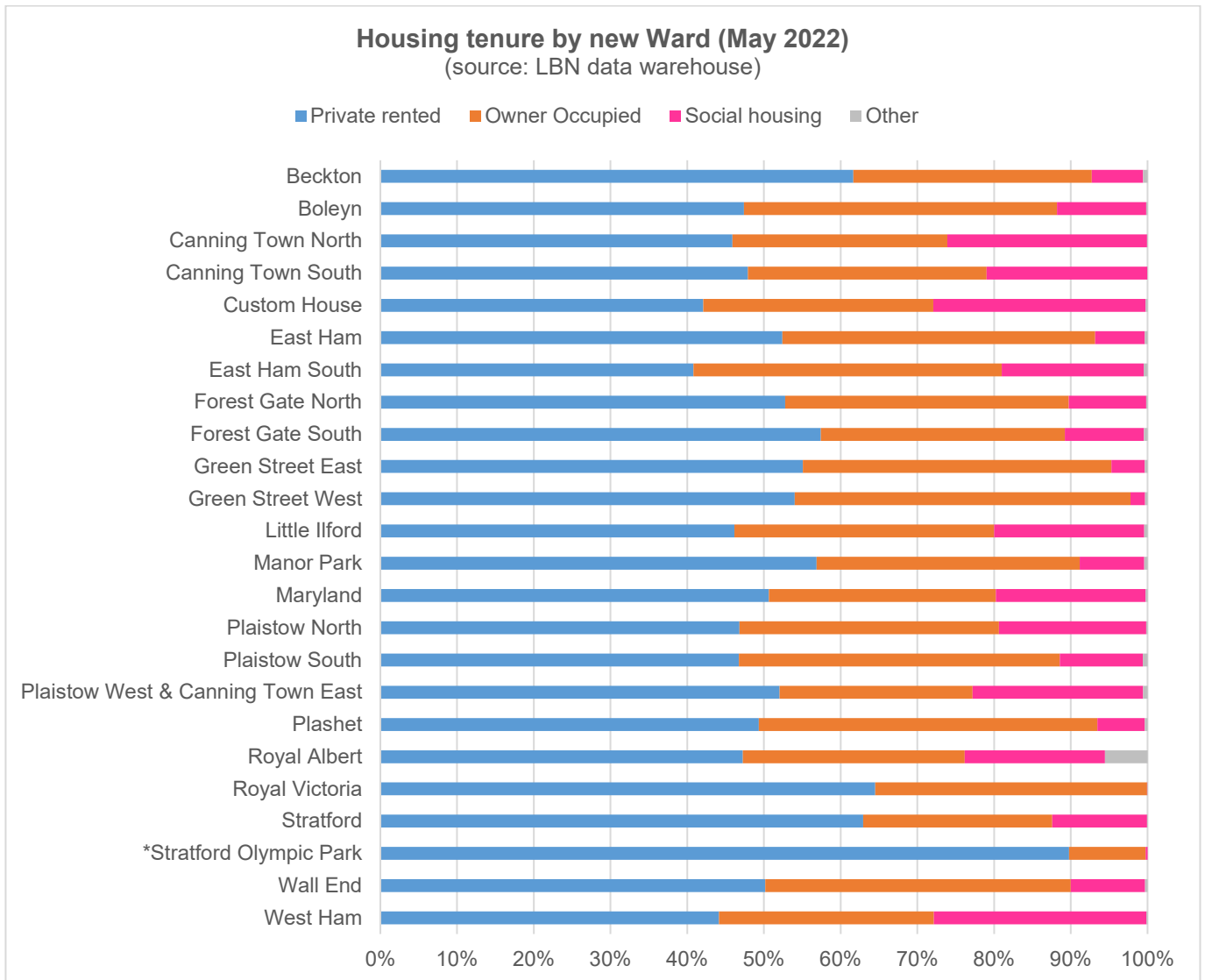


Figure 7.01.2 provides more detail on housing tenure variation ward by ward. Areas that have been subject to large-scale housing led regeneration, such as the East Village Stratford in E20 and the Royal Victoria Dock area of E16, now have many new homes being rented privately. Custom House and East Ham South wards have the lowest levels of private renting in Newham but are still nearly twice the national average number of private rented homes.

Figure 7.01.2



* Tenure for Stratford Olympic Park is based on data of known properties and predictions of the tenure of new-build properties based on information from relevant rental agencies. The data is not specific to individual property registrations (which is the case for the rest of the borough) due to the E20 area within the new ward not being included in the current discretionary licensing schemes.

So by any measure Newham as a whole has a high proportion of privately rented properties, which would justify the Council considering property licensing schemes borough wide in order to have all the necessary tools and influence to ensure positive outcomes for Newham residents.

7.02 Anti-social behaviour (ASB) and crime

Under this criteria the Council is required to consider significant and persistent anti-social behaviour (ASB) occurring within the boundary of a privately rented property or its immediate vicinity. This can include a large number of crime and ASB related issues including intimidation or harassment,

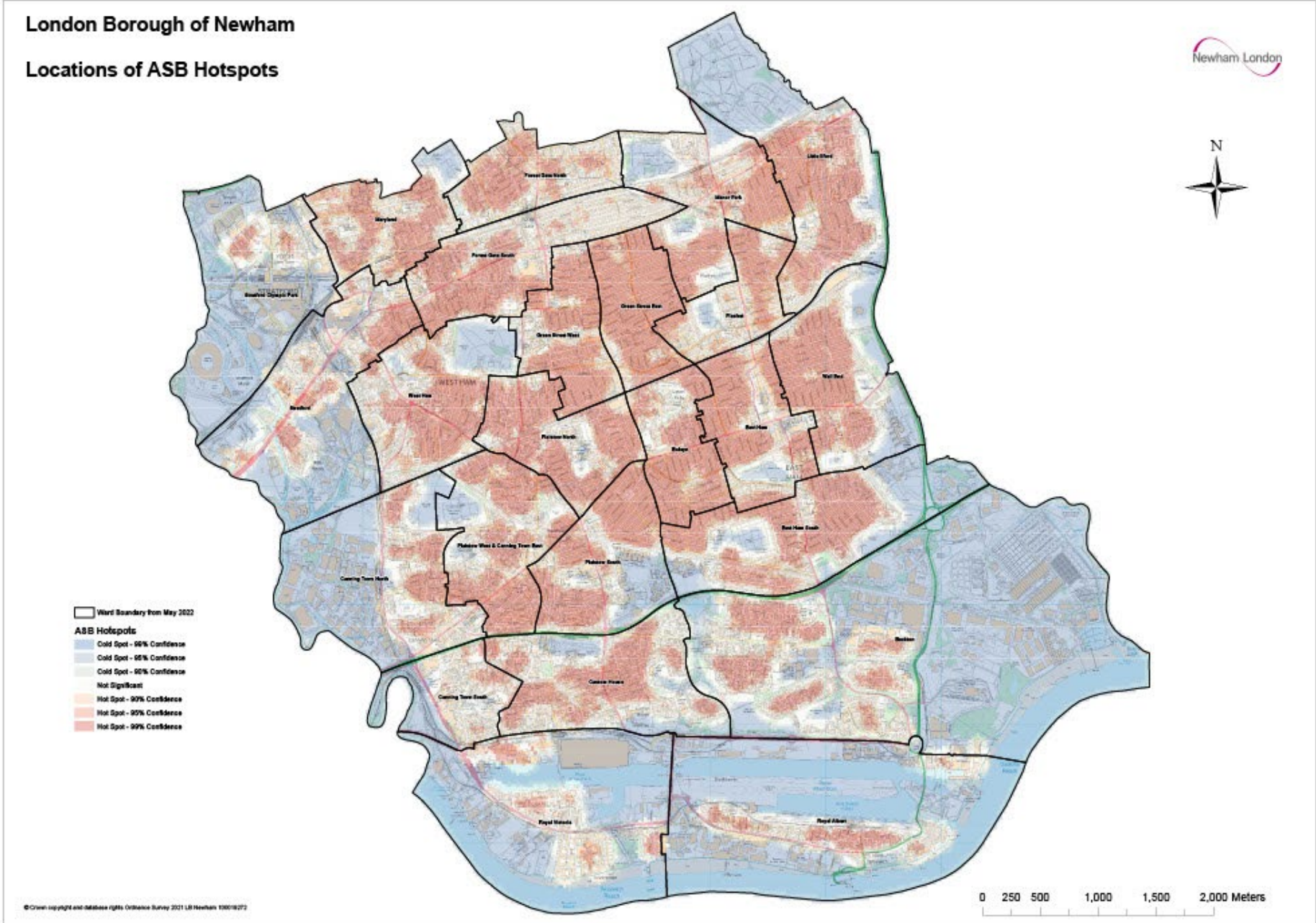
noise, rowdy and nuisance behaviour, vehicle-related nuisance, anti-social drinking, drug taking/dealing, graffiti, fly posting, litter and waste.

