

Additional Licensing Scheme

Justification Report

1 Introduction

Licensing of Houses in Multiple Occupation (HMO)

The Housing Act 2004 requires Local Housing Authorities to licence mandatory licensable HMOs and allows the licensing of other HMOs through an additional licence.

The two types of HMO licensing schemes are:

- Mandatory Licensing
- Additional Licensing

What is a House in Multiple Occupation (HMO)

Under the Housing Act 2004, an HMO is a building or part of a building occupied by 5 or more persons in 2 or more separate households, sharing an amenity regardless of the number of storeys.

For a property to be classed as an HMO, it must be used as the tenant's only or main residence and it should be used solely or mainly to house tenants.

There are 2 types of HMOs under the Housing Act 2004:

- Section 254 HMOs – this includes buildings containing bedsits and/or non self-contained flats, shared houses and hostels.
- Section 257 HMOs – these are buildings that have been converted into self-contained flats but where the conversion works did not meet the 1991 Building Regulations (if converted before June 1992) or subsequent regulations at the time of the conversion.

Mandatory Licensing

Since 1st October 2018, Mandatory Licensing under Part 2 of the Housing Act 2004, requires an HMO occupied by 5 or more persons in 2 or more separate households, sharing an amenity regardless of the number of storeys, to be licensed by the local housing authority.

The Council is implementing an HMO licensing scheme for Mandatory Licensing.

Additional Licensing

The Housing Act 2004 provides a power for Local Authorities to introduce a scheme of Additional Licensing to licence HMOs which are not covered by Mandatory Licensing. Additional Licensing could cover a particular part of the Local Authority area or the whole Borough.

Charnwood Borough Council is seeking to designate the whole of the Borough as being subject to Additional Licensing in respect of the following types of HMOs:

- HMOs of any size of building that are occupied by 3 or 4 persons; and
- Section 257 HMOs where all of the self-contained flats are let and occupied by tenants.

The Mandatory Licensing of HMOs has been effective in regulating and improving the standard of accommodation offered to let in Charnwood. Licensing encourages a positive interaction with landlords and allows for the problems presented by each house to be managed on an individual basis through a bespoke set of licence conditions.

The Housing Act 2004 permits an Additional Licensing Scheme to be considered but in order to do so the Council must consider that a significant proportion of HMOs of that description in the area are being managed sufficiently ineffectively as to give rise to, or be likely to give rise to, one or more particular problems either for those occupying the HMOs or for members of the public.

Section 56(3) of the Housing Act 2004 states that prior to designating areas subject to licensing the Local Authority must:

Take reasonable steps to consult persons who are likely to be affected by the designation, and consider any representations made in accordance with the consultation and not withdrawn.

An Additional Licensing Scheme would not apply to any HMO to which the national mandatory scheme applies. The proposed designation would not apply to any building which is an HMO as defined in Section 257 of the Housing Act 2004, relating to certain converted blocks of flats.

Additional Licensing could impose the following:

- Requirement for particular types of HMO, or HMOs within a particular area to be licensed.
- Property to be licensed is assessed as to its suitability for multiple occupation.
- Licence holder will undergo a fit and proper person test and the management arrangements will be reviewed for suitability.
- Licence will include conditions requiring supporting documents to be provided, such as gas and electrical certificates, fire alarm test reports etc, at appropriate intervals or upon demand.
- Licence may include conditions for regulating the management, use and occupation of the house concerned, its condition and contents. For example, requiring the landlord to take reasonable and practical steps to prevent or reduce anti-social behaviour by person(s) occupying it.
- A licence may not include conditions imposing restrictions or obligations on a particular person other than the licence holder or requiring any alteration in the terms of any tenancy or licence under which a person occupies the house.

Additional Licensing would require all private landlords with HMOs in designated areas of the Borough to apply for a licence for each property before they can be let to tenants. In order to become a licence holder a landlord would have to meet certain standards.

Further Considerations to Designate an area as being subject to Additional Licensing

Section 57 Housing Act 2004 requires that in order to designate an area as being subject to additional licensing a Local Housing Authority must:

- Ensure that the exercise of the power to designate is consistent with the overall Housing Strategy;
- Seek to adopt a coordinated approach in connection with dealing with Homelessness, empty homes and anti-social behaviour affecting the Private Rented Sector
- Consider whether there are any other courses of action available to them that might provide an effective method of dealing with the problem or problems in question

- Consider that the designation will significantly assist them deal with the problem or problems in question

Strategic Context

The Housing Act 2004, Section 57 (2) stipulates that to make a designation of an area as being subject to additional licensing the authority must ensure that any exercise of the power is consistent with the Authority's overall Housing Strategy.

Corporate Plan

Charnwood is a Borough for innovation and growth, delivering high quality living in urban and rural settings, with a range of jobs and services to suit all skills and abilities and meet the needs of our diverse community.

With a highly acclaimed university, a thriving market town and a network of vibrant villages, and within easy reach of national and international markets, Charnwood provides everything a business needs to succeed.

At the forefront of technology while protecting our beautiful environment for future generations, Charnwood is a Borough of contrasts, and provides a world of opportunity.

The Council's Corporate Themes:

- Caring for the environment
- Healthy communities
- A thriving community
- Your Council

Charnwood Borough Council Housing Strategy 2015-2020

The Strategy aims, amongst other things, are that, 'families will live in good quality homes' and that there will be an, 'increase in the supply of suitable housing.'

The Strategy identifies an offer which the Strategy can deliver to the Private Rented Sector which is to improve standards and to reduce barriers to access in order to make this tenure one of choice.

The aims of the Additional Licensing Scheme are to improve the standard of accommodation in the borough by regulating it, encouraging a positive relationship with landlords and managing problems presented with a bespoke set of licence conditions. The Additional Licensing Scheme is therefore consistent with the overall Housing Strategy.

