

Landlords Forum 5<sup>th</sup> July 2022

# Licensing Update on recent cabinet report approval

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# The different licensing schemes

	Mandatory HMO licensing	Additional HMO licensing	Selective licensing
<b>Type of property</b>	HMOs larger than 5 people	HMOs larger than 2 people	All PRS properties not covered by other schemes
<b>Who approves the decision?</b>	N/A – it's mandatory for all local authorities	The local authority – provided it meets the criteria	The Secretary of State – the local authority must submit an application
<b>Consultation required?</b>	No	Yes	Yes
<b>What criteria must be met?</b>	N/A	A large PRS, high levels of antisocial behaviour, which is shown to be linked to the PRS	A large PRS, high levels of antisocial behaviour linked to the PRS, poor property conditions, deprivation, high levels of inward migration
<b>When does the current scheme expire?</b>	Mandatory scheme does not expire	31 <sup>st</sup> December 2022	28 <sup>th</sup> February 2023
<b>Where is currently covered?</b>	The whole borough	The whole borough except part of the Stratford and New Town current ward (the E20 postcode)	The whole borough except part of the Stratford and New Town current ward (the E20 postcode)
<b>Where are we proposing to cover in the new scheme?</b>	The whole borough (no redesignation is required)	The whole borough except new Stratford Olympic Park ward (E20) and the new Victoria Dock ward	The whole borough except new Stratford Olympic Park ward (E20) and the new Victoria Dock ward

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### PUBLIC CONSULTATION

Property licensing helps us to set quality standards, tackle poor management and antisocial behaviour in privately rented homes – so whether you are a tenant, landlord, resident or business, we want to hear from you about our licensing scheme.



People at the Heart  
of Everything We Do

Consultation closes 26th January 2022.

Have your say by going to [www.newham.gov.uk/propertylicensingconsultation](http://www.newham.gov.uk/propertylicensingconsultation)

The consultation seeks to hear from tenants, landlords, and local businesses about how the borough's licensing scheme has affected them.



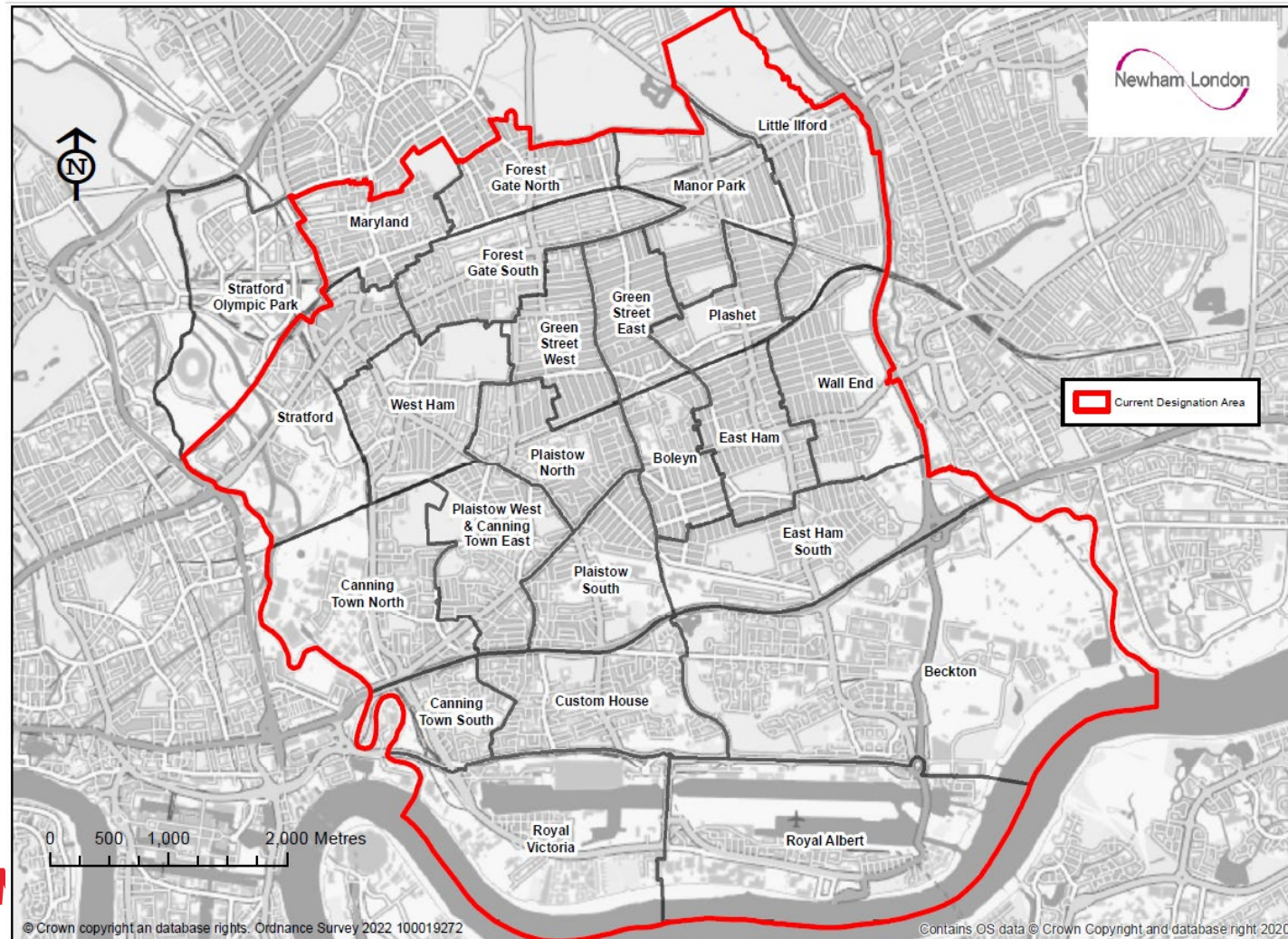
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### Public consultation 8/1/21-26/1/22