Newham not only has had extensive property licensing schemes for 8 years but also invested significantly in fighting crime and ASB with a large number of uniformed officers. This has included dedicated teams of Police Officers working with a range of Council services on both crime prevention and detection, receiving a number of national awards for its innovative work in this area. Because of intelligence sharing and an active approach to tackling ASB and crime, the Council has the benefit of a considerable amount of data and information.

Following this large investment in resources over the last few years, the overall figure for reported crime appears to have declined. Some of the data below on crime demonstrate this as Newham's position has improved in relative terms, but there is still much work to be done on crime and ASB. A range of Council enforcement officers target properties with high levels of anti-social behaviour, though landlords of licensed property are also required to take direct responsibility for any problems with the properties they rent and manage. Although ASB is still persistent and significant, there has been a reduction in the number of anti-social behaviour notices served on licensed properties since licensing was introduced.

Many of our neighbourhoods with a high number of privately rented homes show a disproportionately high number of recorded incidents of ASB, and a high number of ASB reports are linked to the same properties. Figure 7.02.1 below is a map of Newham produced in October 2021 where the darker areas indicate a hotspot concentration of ASB complaints linked to private rented housing and indicates just how ASB continues to occur throughout the borough.

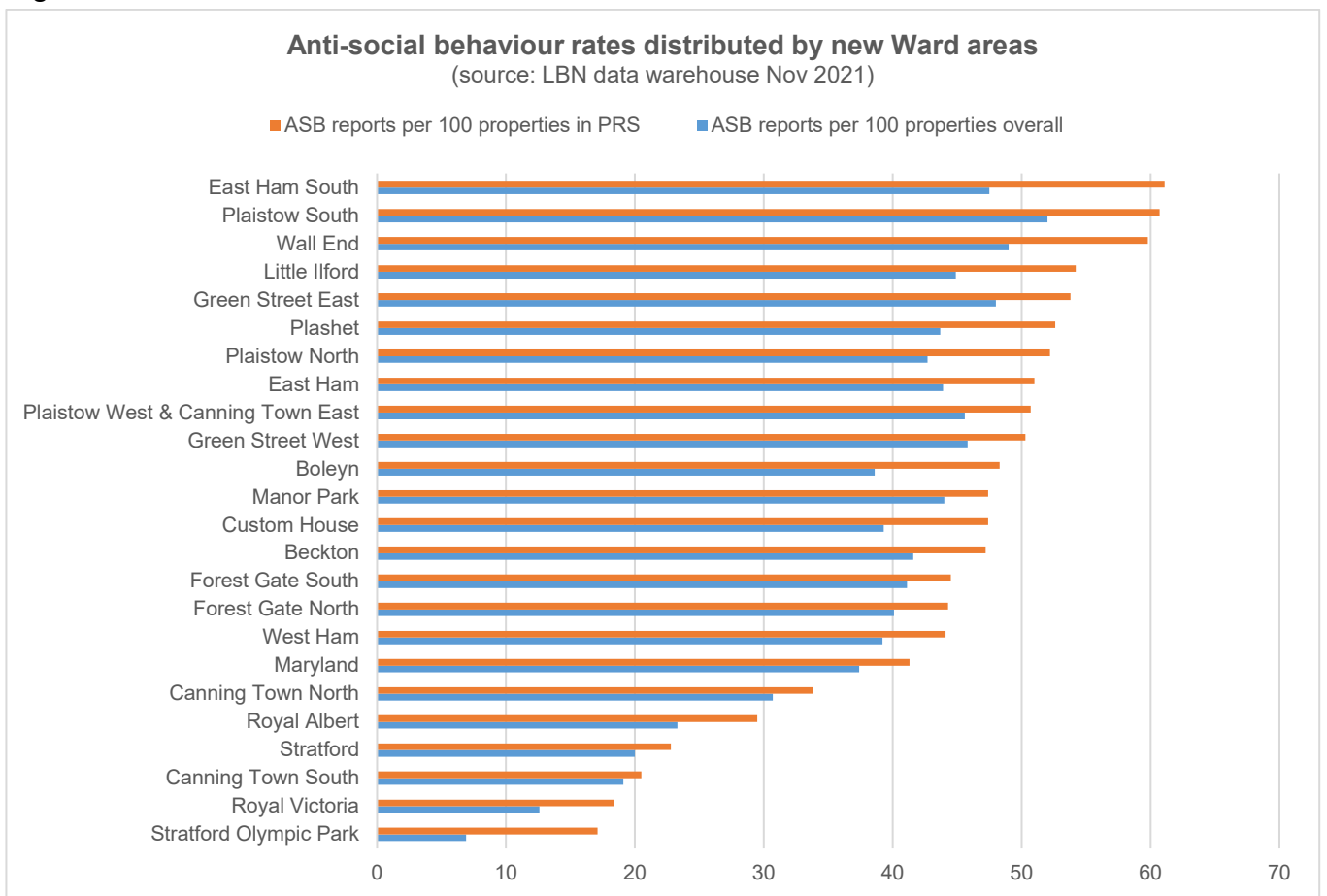
Figure 7.02.1



Further analysis at ward level shows ASB incidents as significantly higher in the private rented sector than in other tenures and higher still in HMOs, which are distributed across all wards.

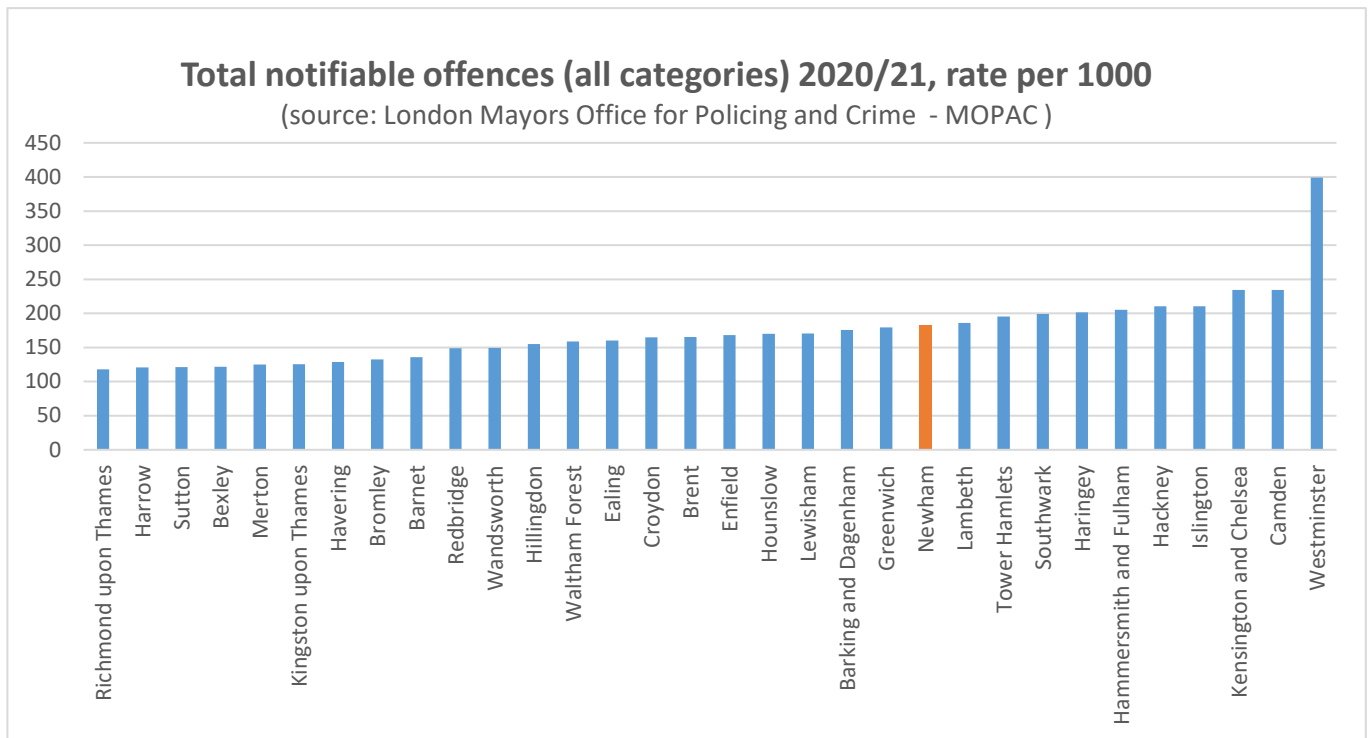
Figure 7.02.2 below provides details of areas where ASB reports are linked to all housing and specifically to private rented homes (per 100 properties) using the new ward boundaries. It consistently demonstrates that reported ASB cases are significantly higher for privately rented properties in every ward than other forms of tenure.