Geographical Context

Charnwood Borough Council is 1 of 7 Leicestershire districts located around the city of Leicester. It sits centrally between the 3 cities of Nottingham, Leicester and Derby. Charnwood is at the heart of the country and is well connected with excellent access to both the M1 motorway to the west and East Midlands Railway Line to the east.

The social and economic pull of Leicester City has a strong influence on the Borough, particularly in the south, which forms part of the Leicester Principal Urban Area.

In the north of the Borough, the university and market town of Loughborough together with the adjacent town of Shepshed, are a social and economic focus.

A string of larger villages extends southwards towards Leicester along the Soar Valley and A6 corridor. These villages act as Service Centres to the rural parts of the Borough. The large village of Anstey performs the role of a Service Centre in the south west corner of Charnwood.

To the west of the Soar Valley is the Charnwood Forest, which stretches to the west towards Coalville. The Forest is recognised as a Regional Park, providing a focus for leisure and conservation activity. To the north east of the Soar Valley are the Wolds, a rural area with strong links with Nottinghamshire and the City of Nottingham. The Wreake Valley is a rural area that stretches eastwards towards Melton and is home to a number of our villages. South of the Wreake Valley is High Leicestershire, a predominately rural area with strong links to Leicester City and Harborough.

The Private Rented Sector

At the time of the 2011 census the Private Rented Sector made up 14.1% of households in Charnwood compared to 11.8% who were renting social housing.

In Charnwood, there has been substantial growth in the Private Rented Sector. In 2012, the Private Rented Sector accounted for 17.79% of the total housing stock in Charnwood. Over a 5 year period (2012-2013 to 2016-2017) there was an average increase per year of 2.13% (ONS, 2017 (b)). Although the available data is only based on a 5 year period, assuming the same level of growth, it is estimated that the Private Rented Sector has increased to 20.14% in 2018-2019.

Concerns in relation to Houses in Multiple Occupation (HMO)

The concerns raised in relation to HMOs across the Borough, although predominately in Loughborough, have identified that there is a need for:

- A better understanding of who is living in HMOs, whether:
 - they are vulnerable people;
 - there are safeguarding issues; and,
 - 'right to rent' checks completed
- Ensuring property standards through programmed Housing Health and Safety Rating System inspections are maintained
- Common parts, ensuring gardens and external areas are being maintained
- Maintenance of Means of Escape and Fire Alarms
- Inspection and testing of Gas and Electrical installations
- Clarity in terms of Property Management and Ownership
- Anti-Social Behaviour – and 'Party Houses'

2 Supporting Information

National Picture

The Office for National Statistics (ONS) projections indicates that:

- In mid-2018, the population of the UK reached an estimated 66.4 million.
- The UK population's growth rate in mid-2017 and mid-2018, at 0.6%, was slower than any year since mid-2004.
- Long term international migration to and from the UK has remained broadly stable since the end of 2016 and has continued to be the main driver of the UK's population growth.
- In 50 years' time, there is projected to be an additional 8.2 million people aged 65 years and over in the UK, a population roughly the size of present-day London.
- After decades of improvement to life expectancy, the latest figures show a slowdown in improvement, life expectancy at birth remained at 79.2 years for males and 82.9 years for females in 2015 to 2017.

As the UK's population grows, so does the number of families and households. In 2018, the number of households in the UK was 27.6 million, representing an increase of 7% from 2008 (25.9 million).

In 2018, there were 19.1 million families living in the UK, which shows an increase of 8% from 2008 (17.7 million), there were:

- 12.8 million married couples or civil partnership families (67%)
- 3.4 million cohabiting couple families (18%)
- 2.9 million lone parent families (15%)

Cohabiting couple families are the fastest growing family type; since 2008, there have been an additional 700,000 cohabiting couple families (a growth rate of 25.8% over this period).

Meanwhile, more young adults are living with their parents. In 2018, the first age at which more than 50% of young people left the parental home was 23. Two decades earlier, more than 50% of 21 year olds had already left home. Young men aged 20 to 34 years old living in the UK are more likely than young women to be living with their parents (31% and 20% respectively).

In addition, there are increases in the numbers of people who are living alone between 2008 and 2018; there has been a 6% increase (from 7.5 million to 8.0 million). This increase was driven primarily by the increase in the number of older men living alone; a 55% increase for men aged 65 to 74 years and a 20% increase for men aged 75 years and over. In 2018, nearly half of those living alone (48%) were aged 65 years and over, and more than one out of every four (27%) were aged 75 years and over.

The English Housing Survey 2016-2017 (EHS) reported, that the Private Rented Sector has now grown to 20%, up from 19% in 2013-2014 and 11% in 2003 and that a larger proportion of 25 to 34 year olds now rent their home.

Rising house prices have seen many young people priced out of buying a home which is apparent from the results of the EHS which acknowledges that *"While the under 35s have always been overrepresented in the Private Rented Sector, over the last decade or so the increase in the proportion of such households in the Private Rented Sector has been particularly pronounced. In 2006-2007, 27% of those aged 25 to 34 lived in the Private Rented Sector.*

By 2016-2017 this had increased to 46%. Over the same period, the proportion of 25 to 34 year olds in owner occupation decreased from 57% to 37%. In other words, households aged 25 to 34 are more likely to be renting privately than buying their own home, a continuation of a trend first identified in 2012-2013. As with those aged 35 to 44, the proportion of 25 to 34 year olds in the social rented sector did not change”.

In 2016-2017, 5% of households in the PRS (231,000) were living in overcrowded accommodation. The rental market has changed considerably.

After stalling in 2013, rents charged by private landlords increased by 8.2% in 2014 across England with the average weekly rent climbing from £163 to £176.40. Currently average rents average £675.

Local Context

The population of the Borough is increasing, and Charnwood has a very high population density. This is increasing pressure on community services and facilities, and housing provision in the Borough.