**1104 responses** -(730 by telephone & 374-online and 7 forums for tenants, landlords and residents )

See background evidence document:  
<https://melresearch.co.uk/media/upload/files/RPL-Consultation-Proposal-NovV21-091121.pdf>

# Current licensing (2108-2023) designation

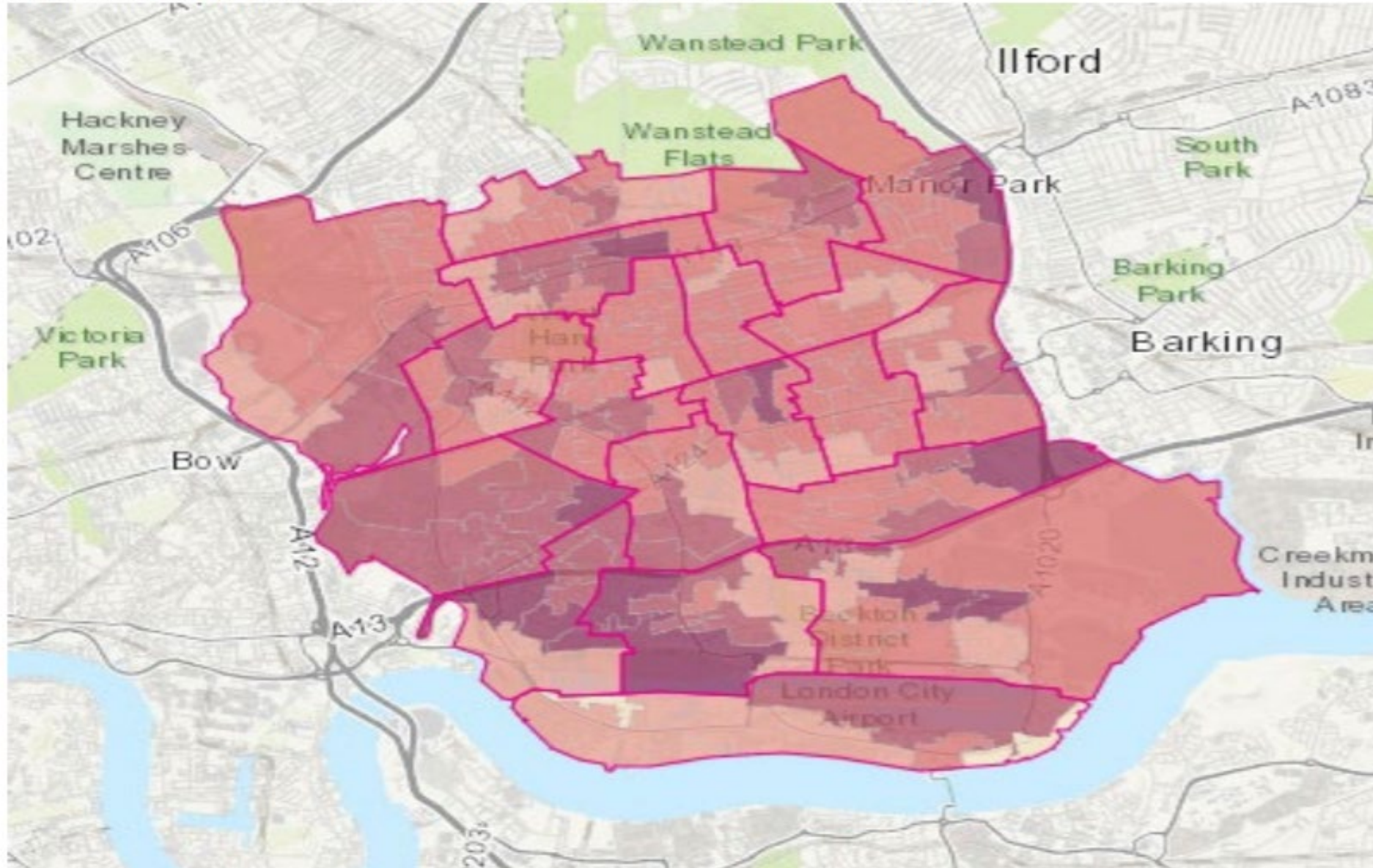


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# Newham neighbourhood areas & existing wards showing levels of household deprivation (ONS- November 2021)

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



# Ward summary against Govt selective licensing criteria

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	✓	✓	✓	✓
Royal Victoria	✓	X	X	X
Stratford Olympic Park	✓	X	✓	X

# Proposed licence fees

	Properties with <b>one family or household, or 2 unrelated people</b> (Selective Licence)	Houses in Multiple Occupation (Additional Licence)
Applicants who apply before the start date	All applicants will be required to pay <b>Part A £250 and Part B £150</b> for up to a five year licence	All applicants will be required to pay <b>Part A £250 and Part B £550</b> for up to a five year licence
Applicants who apply on or after the start date	All applicants will be required to pay <b>Part A £400 and Part B £350</b> for up to a five year licence	All applicants will be required to pay <b>Part A £400 and Part B £850</b> for up to a five year licence

We are currently considered a range of discount options for applicants for example for membership of the NRLA and exceptional EPC ratings.

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# Overview of consultation results-(independent)

	Overall	Residents	Private tenants	Landlord agents
Agree with licensing proposals overall	66%	72%	69%	23%
Agree with selective licensing (family housing)	64%	71%	66%	22%
Agree with additional licensing (HMO)	72%	75%	71%	55%
Agree with proposed fees: selective (online only)	41%	55%	50%	19%
Agree with proposed fees: additional (online only)	44%	57%	50%	25%