Figure 7.02.2



In relation to crime in Newham, there has been an 18.8% reduction of incidents since 2012; however, the rate of notifiable offences per 1,000 of the population is still one of the highest in London, as shown in Figure 7.02.3 below. Furthermore, Newham has the highest rate of all the outer London boroughs and also ranks as the second most deprived borough in the country in the Index of Multiple Deprivation in respect of crime.

Figure 7.02.3



As with ASB, Newham has a strong partnership working arrangement in place aimed at crime reduction. Property licensing enforcement staff have regularly carried out joint operations with the Police, other Council enforcement officers such as planning enforcement and the London Fire Brigade since borough wide licensing was introduced. Property licensing has given the Council supplementary powers to tackle housing crimes. The Council has undertaken hundreds of joint operations involving unannounced visits, which have enabled us to take over 1,100 prosecutions against criminal landlords. In addition, the Police have made many arrests during these operations for other criminal behaviour involving such matters as illegal drugs and possession of dangerous weapons.

Below in Figure 7.02.4 is a crime rate comparison with our neighbouring London boroughs, all currently operate their own discretionary property licensing schemes with LB Hackney and LB Tower Hamlets still having limited licensing schemes at present.

Newham's crime rate per 1000 people against neighbouring boroughs (source: MOPAC)

Figure 7.02.4

Borough	Rate per 1000 population (all crime categories)
Hackney	210
Tower Hamlets	195
Newham	182
Greenwich	180
Barking and Dagenham	176
Enfield	168
Waltham Forest	159
Redbridge	149

The Council believes with the current evidence and data available, that there remains a persistent and significant problem with ASB and crime in the borough. Although property licensing will not eradicate ASB and crime, it does provide the intelligence, key tools and levers for the Council, the Metropolitan Police and other enforcement partners to deal with those problems as they occur, including imposing essential obligations on the landlord community.

7.03 High levels of deprivation

The life chances of Newham's residents are held back by high levels of deprivation, and specific data for Newham can be accessed [here](#). The Indices of Multiple Deprivation (IMD) is a Government measure of deprivation based on a number of social and other factors including income, employment, health, housing and crime. In 2019, [the Indices of Multiple Deprivation](#) found that Newham was the 53rd most deprived local authority area in the country (Rank of Extent of Deprivation). This represents a significant improvement on 2015 when ranked as the 25th most deprived area, and in 2010 when Newham was ranked as the 2nd most deprived area by the same measure. It is important to highlight that the impact of Covid19 from 2020 onwards on these rankings and has yet to be fully evaluated.

Other important measures of deprivation include child poverty, life expectancy and unemployment. Despite rapid improvements in much of Newham, these factors continue to hold back many of our residents. Some key indicators of relative deprivation in Newham are as follows:

- **50% of children in Newham are judged to be in households in poverty, compared with 37% in London overall (Trust for London)**
- **The under 75 mortality rate for all causes of death is 34% higher in Newham than in London overall (Public Health England)**
- **6.9% of adults in the London Borough of Newham are unemployed, compared with 5.8% in London and 4.5% for Great Britain (Office for National Statistics- Nomis 2021)**

There is strong evidence that high levels of deprivation in Newham are driven largely by crime and lack of access to affordable accommodation. Property licensing can make a direct and tangible difference to both of these factors. For example, enforcement against landlords who illegally overcrowd their property is one of the key aims of the licensing scheme and will help to alleviate housing deprivation in the borough. The information gathered through our scheme helps inform joint operations with the Police and other agencies to crack down on crime – again helping to mitigate deprivation in Newham.

The Newham map at Figure 7.03.1 below is colour coded to show the most deprived neighbourhoods as more deeply shaded areas with a greater percentage of households living within the official Government deprivation definition. It should be noted that most wards and neighbourhoods, except those in the far west of the Borough in E20 and parts of E16, show significant numbers of households in deprivation.

Newham neighbourhood areas & existing wards showing levels of household deprivation (ONS- November 2021)

Figure 7.03.1 (Light red: least deprived to Dark Red: most deprived)