The tables at Appendix 1 (tables 2.1 to 2.4) provide details of the increase in population, age, projected growth and proportion comparisons with Leicestershire, East Midlands and England and Wales.

The challenges facing Charnwood

- A growing population, set to be 194,600 by 2028 (ONS Population Projections), with a need for 18,394 homes by 2036 (Draft Local Plan 2019)
- Deprived communities: 5 of Leicestershire’s 10 most deprived neighbourhoods fall within Charnwood, with pockets of deprivation in Loughborough, Thurmaston, Syston, and Mountsorrel. This is reflected in lower than average incomes, poor health and lower levels of educational attainment.
- Housing market pressure: because of population growth, smaller households, occupying larger homes, and a lack of available properties for new households to move into. There will be a need for specialist housing such as homes for the elderly and students. House prices remain out of reach for many people.

Migration

The Borough has experienced high levels of migration into certain wards and as a result, has seen further demand on already stretched public services. This has in turn placed extra pressure on the housing sector and the likelihood is that a large number of migrants will seek affordable accommodation in HMOs across the Borough.

A licensing scheme can be introduced to preserve or improve the economic conditions of areas to which migrants have moved and ensure people (including migrants) occupying private rented properties do not live in poorly managed housing or unacceptable conditions.

The tables at Appendix 2 (tables 2.5 to 2.7) provide data from the ONS 2011 Census on migration in and out of the Borough.

Net migration is the balance between immigration (those entering the UK for a year or more) and emigration (those leaving the UK for a year or more).

The 2011 Census tells us that 6.25% of the people living in Charnwood were born outside the UK. Overall, for the UK the proportion of people born outside the UK was 13%. People move in and out of the Borough every year including students.

Housing in Charnwood

There is a housing shortage in Charnwood with a particular need for 2-bedroom properties. Affordability is a major concern. House prices in Charnwood have substantially increased over the last 3 years compared to that of neighbouring authorities, with the following average increases (HM Land Registry - 2019):

- December 2016 to August 2019 – 6.23%
- December 2016 to December 2017 - 6.8%.
- December 2017 to December 2018 - 7.6%.
- August 2018 to August 2019 - 4.3%.

The table at Appendix 3 (table 2.8) details the number of dwellings in the Borough broken down into the household space and accommodation type.

There are an additional 5,930 homes required to meet the housing needs for the Borough up to 2036 once commitments are taken into account.

Table 2.9: Details the amount of homes required and how many of the homes already planned for and committed are expected to be delivered by 2036.

Housing Needs and Supply 2019-2036	Homes
Local Housing Needs (1,082 per annum)	18,394
Housing Supply	
• North East of Leicester Sustainable Urban Extension	3,325
• West of Loughborough Sustainable Urban Extension	3,200
• North of Birstall Sustainable Urban Extension	1,950
• Other Planning Permissions at the 31 st March 2019	3,949
• Saved Charnwood Local plan 2004 Allocation	40
Supply Sub total	14,464
To be found	5,930

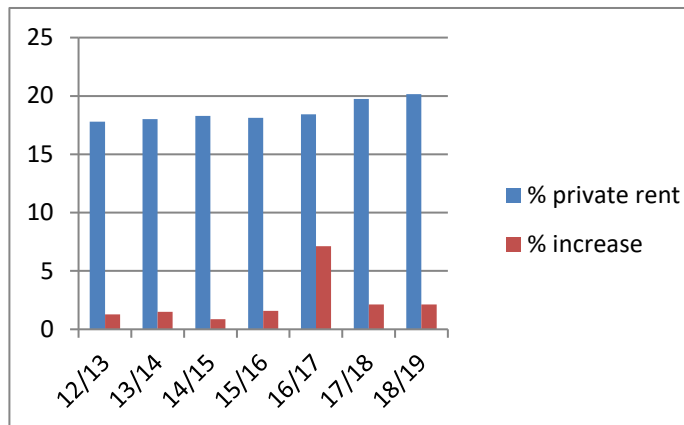
Source: Draft Charnwood Local Plan 2019-2036

Private Rented Sector Housing

In Charnwood, there has been substantial growth in the Private Rented Sector. In 2012, the Private rented Sector accounted for 17.79% of the total housing stock in Charnwood. Over a 5 year period (2012-2013 to 2016-2017) there was an average increase per year of 2.13% (ONS, 2017 (b)). Although the available data is only based on a 5 year period, assuming the same level of growth, it is estimated that the Private Rented Sector has increased to 20.14% in 2018-2019. Additionally, over the same 5 year period the owner-occupied averages at 68.61%.

According to the VOA (2019) the average private rental price was £369 per calendar month

Table 2.10: Average Private Rental Price



Source: VOA 2019

The 2011 Census provides dataset population of all full-time students in Charnwood that are aged 18 or over living in households. In 2011 there were 10,087 full time students living in households and these are broken down to 3,236 as owned outright or with a mortgage, loan or shared ownership; 654 in social rent; 5,898 in the Private Rented Sector and 299 in other private rent or living rent free (ONS, 2011).

Mandatory Licensing of HMOs

Under the Housing Act 2004 certain types of HMO have to be licensed. For these HMOs there is an obligation on the landlord to apply to the Council, where the HMO is located, for a licence. The Council has a statutory duty to manage and administer the applications for licences.

Licensable HMOs are those with 5 or more residents living as 2 or more households that share some facilities. The total number of licensable HMOs in Charnwood as per the public register of Licensable Houses in Multiple Occupation as at the 30th November 2019 stands at 581. 338 are for HMOs with 3 or more storeys and 243 are for HMOs with fewer than 3 storeys.

The database records 2,432 HMO properties in Charnwood. Perhaps unsurprisingly, a large proportion of HMOs are concentrated in wards closest to Loughborough University and Loughborough College such as Loughborough Southfields (21.8%) and Loughborough Storer (19.8%).