Agree with proposed conditions (telephone)	79%	79%	78%	—

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# Appendix 8-response to survey feedback

## Summary of changes to consultation following representations considered and covered in Cabinet Report

### Discounts

#### On Fees and Discounts

We have received a large range of responses in relation to fees and discounts, including from respondents who considered that the licence fees should be lower and the discounts higher, and those who expressed opposing views particularly on discounts to non-compliant landlords. We have considered the representations and a summary of our response is as follows:

Our approach in respect of the proposed licensing schemes is that the grant of a licence would be subject to the payment of a fee. The proposal about which we consulted was to set fees for licence applications that took into account all of the Council's costs in administering and carrying out its licensing functions and carrying out its functions under Chapter 1 of Part 4 Housing Act 2004 (where these latter costs were not recoverable under Part 4). The proposed fee structure was calculated on the basis that the schemes would be cost-neutral to the Council, with licence fees covering our costs of administering the schemes and meeting the stated scheme objectives.

The proposed fees were underpinned by assumptions about the level of income the fees would generate, based upon the number of properties that we would expect to be licensed during the life of the schemes and the proportion of those that will qualify for Early Bird and other discounts. For example, we assumed that 75% of selective licensing applications and 70% of additional licensing applications will be received during the Early Bird period and that 90% of IT costs would be attributable to the receipt and processing of licence applications. We have explained the basis upon which we proposed to offer the various available fee discounts.