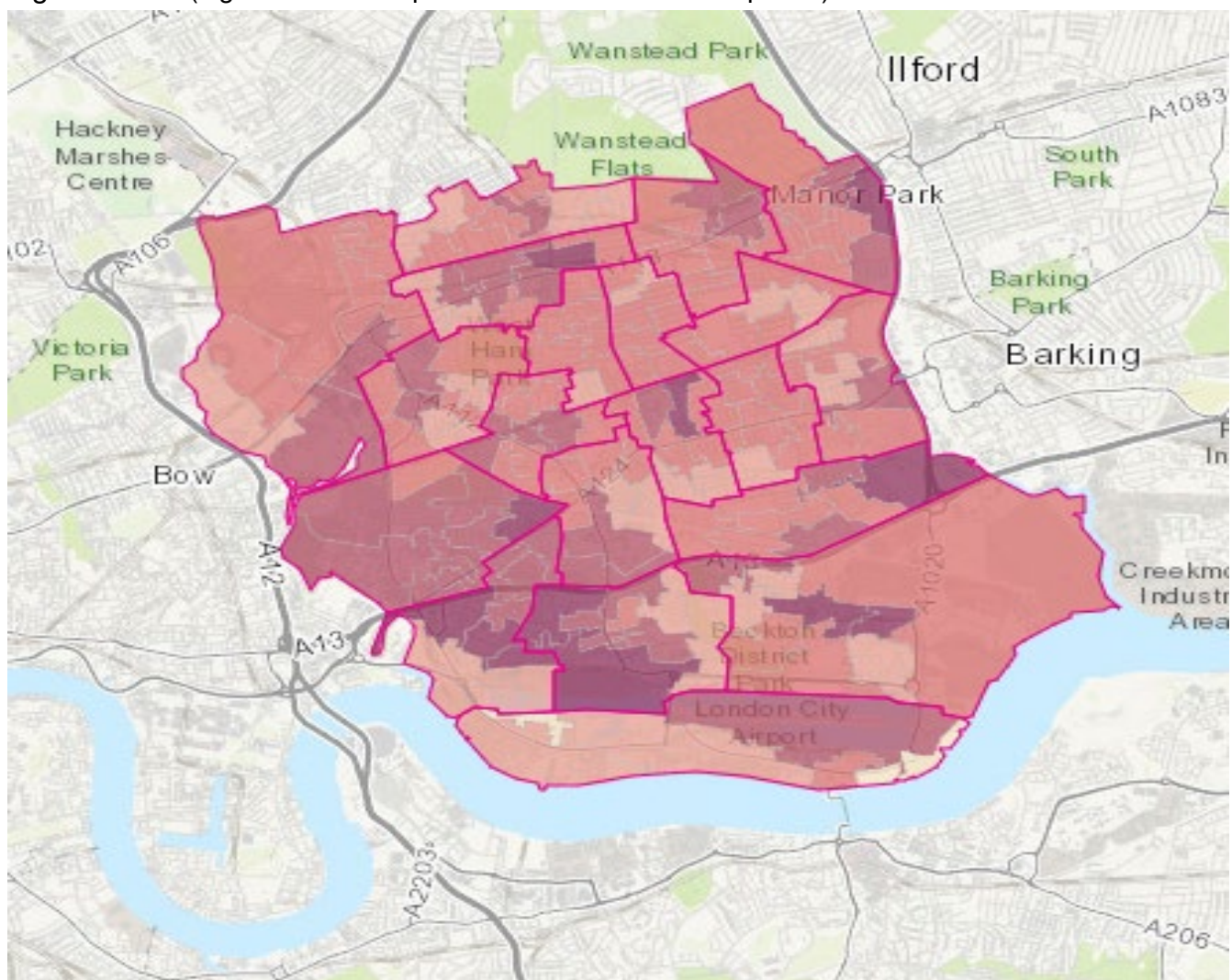
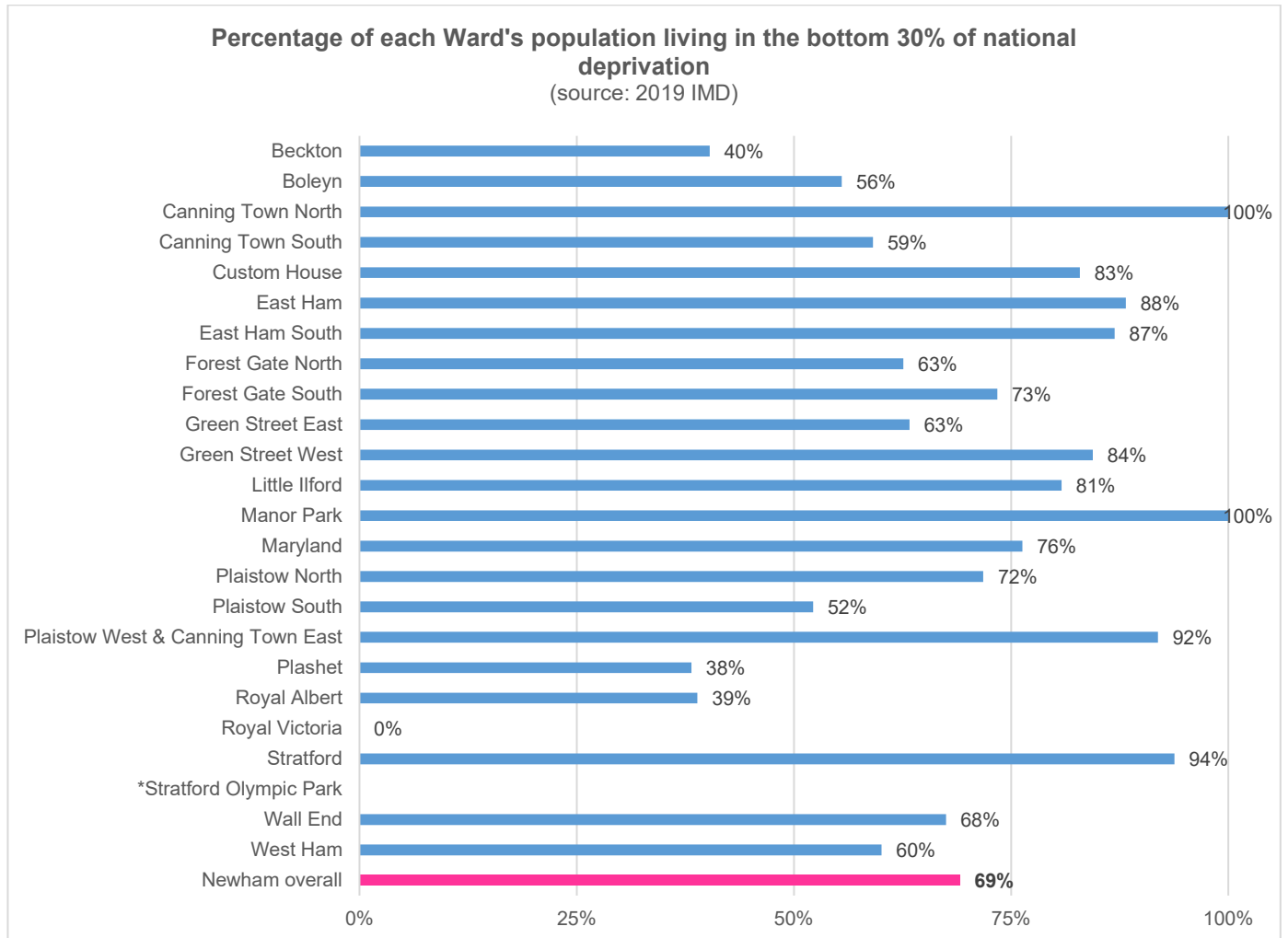


Figure 7.03.2 below shows the new Council wards indicating by percentage the number of households by ward falling within the 30% most deprived population sector across England

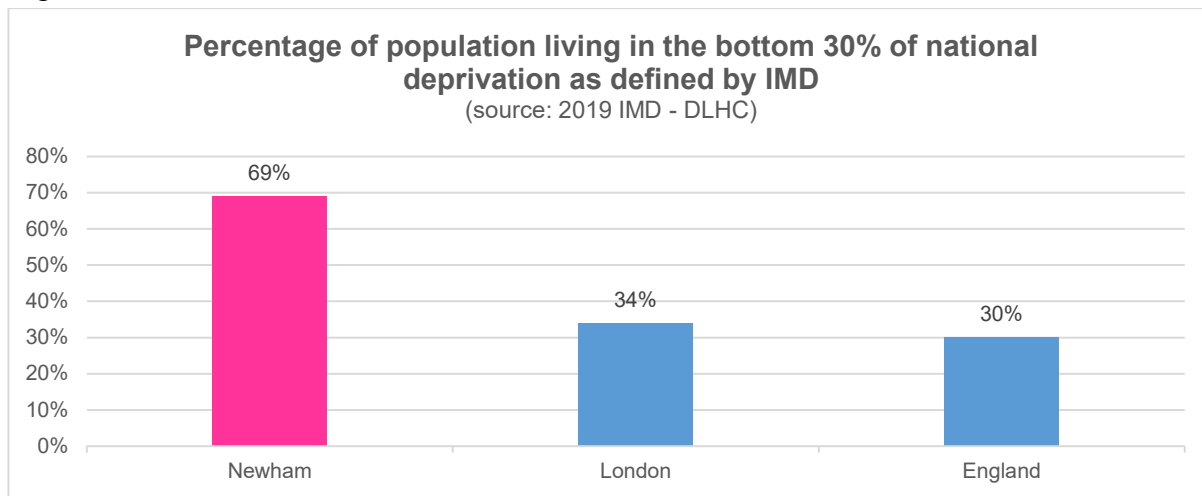
Figure 7.03.2



* Government deprivation data for the Stratford Olympic Park is not wholly accurate at present due to the rapid level of population growth and development in the area. From the Council's own internal data, we are aware that levels are significantly lower than elsewhere in the borough and probably similar to the new communities in the Royal Victoria ward.