However, as Table 2.11 at Appendix 4 indicates HMOs are not confined to Loughborough wards but are distributed throughout the Borough. As the study confirms, the student HMO market is increasingly 'wrapped' around the north, east and south edges of Loughborough University campus, and to a lesser extent, Loughborough College. The non-student HMO market is most marked in the wards of east Loughborough, and, to a lesser extent, in some outlying towns and villages.

Table 2.12 shows the type of HMO in the Borough:

- 31% of HMOs are categorised as terraced dwellings;
- 26% are categorised as 'HMOs – not further divided (into bedsits)';
- 17% are categorised as semi-detached;

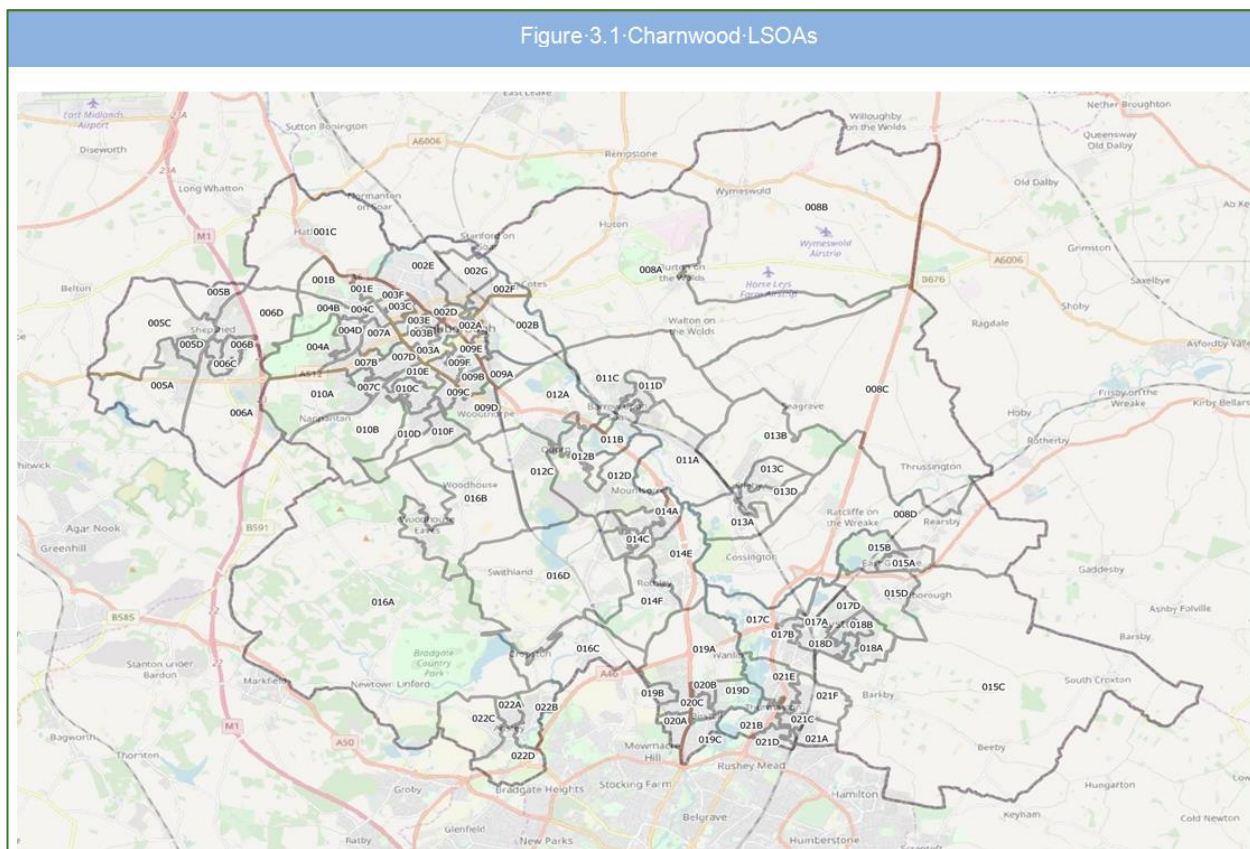
- 12% as detached;
- 'dwellings' 7%;
- Flats or apartments 5%;
- Other 2%.

Table 2.12: HMO by Property Type

Property Type	Number	%
Terraced Dwelling	767	31%
HMO - Not Further Divided (into bedsits)	642	26%
Semi Detached Dwelling	412	17%
Detached Dwelling	297	12%
Dwelling	159	7%
Flat or Apartment	121	5%
Other	44	2%
Total	2,442	100%

Source: RRR Consultancy Ltd HMO Assessment Report July 2019

It is possible to determine the concentration of HMOs in Charnwood at smaller spatial levels than wards. Lower Super Output Areas (LSOA) are geographical units used by the Office for National Statistics (ONS) to analyse census data. LSOAs usually contain between 400 and 1,200 households equating to a population of between 1,000 and 3,000 people. Charnwood Borough contains 99 LSOAs. The smaller sized LSOAs are clustered around more densely populated areas such as Loughborough whilst the larger sized HMOs are concentrated in more rural areas of the Borough (see Figure 3.1 Source: RRR Consultancy Ltd HMO Assessment



Report July 2019).

The proportion of HMOs in each LSOA is calculated by comparing the number of residential properties with the number of HMOs as determined by the HiMOG database. The distribution of HMOs by LSOA within the Borough is very uneven. As can be seen by Table 2.13 almost all LSOAs contained fewer than 10% HMOs, whilst only 6 contain over 10%. The exceptions containing over 10% HMOs are listed in Table 2.14. All 6 LSOAs are located in Loughborough.