We have benchmarked our proposed fee structure against other London Boroughs that have large scale licensing schemes, and we believe that our proposed fees compare favourably with these authorities.

Taking all relevant factors into account, we have decided to offer discounts for responsible compliant landlords who take-up membership of an accredited landlord/property management organisation. For those who have a warmer insulated property (EPC rating of C or better) and for additional flats in blocks in the same ownership for applications made at the same time. There will be a minimum licensing fee of £300 for a Selective licence and £700 for an Additional HMO licence, regardless of eligibility for discounts. We have decided that the discounts will not apply where a warning letter or other enforcement action has been taken in the past 12 months prior to the application, so that non-compliant landlords will not benefit. Full details are set out in Appendix 3.

#### Discount/fees summary:

Changes have been made to offer discounts on licensing fees to encourage compliant landlords. See Appendix A for our updated proposals and eligibility, but the discounts include.

- an early bird discounted rate
- discounts for membership of an accredited landlord/property management organisation\*
- discounts for warmer homes (EPC rating or better) \*
- discounts for multiple dwelling applications
- A reduced fee (early bird) rate to apply across the lifetime of the scheme for newly rented warmer PRS property which is rated EPC C or better and for LB Newham Nightly Paid Spot Booked Temporary Accommodation
- An increase in the Reduced fee (early bird) period to 6 months (from the previous 3 months) to encourage increased take-up by landlords/managing agents
- A widened pool of organisations for the member discount.
- Temporary Accommodation (nightly spot booked) - early bird discounted period to apply across the scheme period.

\* Discounts are not applicable if there has been a warning letter or other enforcement action in the previous 12 months prior to date of application.

# Changes following feedback for performance and enforcement:

- We have partially changed our objectives to undertake more regular publishing of performance and enforcement statistics and annual reports during the lifetime of the licensing scheme. This will include a review of the fees, conditions and mechanics of the licensing scheme as set out in section 60 and section 84 of the Housing Act 2004. These will be published on our website pages and circulated in subsequent e-bulletins, landlord and tenant forums etc, and circulated to local landlord and tenant organisations.
- We have also updated our objectives to set out clearly our monthly targets for audits/inspections in the “How we aim to deliver” column in the objectives table at 3.28 of the Cabinet Paper.

## **Licence Condition Changes in Response to Consultation:**

- For Selective (Appendix 4a)
- Amendment to Condition number 13: For Selective licensing, property inspections will be required once every 6 months, save where PSH has concerns about the management of the property, in which case the frequency of inspections will be increased to 1 in every 4 months.

## **Alternative to licensing:**

- Individual representations were considered, and individual responses given. Overall, it is considered that no alternatives were identified through the consultation process that would, individually or collectively, be capable of delivering the
- objectives that the Council would deliver through the operation of large scale selective and additional licensing schemes, further to the considerations set out in Appendix 12 and in the Cabinet Report.

## **To Note:**

- Our HMO mandatory licensing fees are under review through the Council standard fees and charges procedures. Mandatory licensing is not part of the discretionary licensing consultation process.
- Note from Caritas House on surveys being more user friendly and offer of further meeting to discuss this.
- We have made some further, minor stylistic and grammatical changes to the wording of the objectives set out in the Cabinet Paper under 3.28, and split them between objectives and routes to delivery, called “How we aim to deliver”.
- We have added further detail on how we aim to deliver the objectives which builds upon the objectives consulted upon.

# Cabinet Report Licensing schemes

**Cabinet report approved on 22<sup>nd</sup> June 2022**

[\(Public Pack\)Agenda Document for Cabinet, 22/06/2022 17:00 \(newham.gov.uk\)](#)

**See pages 65-464.**

- Additional HMO and selective licence scheme to cover all borough but excluding **Stratford Olympic Park Ward** ( E20 postcode) & **Royal Victoria Ward**
- **Additional to commence 1<sup>st</sup> Jan 2023**
- **Confirmation** to be sought from Secretary of State (Levelling Up Housing & Communities)-current scheme **expires March 2023**

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**Appendices to report include:**

1. Equalities Impact Assessment
2. Health Impact Assessment
3. Licence Fees
4. Licence Conditions
5. Enforcement Policy
6. Evidence Base
7. Consultation Report
8. Consultation Council Response
9. Ward Summary Data
10. Legal Designations and Maps
11. Letters of support
12. Consultation Background Document
13. Legal Implications continued