External deprivation comparison of the overall Newham population

Figure 7.03.3



Reviewing all the data and Figure 7.03.3, Newham still has relatively high levels of deprivation when compared to London boroughs and England as a whole. This is why having borough wide property licensing schemes will continue to improve housing conditions and ensure properties are managed properly, as demonstrated over the last 8 years. This should then contribute to an improvement in the wellbeing of the occupants in the private rented sector and wider community in Newham.

7.04 Poor property conditions

Nationally and locally, the worst housing conditions are currently found in the private rented sector, with those homes twice as likely to have a Category 1 hazard affecting the health of the tenants. The Council has powers to deal with the [29 prescribed HHSRS hazards](#) in the home (Housing Act 2004 Part 1 Housing & Health Safety Rating System) that may affect health and these include excess cold, dampness and mould, fire safety and falls. Regulatory action under Part 1 operates separately from property licensing but our data shows that when properties are maintained and managed, as required through a property licensing scheme, the number of hazards encountered are significantly reduced.

The Council now holds information on the 40,000+ licensable properties in Newham, including the owner and agents contact details and property occupation details. This helps everyone with an interest in the property and brings issues to the attention of those controlling the property at the earliest opportunity and resolution.

During our health and licensing compliance inspections and audits, covering 15,000 homes since 2018, one in five privately rented homes (or around 8,000 dwellings) have been found to have

problems with their condition and or safety. Using licensing conditions we have managed to get many of these issues dealt with by the landlord without having to resort to lengthy enforcement action. However, when appropriate the Council has made full use of its housing powers to improve housing conditions. Since the introduction of the property licensing scheme in 2013 over 2,459 notices have been served on landlords to improve housing conditions and property management.

Licensing has proved invaluable in driving housing standards up in the growing private rented sector and helps both tenants and landlords manage rented properties to a higher standard. Every licence issued shows the permitted number of occupants that can occupy the property which is determined by the size of the rooms and amenities (e.g. bathrooms and kitchens).

Case Study 2 - Using Selective property licensing powers to help deal with a hazard to health

Licence conditions audits are a main tool that allows the Council to assess a licence holder's general level of compliance with property management and safety requirements. These are either issued as part of a proactive programme or as part of a response to reactive complaints that are received by the Council.

Case study example; *A complaint was received from a mother with her three children from Beckton, E6 who had no hot water in the bathroom for over a year. An Environmental Health Officer inspected the property and found that the boiler was broken. The officer was able to confirm the landlord details via their property licence that was issued in 2018. A Notice was served on the licence holder who was the landlord, to replace the gas boiler within 14 days. He failed to do so and the Council then replaced the boiler so that the family had hot water again. The landlord was prosecuted and the fine with costs was £3,000. The landlord also failed to respond to the licence conditions audit and so a Financial Penalty Notice was issued for a further £10,000.*

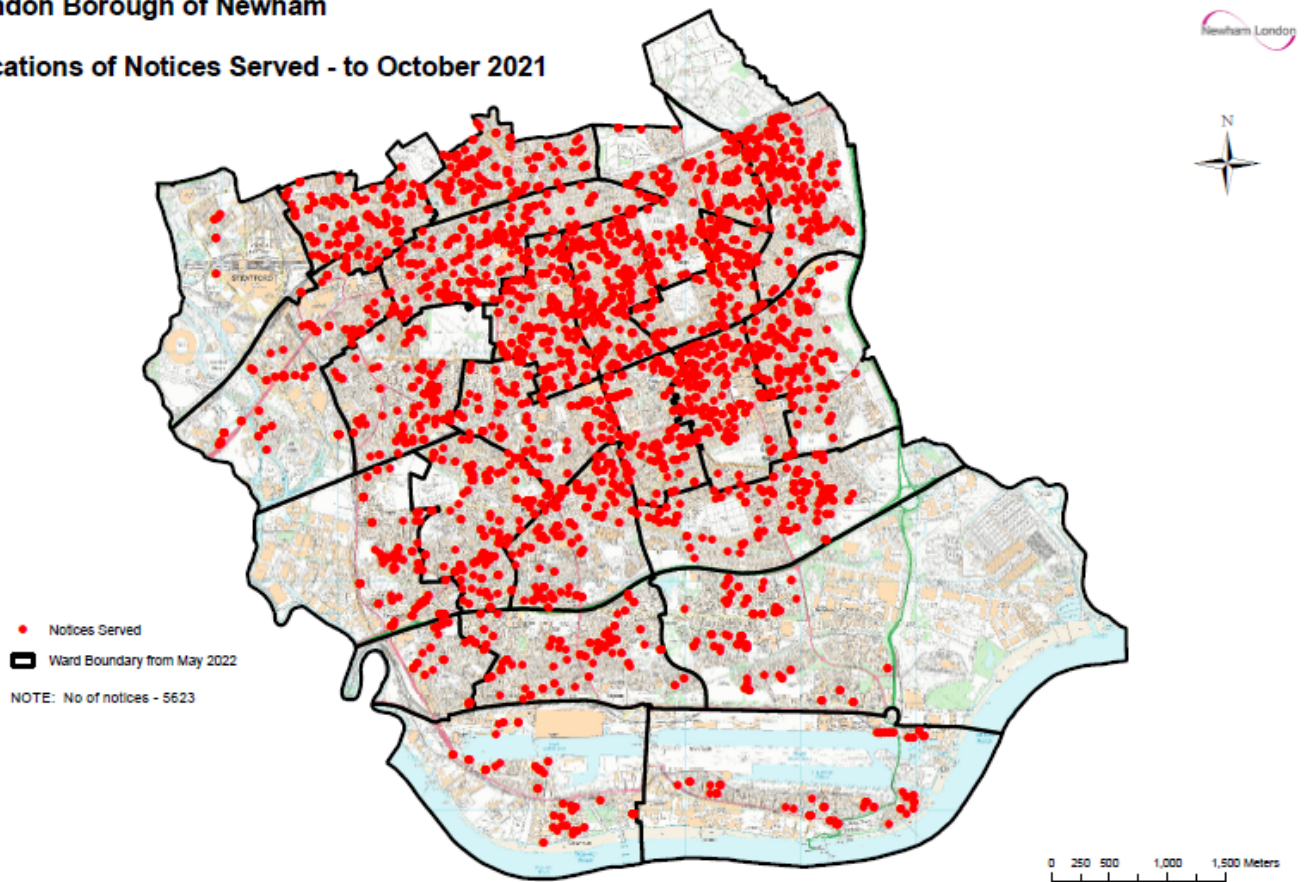
How licensing helped: *The Selective licensing scheme allowed the Council to immediately identify the responsible party for the property, being the licence holder. The Notice was then served on the licence holder. Additionally, by using the licence conditions audit in tandem with the property inspection, allowed the Council to apply maximum pressure on the licence holder. The fines from the courts as well as the Financial Penalty Notice act as a deterrent to further breaches. Furthermore, the licence was reviewed and reduced in term to 1 year for us to keep the landlord under review. This shows negligent and criminal landlords that the Council intend to fully use the powers that the licensing schemes provide.*

Newham map showing distribution of prosecutions and simple cautions issued against landlords of HMOs and single family homes from January 2013 to October 2021, all relating to poor private rented housing conditions.

Figure 7.04.1

London Borough of Newham

Locations of Notices Served - to October 2021



Much of Newham’s private housing was built before 1919 and is concentrated in the Victorian neighbourhoods towards the centre and east of the borough. The two most accurate indicators that private rented sector properties in an area will have a high rate of Category 1 or 2 hazards are firstly, a high proportion of older homes (those built between 1870 and 1914), and a high proportion of low income households. A ward will have a significant number of hazards within its private rented housing stock if either one of these two criteria are met.

Another aspect of older housing and deprivation with a significant impact on health is fuel poverty. The Dept. for Business Energy & Industrial Strategy ([BEIS](#)) figures in 2019 show out of a total 108,572 households, 23,569 (21.7 per cent) are in fuel poverty in Newham when compared to less than 13 percent of households nationally – the third highest rate in England. As well as low household income the other key factor affecting Newham households is the low energy performance of much of the older housing, due to lack of thermal insulation and maintenance.