Table 2.13: HMOs by LSOA summary

	Number	%
0-10%	93	94%
10-20%	2	2%
20-30%	0	0%
30-40%	3	3%
40%+	1	1%
Total	99	100%

Source: RRR Consultancy Ltd HMO Assessment Report July 2019

Table 2.14: LSOAs with over 10% proportion of HMOs

LSOA	Area	%
003E	Oxford St, Loughborough	44.39%
003B	William St/Radmoor Rd, Loughborough	36.64%
003A	Frederick St, Loughborough	33.97%
003D	Cumberland Rd, Loughborough	31.17%
007A	Ashby Rd (south), Loughborough	14.27%
007B	Ashby Rd (north), Loughborough	13.38%

Source: RRR Consultancy Ltd HMO Assessment Report July 2019

Complaints about HMOs

Following the Cabinet resolution 13 of Minute 120 (2013-2014) data has been collected for HMO complaints from the following:

- Planning and Regeneration
- Strategic and Private Sector Housing
- Neighbourhood Services
- Regulatory Services
- Cleansing and Open Spaces
- Police
- Loughborough University

The table below provides the data that has been collected from 2013-2014 to 2018-2019 (the data is provided in Academic years from the 1st August to 31st July of each year):

Table 2.15: Complaints Data

Complaint Type	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Accumulations of waste	60	44	41	17	28	0
Noise (including music, banging, shouting etc)	14 *	239**	281**	217 **	335**	358
Untidy gardens	2	18	3	3	1	30
Side waste/bins	45	60	31	39	0	0
Housing Standards/Disrepair	10	16	18	17	13	12
Unauthorised Change of Use	35	36	35	18	4	28
Suspected Licensable HMO	1	6	15	4	8	17
Total	167	419	424	315	389	445

Source: Charnwood Borough Council recorded complaints received

* The figures for 2013-2014 may not include all noise complaints received as data is not available.

** Includes data from Environmental Protection and Community Safety. NB Community Safety data relates to properties occupied by students – which are assumed to be HMOs (having 3 or more unrelated students).

The data submitted has been reviewed to understand the reporting mechanisms and how complaints are categorised and dealt with.

The complaints are categorised into low, medium and high priority and the actions that are taken are consistent across the Services, detailed in the table below:

Table 2.16: Category of Complaint

Categorisation	Actions Taken
Low	Informal Discussions Warning Letters
Medium	Notices served
High	Court action taken

Source: Charnwood Borough Council

Loughborough Student Advisory Service (LSAS) Complaints

Following receipt of the Loughborough Student Advisory Services complaints data for the last 5 years, an evaluation of the submission was undertaken with the Council data and a comparison made with the previous years.

These complaints are in addition to those received by the Council (detailed in Table 2.15) although some may be duplicates of the ones received by the Council. Details of the submissions are presented in the table below:

Table 2.17: Complaint Type - Loughborough

Complaint Type	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Environmental Issues	1	1	2	2	1	0
Anti-Social Behaviour	5	7	2	1	1	2
Disrepair	29	36	61	72	46	38
Private Rented Sector	6	3	6	8	1	2
Total	45	47	71	83	49	42

HMO Enforcement Action

The table below provides the details of the enforcement action taken by the Strategic and Private Sector Housing Service by year between 2014 and November 2019 and then whether this action was associated with an HMO (licenced or not) and the outcomes of the action taken.

Table 2.19: Enforcement Action Taken – HMO looks low as a proportion of overall action taken

Year	Total Number of Properties where Enforcement Action was Taken	Non - Licensed HMO	Licensed HMO	Details of HMO related issues, action taken and outcomes
2014	5	1	0	NLHMO - Hazards: Fire separation. Action: Improvement Notice. Outcome: Complied with.
2015	16	1	1	NLHMO - Hazards: Fire, Falls on stairs. Action: Prohibition Notice/Improvement Notice. Outcome: Complied with LHMO - Hazards: Falls on stairs. Action: Improvement Notice. Outcome: Complied with.
2016	15	1	0	NLHMO - Hazards: Excess cold, Excess heat, Overcrowding. Action: Improvement Notice. Outcome: Complied with.

2017	23	1	1	NLHMO - Hazards: Excess cold, electrics, damp and mould. Action: Improvement Notice. Outcome: Property vacant. LHMO - Hazards: Falls on stairs. Action: Improvement Notice. Outcome: Property vacant, currently being renovated.
2018	19	5	1	NLHMO - Hazards: Fire Safety and Electrics. Action: Improvement Notice. Outcome: Complied with LHMO - Hazards: Defective Heating. Action: Abatement Notice. Outcome: Complied with +4 x non-licensed licensable HMOs. Action: Prosecution: Outcome: £80k fine (2019)
2019 (to 5/11/19)	11	1	1	NLHMO: - Hazards: Fire, Excess Cold, Falls between Levels, Damp and Mould, Electrical Hazards. Action: Improvement Notice. Outcome: Ongoing LHMO - Hazards: Falls on Stairs, Falls between Levels, Electrical Hazards. Action: Suspended Improvement Notice. Outcome: Complied.
Total	89	10	4	

3 Professor Smith's Research

Following a report of the Council's Scrutiny Panel which looked at the issues and concerns of HMOs, a piece of work was commissioned and carried out by Professor Darren Smith and PhD student Andreas Culora, of Loughborough University, to look at various data sources to build a better picture of the HMOs in Charnwood.

The study has looked purely at HMOs as being properties where there are 3 or more unrelated people who are not living together as a family but are sharing basic amenities. The study identified the following:

- 2,509 HMOs in the Borough
- 1,853 HMOs in Loughborough
- 656 additional HMOs in the Borough
- 3.9% of all residential properties in Charnwood are HMOs

The study suggested that the traditionally student HMO market focused in Loughborough is changing, with the non-student HMO market having a growing presence in the town and other parts of the Borough including vulnerable low-income groups within it.