# Ward summary example for 24 wards



## Forest Gate South



### Demographics

Population 24,598 in 2022

Mean income £25,780, below both UK (£32,582) and London (£36,442)

91% ethnically diverse backgrounds overall, and 89% in PRS



### Private Rented Sector Accommodation

57% of the ward's properties are in PRS consisting of 3316 properties of which 1890 are Pre-1919 Housing stock

1894 selective, 176 additional HMO and 85 mandatory HMO licenses granted

149 offences recorded with £1,237,810 total recovered from prosecutions and other enforcement actions



### Deprivation

6/24 most deprived ward in Newham, 73% of the population in the 30% most deprived areas nationally

44% of PRS households receive benefits, 40% of the population is in poverty



### Anti-Social Behaviour

42% of PRS properties have had at least one ASB report (3% higher than Newham properties overall)

1.26 ASB incidents have been reported per property in PRS (5% higher than Newham properties overall)



### Housing Conditions

From our licensing compliance inspections (Figure1) 27% have serious property conditions including Category 1&2 hazards, a further 11% have a breach or wrong licence type & 49% were found to be satisfactory

Predicted estimates of PRS property with serious property conditions (by extrapolating our licensing inspection results) of 27% across PRS is 895 from 3316 overall, PRS accommodation section above as; 57% of the wards properties are in PRS consisting of 3316 of which 1890 are Pre-1919 housing stock.

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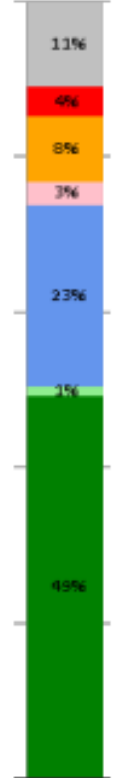
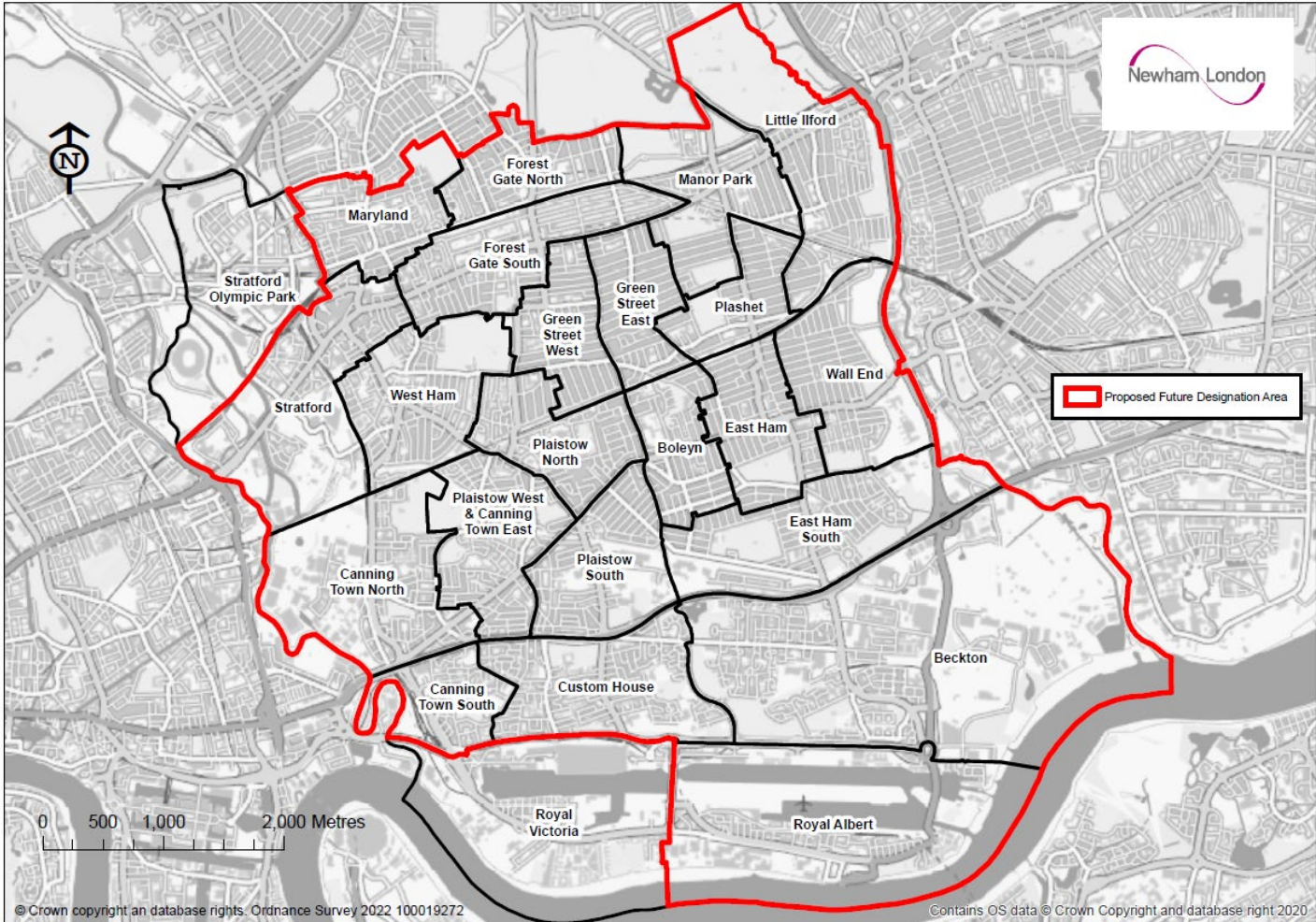