As part of our Newham draft Housing Strategy (2021), there is an Empty Property Action Plan in place with an updated Empty Property register. Newham is able to identify why residential properties are vacant using property licensing contact details. A specialist Team then engages and assists using available housing powers to bring much needed housing back into use for our Newham residents.

In Figure 7.04.2 below, each new ward is listed to show where both income deprivation and older housing are significant as indicators of the likelihood of housing hazards affecting occupants' health:

Figure 7.04.2

New ward	At risk housing stock age	Income deprivation
	From Newham Data hub 2021	IMD data source 2021
Beckton	X	✓
Boleyn	✓	✓
Canning Town North	X	✓
Canning Town South	X	✓
Custom House	X	✓
East Ham	✓	X
East Ham South	✓	✓
Forest Gate North	✓	✓
Forest Gate South	✓	✓
Green Street East	✓	X
Green Street West	✓	X
Little Ilford	✓	✓
Manor Park	✓	✓
Maryland	✓	X
Plaistow North	✓	✓
Plaistow South	✓	✓
Plaistow West & Canning Town East	✓	✓
Plashet	✓	X
Royal Albert	X	✓
Royal Victoria	X	X
Stratford	X	✓
Stratford Olympic Park	X	X
Wall End	✓	✓

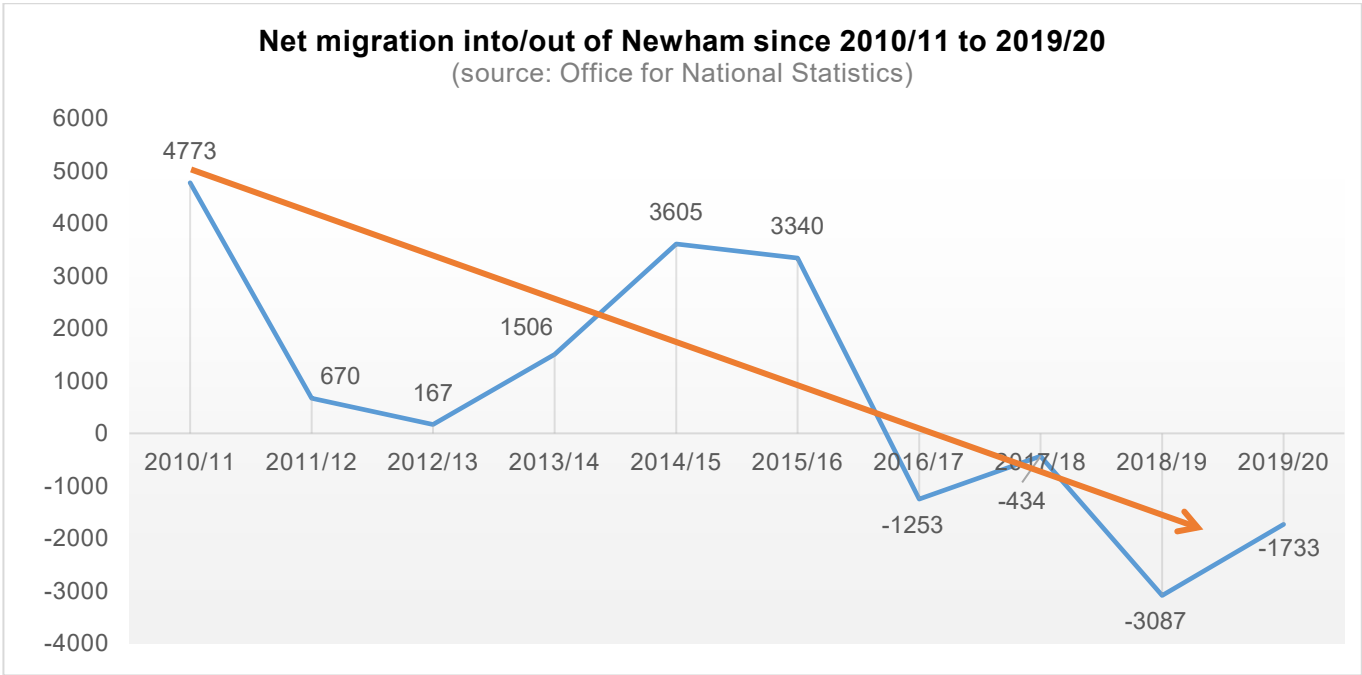
West Ham	✓	✓
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Figure 7.04.2 shows that regeneration in Newham over the last decade or so has led to significant amounts of new residential housing, particularly in the areas, which will form the new wards of Stratford Olympic Park E20 and Royal Victoria E16. This housing is largely provided in residential blocks, much of it built within the last decade. In these circumstances, there should not be any physical property issues apart from the recently discovered external wall system (EWS) problems of poor construction and flammable cladding. Whilst the EWS issue is extremely significant in these two areas in particular, the whole issue is being dealt with through new building safety legislation and remediated with financial support from the Building Safety Fund and therefore is not a relevant consideration for this property licensing consultation.

7.05 High levels of migration

Although an influx of migration is one of the criteria for consideration when making a property licensing scheme in a local area, it is not a significant matter for this consultation as there is no identifiable evidence to suggest any scale of inward migration from outside the Borough that could be considered relevant to support any grounds for property licensing. Whilst the population of Newham is increasing due to its relatively high birth rate, more households have left the borough than moved in, with a net loss of over 1700 households since 2016 as illustrated by Figure 7.05.1 and Figure 7.05.2 below.

Net migration in and out of Newham from 2010 to 2020
Figure 7.05.1

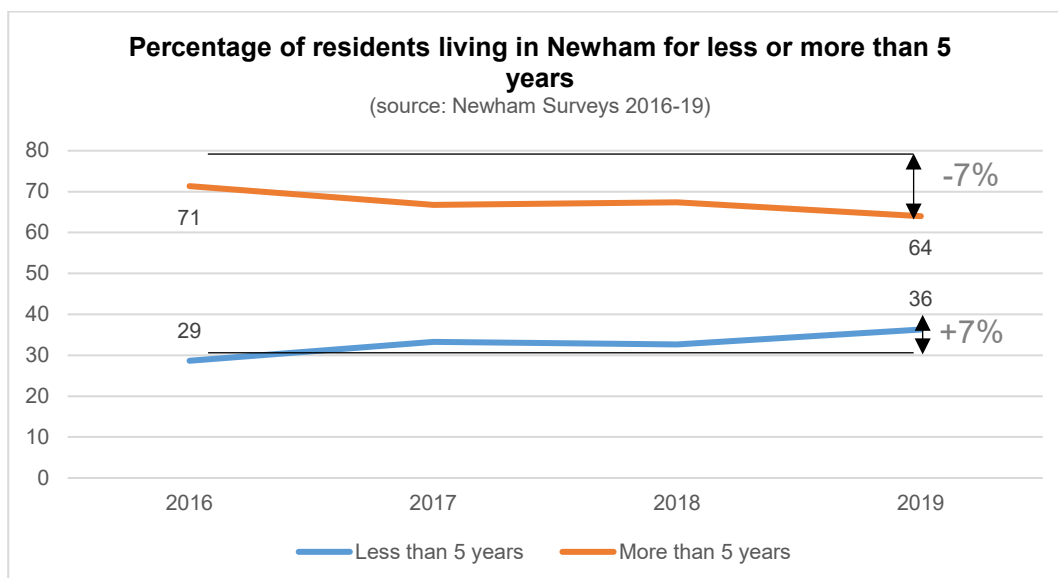


Migration in and out of Newham by year 2010-2020 (Office for National Statistics 2021)
Figure 7.05.2

Year	Population size	Long-Term International Migration		Internal Migration (within UK)		Net difference
		Inflow	Outflow	Inflow	Outflow	
2010/11	310,460	16,545	4,344	15,790	23,218	+4,773
2011/12	316,295	12,391	3,362	17,326	25,685	+670
2012/13	321,465	11,331	3,157	17,706	25,713	+167
2013/14	328,066	13,688	3,648	18,678	27,212	+1,506
2014/15	336,254	14,021	3,143	19,878	27,151	+3,605
2015/16	344,533	14,521	3,385	19,553	27,349	+3,340
2016/17	347,996	12,785	4,189	21,326	31,175	-1,253
2017/18	352,005	12,056	3,514	23,626	32,602	-434
2018/19	353,134	11,707	4,957	24,676	34,513	-3,087
2019/20	355,266	11,443	4,769	21,294	29,701	-1,733

Figure 7.05.3 below is a reflection of the dominance of the private rented sector in Newham and its contribution to population change with almost all private tenants subject to assured short hold tenancies without long term security of tenure. The number of residents living in Newham for less than 5 years is now 36% and continues to grow whilst the number of those over 5 years has fallen to 64%.