4 Rogue Landlord Project

Charnwood Borough Council was successful with a bid of £65,000 for the Rogue Landlords Enforcement Grant which has enabled the Council to continue the work of Professor Smith.

According to the Government the term 'Rogue Landlord' is widely understood in the lettings industry to describe a landlord who knowingly flouts their obligations by renting out unsafe and substandard accommodation to tenants, many of whom may be vulnerable.

The aims of the bid were:

- The Council continue their research to identify Rogue Landlords across the Borough and take the appropriate action.
- Reviewing the current policy approaches to managing the negative impacts both poor housing and management can have on the residents of the Borough.
- Providing a recommended approach to managing the proportion of Houses in Multiple Occupation in the Borough to inform the Local Plan preparation.

The funding was used by two of the Council's Services, Strategic and Private Sector Housing and Planning and Regeneration to carry out research to meet the aims of the bid.

Strategic and Private Sector Housing Outcomes

The Council has undertaken extensive research to understand its local rental market and the services local High Street Lettings Agents currently offer to Landlords. This has enabled the Council to identify services Lettings Agents are offering to Landlords and Tenants, their fees and charges and identify potential gaps in the local market.

The Council wished to obtain further intelligence on the housing stock, tenants and the owners of properties building on the work undertaken by Professor Smith.

The Council was unable to recruit 2 Technical Officers to take the survey work forward so a decision was taken to divide the work into two, with the initial research of the designated areas carried out by BMG Research conducting face to face surveys.

The areas to be surveyed were those identified from the data obtained from Professor Smith's research as being those where the highest number of HMOs were located and the most deprived wards in the Borough, which are detailed below:

- Hastings
- Lemyngton
- Shelthorpe
- Garendon
- Outwoods
- Nanpantan

Phase 1

In February 2019, the Council commissioned BMG Research to carry out face to face surveys to obtain further intelligence on the Council's housing stock, tenants and the owners of properties and to identify any Rogue Landlords across the Borough.

The research helped to review the current Policy approach to managing the negative impacts that both poor housing and management can have on the residents of the Borough. The findings are helping the Council to provide a recommended approach to managing the proportion of Houses in Multiple Occupation in the Borough to inform the Local Plan preparation.

Methodology

A face to face survey was conducted across 1,093 addresses. Surveys were compiled for tenants, business owners and landlords. In total, 499 questionnaires were completed, representing a response rate of 47% against the sample. In regard to tenure breakdown, 475 tenants, 16 business owners and 8 landlords completed a survey.

In addition, the Council received a database of residents (176) who felt that their property was in poor condition and those that wanted to continue to participate in the research.

Visits were made to the properties and the findings from the 19 that were inspected were:

- 9 of the properties had 5 Category 1 hazards, which were referred to the Private Sector Housing Team for further investigation and 7 had Category 2 hazards such as fire risks, excess cold and damp
- 10 properties had no hazards present

In over 7% of the sample, access was refused by the tenant and there were an additional 15% where there was no access; namely 2 attempts were made to visit the property in question but there was no reply.

During the investigation 6% were identified as empty homes and 3% as Mandatory Licensed HMO.

Phase 2

The second phase of properties to be visited was determined by the data from Professor Smith's research for the same 6 areas as Phase 1 for properties with residents who had 3 or 4 different surnames.

The findings of the 398 visits are detailed in the table below:

Table 4.1: HMO Property Visits

Status	Hastings	Lemyngton	Shelthorpe	Garendon	Outwoods	Nanpantona	Total
Owner Occupier	40	33	28	24	20	14	159
Private Rented - Single Family Dwellings	21	37	14	11	8	11	102
Licensed HMO	1	4	3	0	3	2	13

Non licensable HMO - inspected	1	5	0	12	0	8	26
Unoccupied HMO accommodation	0	0	0	0	0	0	0
Vacant	2	5	1	0	2	7	17
2nd Visit No Access	1	2	0	0	0	0	3
3rd Visit No Access	8	26	4	1	4	7	50
Refused Access	5	5	3	3	1	10	27
To inspect	1	0	0	0	0	0	1
Total	80	117	53	51	38	59	398

Source: Rogue Landlord Project

Health and Housing Standards Rating System (HHSRS)

HHSRS was introduced by the Housing Act 2004 and has been in force since April 2006. It is the system for assessing and enforcing housing standards in England and Wales.

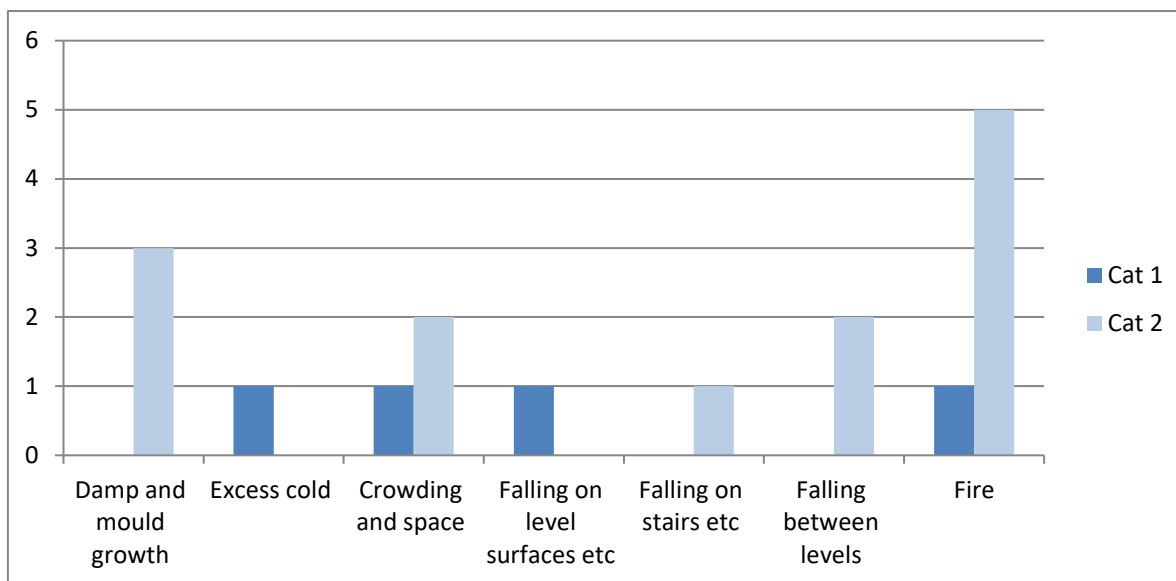
The HHSRS is a risk-based assessment tool, which is used by Private Sector Housing Officers to assess the risk (the likelihood and severity) of a hazard in residential housing to the health and safety of occupants or visitors. The HHSRS is tenure neutral; it can be used to assess hazards in public and private housing.