Figure 1



# Area of the London Borough of Newham proposed to be covered by the Selective and HMO Licensing Schemes (selective requires confirmation of scheme by the government.)



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# Licence fees requirements-

## Selective licensing in the private rented sector: A guide for local authorities (MHCLG, March 2015)



- **Cost neutral,**
- **Proportionate** and not exceed council costs
- **Standard selective licence fee is £750,**
- **Standard Additional licence fee is £1250**
- London benchmark ( 7 LAs) average of £709 for selective and £1058 for additional HMO licences.
- **With discounts:**

Weekly cost of a licence over a 5-year period will be from 96p per week with maximum discount, up to £2.88. The weekly cost for an additional HMO licence over a 5-year period will be from £2.70 per week with maximum discount, up to £4.81.

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Paid in two parts; **Part A and Part B** as required by case law.

**Part A;** upon application and will cover the cost of processing, administering and determining the application. (Non-refundable, regardless of whether the application is successful

**Part B** will be taken once the Council has determined to grant a licence and will include a contribution to the costs of the administering, managing and enforcing both the individual licence and the licensing scheme more generally.



# Discounts on standard fee: minimum fee payable £300 (selective), £700 ( additional)



## Early application (early bird):

Additional - £800 /Selective: £400

**\*Multi dwelling\***- in same block same ownership/management- **£50 discount** for second flat onwards

**\*Warmer home \***; **Valid EPC** rating - **£50 discount** (certificate/registration will be required on the date application is received. (EPC of A+, A, B or C qualify). Applies **before or after** the start date of the licensing scheme.

**\*Member of a LBN currently recognised accredited organisations\***: **£50 discount** currently: (LLAS), (NRLA), (BLA), Safeagent, Propertymark &(UKALA).

**Note; No discounts with \* apply** where a failure to licence warning letter or enforcement action has been taken against the property or proposed licence-holder within the preceding 12 months of application date, as costs will have been incurred by the service.

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# Redesignation timeline

Date	Task
January 2022	Public consultation <b>ended</b> – <b>results collated into report</b>
February – March 2022	Preparation of evidence base, <b>EqIA, HIA</b> , other accompanying documents
June 2022	Cabinet report (and accompanying evidence) goes to <b>June cabinet</b> seeking approval for: <ul style="list-style-type: none"> <li>• <b>Renewal of additional licencing scheme</b></li> <li>• <b>Submission of application to Secretary of State for renewal of selective licencing scheme</b></li> </ul>
July 2022	Submit selective scheme application to <b>Secretary of State in June/July</b> for a decision in Autumn 2022
December 2022	<b>Decision on selective</b> licencing scheme received from Secretary of State
January 2023	Implement new <b>additional licencing scheme in January 2023</b> , when the current scheme expires
March 2023	Implement <b>new selective scheme in March 2023 if confirmed</b> , when current scheme expires