Residents Length of Time Living in Newham
Figure 7.05.3



8.0 The proposal for a possible third round of property licensing schemes 2023-2028

Since Newham began consulting on property licensing in 2012, local landlords made it clear that licensing itself would mean little unless it was supported by strong enforcement. After eight years, there have definitely been improvements in the private rented sector. The number of criminal landlords operating in Newham has been reduced and there is an increasing level of compliance across the sector, as landlords become aware of their responsibilities and legal obligations.

As we have moved forward, the objective of Newham’s current property licensing scheme from 2018 has been to ensure tenants were better protected and landlords were supported to manage their properties responsibly. However, there are still too many tenants suffering harassment from landlords in the private rented sector and affordability pressures in the housing market continue to lead to overcrowding issues, with subletting (also known as “rent to rent”) cases being all too common.

Therefore the Council believes that any renewed property licensing schemes should ideally cover the whole of Newham, as the significant challenges identified with the high numbers of privately rented properties is more than ever a borough wide issue. This would protect all of our private rented tenants, provide a level playing field for the landlord community and enable the Council to continue its work towards creating more sustainable local communities and a better local economy for all.

However, the Government requires that each area of the borough meet certain requirements in order to grant powers to license landlords, and arguably parts of the borough that have recently been subject to extensive regeneration are now different from other areas of Newham.

As discussed, four extra wards will be formed in May 2022, because of the borough's growing population and the increase in housing built on regenerated land. From next year, the Council will have 24 wards instead of the current 20 ([Appendix 5 - Borough maps showing wards and boundaries](#)).

In 2017 after a previous consultation exercise and considering all the evidence, the Council took the decision to exclude the newly developed Stratford East Village E20 area from the current property licensing designations. This is because the data on the new housing and communities, which had developed after the Olympics in 2012, did not indicate that the area had the housing problems and levels of deprivation found in the rest of Newham.

As housing led regeneration has continued in Newham, and particularly in the west of the Royal Docks area in E16, it now appears that the new housing and communities in the area covered by the new ward of Royal Victoria E16 may also not fully meet the Government criteria for a discretionary property licensing scheme.

Therefore, both the new wards of Royal Victoria in E16 and Stratford Olympic Park in E20 ([Appendix 5 - Borough maps showing wards and boundaries](#)) which will exist from May 2022, might be excluded from any new property licensing schemes. The Council will consider this issue further after this consultation and following further legal advice and information.

This is why the London Borough of Newham is consulting on a possible proposal to implement new five-year rented property licensing schemes, when the current Additional (HMO) licensing scheme expires on 31st December 2022 and the Selective (single family) licensing scheme expires on 28th February 2023.

To help with this decision the Council would like to hear the views of residents, landlords and tenants about whether the Council should include or exclude all privately rented housing in those areas from any, either, or both types of property licensing schemes (single household and shared household - Selective and Additional (HMO) licensing schemes respectively) in future.

9.0 Possible options for future property licensing schemes

These are summarised in figure 9.0.1 below:

Option 1 - the whole borough including all 24 wards from 2023 onwards

This proposal for property licensing schemes borough wide would be very similar to the pre-2018 scheme that existed in the borough, except that it would include all four new wards in the borough, including the East Village area of E20.

Option1 is the Council's preferred option as we are committed to protecting private tenants and making sure that landlords meet the highest possible standards through implementing property

licensing borough wide. We believe it would be unfair to exclude some Newham ward areas from the scheme and a borough wide approach would enable us to take action to improve the sector as a whole.

Under this option all private landlords with properties in the borough would require a licence for each of their rented properties. The Council would need to determine that the proposed licence holder is a 'fit and proper' person to manage their properties. Failure to licence a property would be a criminal offence and could result in prosecution and an unlimited fine, or alternatively a Financial Penalty Notice of up to £30,000, could be imposed. The Council would create this designation (a legal decision by Council members) in 2022 and it would come into force in from 2023.

There are two types of licence proposed:

- Firstly, Newham is proposing to introduce a borough-wide licensing designation for all smaller Houses in Multiple Occupation. This is known as an **Additional (HMO) licensing scheme**. This would mean that all landlords who let a property that is occupied by three or more non-related occupiers who share some basic facilities or amenities, such as a kitchen or bathroom, would be required to have a licence from 1st January 2023.
- Secondly, Newham is proposing to introduce a borough-wide licensing designation that would require landlords who let all other residential accommodation (housing rented to a single family or household) to have a property licence. This is known as a **Selective licensing scheme** and could come into force from 1st March 2023.

Option 2 - the whole borough excluding one or both of the two new wards

Option 2 would include most of the borough (22 wards) but exclude one or both of the new wards of Royal Victoria E16 & Stratford Olympic Park E20 from either **Selective licensing** (single family) or **Additional (HMO) licensing** or **both**.

The two elements of Option 2 are as follows:

- **Option 2a** The Council would introduce borough-wide **Selective and Additional (HMO) licensing designations** in all 23 wards but **exclude the Royal Victoria E16 Ward** in one or both of the designations.
- **Option 2b** The Council would introduce borough-wide **Selective and Additional (HMO) licensing designations** in all 23 wards but **exclude the Stratford Olympic Park E20 Ward** in one or both of the designations.

Summary of Third Licensing scheme options being consulted on by Newham **Figure 9.0.1**

Newham proposed options	Selective licensing – (after February 2023)	Additional (HMO) licensing (after December 2022)
Approval needed;	Council & Government	Council
Option 1	All wards	Borough wide
Option 2	All wards excluding both Stratford Olympic E20 and Royal Victoria E16	All wards excluding both Stratford Olympic E20 and Royal Victoria E16
Option 2a	All wards but excluding Royal Victoria E16 only	All wards but excluding Royal Victoria E16 only
Option 2b	All wards but excluding Stratford Olympic E20 only	All wards but excluding Stratford Olympic E20 only

10.0 The strategic context for any new property licensing schemes, their objectives and how they can be achieved

The implementation of property licencing schemes to regulate the private rented sector in Newham directly supports a number Newham key corporate strategies and policies including the following:

- [50 Steps to a Healthier Newham](#)
- [Towards a Better Newham Covid 19 Recovery Strategy](#)
- [Homes for People: Newham's Housing Delivery](#)
- [The Homelessness and Rough Sleeping Strategy 2021 \(forthcoming - December 2021 cabinet\)](#).

Newham’s draft Housing Delivery Strategy 2021-25 outlines a number of key cross cutting themes regarding private rented housing for the next five years, including addressing the climate emergency, homelessness and above all the importance of achieving a safe and secure private rented housing sector through the continuation of property licensing, it states:

“We will build on the existing Council’s property licensing schemes and look to continue these into a third five-year term to consolidate what we have already achieved. We are now building a sustainable PRS, utilising the regulatory licensing framework to encourage the rights of tenants and ensure that ALL landlords take their responsibilities seriously. We will also focus on tackling poor energy performance in the PRS using all the levers and incentives available. We will continue to promote a professional PRS to drive up quality and safety, and continue

to campaign for legal and administrative changes to provide greater security of tenure, protection from rapid rent rises and illegal eviction, simplified regulatory regimes and higher penalties for bad landlords.”