Out of the 26 non licensable HMOs inspected there were 17 hazards found, some properties had numerous hazards present. Over a third of the hazards related to fire safety followed by a fifth being damp and mould and almost a quarter of all hazards identified are Category 1.

Section 5 of the Housing Act 2004 requires the Council to take enforcement action and the provision stipulates what action can be taken.

The hazards are detailed in the table below:

Table 4.2: Hazards in HMOs



Source: Rogue Landlord Project

Due to the nature and the risk to the health and safety of the occupants all Category 1 hazards and high scoring Category 2 hazards were referred to Private Sector Housing to consider what, if any, enforcement action to take to reduce or remove those hazards.

Non-Decent Homes

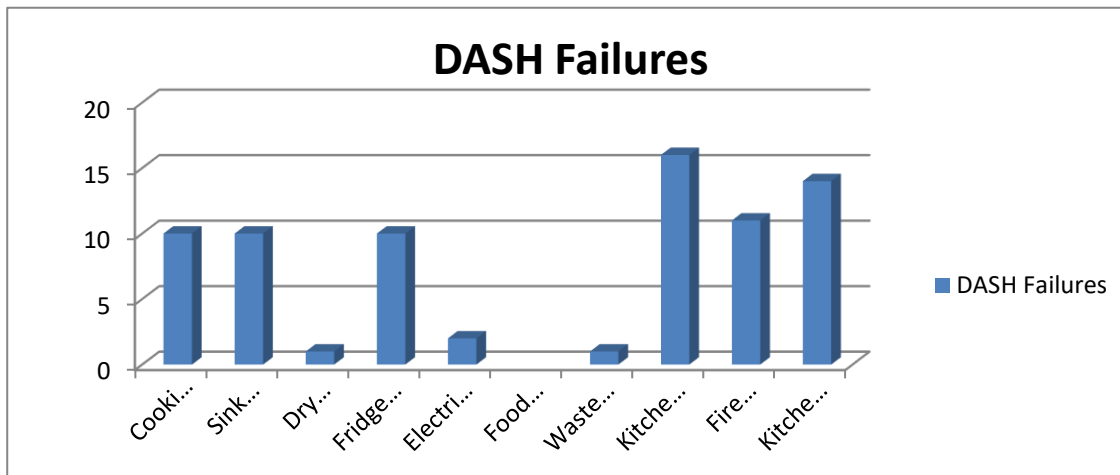
Delivering decent homes is a commitment in the national strategy for neighbourhood renewal and has a key role to play in narrowing the gap between deprived neighbourhoods and the rest of the country.

For a property to meet the Decent Homes Standard it must meet the following 4 criteria:

- Number of Category 1 hazards (automatic failure) or
- Be in a reasonable state of repair,
- Have reasonably modern facilities and services and provide reasonable degree of thermal comfort (DCLG, 2006).

Of the non-licensable HMOs inspected 88.8% passed the Decent Homes Standard, with just over 11% failing due to Category 1 hazards being present.

Table 4.3: DASH Failures



Source: Rogue Landlord Project

Only 7.4% of those non licensable HMO's inspected passed the DASH standard, with over 92% (74 properties) failing to meet the standard. The largest failures relate to fire doors, fire blankets and ventilation.

The DASH Standard

Landlords will ensure that any properties and boundaries are maintained free of any avoidable or unnecessary hazards as defined by the Housing Health and Safety Rating System – and there are no known Category 1 hazards. Risk assessments must be undertaken before and during the tenancy, their findings acted upon, so as to limit the likelihood of hazards under HHSRS occurring, and to limit the potential of harm to tenants and visitors. All accommodation provided should be in a reasonable state of repair, have adequate amenities and other facilities as laid down in legislation and local standards. Landlords will improve all substandard rented accommodation to legal minimum within an agreed reasonable timescale and prepare a schedule of their intention to DASH services and any local authority fulfilling their statutory function. Any appliances, furnishings and wiring should conform to national standards on fire and electrical safety.

There is a direct correlation between the HHSRS and DASH failures. The majority of the failures have been linked with fire safety measures and lack of fire prevention measures. Certain aspects of fire safety provision in the Private Rented Sector and HMOs in the study area clearly require improvement.

Phase 3

The last phase of the project included visits to properties identified through the Planning and Regeneration aspect of the Project, (detailed in the next Section of this Report).