Both the **50 Steps to a Healthier Newham** and **Towards a Better Newham Covid 19 Recovery Strategy** all cite the significance of private rented housing to the borough and the importance of the private rented sector in the Council’s focus on preventing homelessness. It specifies the importance in determining the health and wellbeing of both the tenants living in that accommodation and for residents living in the neighbourhoods and communities where private renting is the dominant form of tenure.

Objectives for any new schemes

Our objectives for any further property licensing schemes can be summarised as follows by utilising the regulatory framework of property licensing:

- to ensure landlords continue to improve the conditions and management of privately rented properties across the borough,
- to inspect/audit the majority of private rented homes over the five year licensing period to ensure the quality and safety of rented accommodation fully meets property licensing requirements,
- to support and ensure all private tenants in Newham are secure and safe in their homes including working with private tenant organisations,
- to integrate initiatives using the framework of property licensing to target fuel poverty and climate emergency/carbon reduction measures across the private rented housing sector,
- to increase the professionalism of the Newham landlord community by working with landlord organisations aimed at achieving a more sustainable and self-reliant private rented housing sector in Newham,
- to further develop a range of innovations and tools to support private tenants and landlords across the private rented sector,
- to continue with an active enforcement programme against criminal and exploitative landlords with targeted outcomes,
- to ensure all residential letting agents in Newham are fully compliant with consumer protection and rights legislation,
- to continue to share good practise, particularly around data sharing and operational activities, concerning the regulation of private rented homes with stakeholders and Government.

The Council is confident that should a further large scale property licensing scheme be agreed and approved that the current resources available one of the largest private sector housing enforcement services in London, will be able to continue with its work to regulate the sector and achieve the aims set out above.

11.0 Landlord licence conditions

The Housing Act 2004 requires that every licence must include certain mandatory management conditions. There are separate licence conditions in respect of homes for single households (Selective licensing conditions) see [Appendix 3a](#) and shared homes or HMOs (Additional HMO licensing conditions) see [Appendix 3b](#).

Newham also has the power to include other discretionary conditions, which the Council considers appropriate for tackling the issues identified as negatively affecting the private rented housing in the borough. Newham will continue to use these conditions to control a number of issues such as:

- Overcrowding of substandard living accommodation
- Anti-social behaviour (ASB) – by requiring landlords to take reasonable and practical steps to prevent or reduce ASB
- Inadequate standards of property management.

The licence conditions provide the framework for the Council to intervene early if there are problems and work with landlords if appropriate, to help and support them to meet their responsibilities and prevent them exploiting vulnerable tenants. Where landlords purposefully undermine the local community by failing to meet these conditions, the Council can use its enforcement powers and work with partner agencies to address the negative impact of any condition breaches.

There are a number of Newham specific licence conditions, which are currently in use and have proved successful. For example, when tenants notified us of pest infestations, we require licence holders to investigate and deal with the issue and provide suitable proof from a pest control company. In addition, we then require the licence holder to provide copies of all inspection reports carried out (being once every 3 months for shared housing (HMOs) and once every 6 months for single household properties). This is a useful tool to ensure that licence holders are aware of the conditions within their properties and to take direct action. It also places the responsibility correctly on the property licence holder to ensure that their property is being managed and maintained properly, as opposed to waiting for their tenants or neighbours to complain, then requiring intervention from the Council.

Furthermore, failure to comply with the conditions on a property licence is a criminal offence and could result in prosecution and an unlimited fine. Alternatively, a Financial Penalty Notice of up to

£30,000 can be imposed. The possibility of enforcement action has allowed the Council to make full use of the licence conditions to check on key property management issues (such as provision of safety certificates for gas and electrics) and the legal enforcement response has acted to drive up standards in property management.

Learning from our current schemes, we would now like to include new conditions and strengthen some existing ones for both types of licence. Details of these proposed conditions can be found in [Appendix 3a](#) and [Appendix 3b](#) of this Consultation Proposal with proposed new conditions highlighted in red.

12.0 Property licensing fees and charges

The Council has the legal power to charge fees for property licence applications.

12.01 Split licensing fee proposed changes

After the [Hemmings/Gaskin ruling](#), the licence fee is now required to be levied in two parts as a split fee structure. Part A of the fee is for the application for a licence and covers the costs of processing, administration and validation of the application. Part B of the fee comprises a contribution towards the costs of exercising the licensing functions and those in respect of management orders. Licensing schemes cannot legally require payment of the Part B fee at the point of application. However, to facilitate payment of the Part B fee and to reduce the potential time and cost spent chasing applicants for payment, the Council is considering offering landlords the extra options of;

- (a) paying the Part B fee with Part A, with the former being refunded in the event that the licence application is not granted,
- (b) or providing the Council, at the point of application, with information necessary to take the further Part B payment automatically upon an application being granted.
- (c) As the fees are a cost to the landlord community, albeit a minor one when considering rental income levels and the costs of managing residential property, the Council wishes to keep the fees as low as practicable. We have listened to our landlord customer base over the years, and invested in IT, continuously reviewed our business processes and made changes to keep costs to a minimum and improve the landlord journey.

The Council therefore seek views in this consultation on retaining fee levels at or around the same as they are for the current 2018 scheme. Indeed, it is likely that many landlords may eventually end up paying less in fees should a number of discount opportunities be eventually adopted.

Additionally we are considering applying multiple property licence discount options for landlords, such as a £50 fee deduction for membership of a professional body relating to property management. It is our intention that these and other discounts will act as a suitable incentive for landlords to become fully engaged with landlord's organisations, which in turn can help drive up the standard of management and professionalism within the landlord community.

To reassure the Newham landlord community we have carried out a benchmarking exercise with other local authorities in 2021 and our proposed licensing fee levels for any future schemes will still be below the average for London. Licensing represents only a marginal cost to a landlord's business and the number of rented properties has continued to grow year on year in Newham although licensing schemes have been in place for 8 years.

The Council is also proposing to retain a reduced licensing fee offer for landlords who make early applications before the new licensing schemes become fully enforceable. The standard fee would then apply after the commencement date for any new scheme(s) to meet the costs of licensing administration. This is justified as there are significant costs to the Council from those landlords who have failed to make a personal application before any scheme commences.

The Council is also aware that HMOs (shared houses) are the most costly to administer, including complex compliance inspections often involving fire safety issues with the London Fire Brigade, and therefore this is reflected in the higher level of fee proposed which is similarly reflected across most of the London Boroughs.

More detailed information on fees and charges can be found in [Appendix 2 – Charges and Fees of this Consultation Proposal](#)

13.0 After the consultation

The Council wishes to encourage choice and quality across the private rented sector in Newham and recognises that for many households renting privately is their only option. We do not want our residents to suffer at the hands of criminal landlords by paying excessive rent for unsafe, overcrowded and dehumanising conditions. We believe that in the current London housing market a universal licensing approach to the private rented sector will enable us to continue to support and protect Newham residents who rent privately.

The licensing proposals will put into practice and contribute towards many elements found in the Mayor's Promises and the Council's corporate strategies to deliver improvements to neighbourhoods and build on both individual and community resilience.

We want to improve housing quality across all tenures, by working with partners, landlords and other agencies to improve the existing stock in the private rented and owner-occupied sectors. Poor quality or overcrowded housing can also affect peoples' health and their personal development, particularly for younger people and families.

Appendices 1 to 6

[Appendix 1 – Legal context](#)

[Appendix 2 – Proposed Charges & Fees](#)

[Appendix 3a – Selective Licence Conditions](#)

[Appendix 3b – Additional Licence Conditions](#)

[Appendix 4 – Guidance on Accommodation Standards](#)

[Appendix 5 – Borough Maps showing wards and boundaries](#)

[Appendix 6 – Consultation data tables](#)



**People at the Heart
of Everything We Do**

How to Respond to this Consultation:

You can respond to the consultation via our online questionnaire by the 26th January 2022 following the link or scanning the QR code below.

www.newham.gov.uk/propertylicensingconsultation