The Planning RRR Consultancy Ltd report provided a list of streets (27) where respondents to their survey suggested there were high numbers of HMOs in addition to 61 properties (31 streets) identified from Professor Smith's database that may require a licence under the expansion of the HMO Mandatory Licensing scheme but had not applied for a licence

The Phase 3 report is still being finalised and the results detailed below are those available at the time of writing this Report:

Visits have been made to 30 non licensable HMOs (those with 3 or 4 persons in the properties) over 4 streets. The findings from the visits are:

- 6 Category 1 Hazards, 3 of which were for falls on stairs
- 24 Category 2 Hazards, of which 11 were for damp and mould
- 2 properties passed the DASH standard
- 6 failing the Decent Homes Standard

Summary of the findings

From the data analysed to date it indicates that there are a large number of HMOs not covered by the Mandatory HMO Licensing Scheme that do not meet the property standards that the Council expects and are clearly not being managed effectively

Planning and Regeneration Outcomes

The Council's Planning Department appointed consultants to assess the current pattern of HMO concentration in the Borough, assess the positive and negative impacts HMOs have on a community and review the effectiveness of the current policy approach to managing the proportion of HMOs in light of those impacts. This included analysis of the existing quantitative evidence available as well as the collection of qualitative evidence sought through site visits and stakeholder engagement with HMO providers, users, residents and agencies.

The Council is preparing a new Local Plan for Charnwood for the period to 2036, and as part of this is seeking to have a positive strategy for the provision of HMO's within the Borough. The purpose of the Study is to review the current planning policies to consider whether they provide the most appropriate basis for assessing the concentration of HMOs in an area.

The current Local Plan has a 20% threshold for HMO's and there are concerns often raised about whether the current 20% threshold is too high and leads to new areas having issues associated with concentrations of HMOs.

Some of the problems identified are outside the scope of the Planning System. However, the issues of community balance, the under and overuse of some service and community facilities and the structural change in the composition of the community are important to create sustainable communities.

Evidence to support assertions of anti-social behaviour and environmental problems are critical to determining planning decisions for the Council and through appeals, with Planning Inspectors expecting to see supporting information.

The recommendations of the final HMO Assessment Report prepared by RRR Consultancy are:

- Reduce the threshold of HMOs etc to 10%
- Keep the 100m radius - explain but consider expanding it to a minimum number of properties where natural or built features e.g. roads/rivers significantly impact the number of properties included.
- Consider the issue of population density, practical solution to this would be to take account of a number of large HMOs in the radius
- Threshold should remain one factor considered in determining applications for HMOs
- Sandwiching of properties between two HMOs should be avoided

- Continue to apply the threshold only to Loughborough, evidence identifies only small proportions of HMOs outside the town.
- PBSA should be defined as ‘...predominantly larger scale residential accommodation specifically for occupation by students. This may include new build development or the conversion of existing premises (eg large office blocks). It includes accommodation developed by Universities and by the private sector’.
- Extensions to HMOs should be included in the policy with clear policy approach

5 Crime Rates

When considering whether areas suffer from high levels of crime a Local Authority may have regard to a number of factors:

- Whether the area has displayed a noticeable increase in crime over a relatively short period.
- Whether the crime rate in the area is significantly higher than in other parts of the Local Authority Area or that the crime rate is higher than the national average
- The impact of crime in the areas affects the local community

HMO Licensing should be part of the wider strategy to address crime in the Designated Area and can only be made if a high proportion of properties in that area are privately rented.

The Local Authority should consider:

- Whether the criminal activities impact on some people living in privately rented accommodation as well as others living in the areas and businesses
- The nature of the criminal activity e.g. theft, burglary, arson, criminal damage, graffiti
- Whether some of the criminal activity is the responsibility of some people living in privately rented accommodation

In the year ending March 2019, the crime rate in Charnwood was lower than average for the Leicestershire Police Force Area but was higher than the other District and Boroughs in Leicestershire.

Table 5.3: Crime Rate for Leicestershire

Crime rate per thousand population for Leicestershire Police Force 2018-2019 by Area	
Rutland	41.26
Harborough	49.69
Blaby	59.41
Melton	59.51
Hinckley and Bosworth	61.54
North West Leicestershire	64.03
Oadby and Wigston	64.81
Charnwood	73.48
Leicester	121.76
Force average	83.53

6 Anti-Social Behaviour

A key issue commonly associated with HMOs is anti-social behaviour (ASB). Data indicates that there were 1,495 instances of ASB recorded in the Borough between January 2013 and December 2018.

Table 6.1: ASB by Ward 2018

	Number	%
Loughborough Southfields	430	29%
Loughborough Storer	123	8%
Quorn and Mountsorrel Castle	112	8%
Loughborough Lemington	75	5%
Loughborough Hastings	71	5%
Forest Bradgate	62	4%
Loughborough Nanpantan	61	4%
Syston West	60	4%
Loughborough Dishley and Hathern	54	4%
Loughborough Ashby	46	3%
Loughborough Shelthorpe	43	3%
Sileby	42	3%
Mountsorrel Syston	34	2%
East Anstey	34	2%
Loughborough Outwoods	33	2%
Loughborough Garendon	33	2%
Thurmaston	22	2%
Barrow and Sileby West	21	1%
Shepshed West	20	1%
Birstall Watermead	19	1%
Birstall	17	1%
Wanlip	14	1%
Rothley and Thurcaston	11	1%
Wreake Villages	9	1%
Queniborough	7	1%
The Wolds	6	0%
Shepshed East	4	0%
East Goscote	3	0%
Unknown	29	2%
Total	1,495	100%

Source: RRR Consultancy Ltd HMO Assessment Report July 2019

By far the largest proportion (29%) of recorded ASB incidents occurred in the Loughborough Southfields ward.

Table 6.2: Type of ASB 2018

	Number	%
Noise	766	37%
Nuisance	377	18%
Rowdy behaviour	260	12%
Drug misuse	148	7%
Intimidation/harassment	143	7%
Begging	135	6%
Vehicle nuisance	88	4%
Litter/rubbish	67	3%
Criminal damage/vandalism	57	3%
Other	44	3%
Total	2,085	100%

Source: RRR Consultancy Ltd HMO Assessment Report July 2019

Table 6.2 shows the type of ASB incident recorded between January 2013 and December 2018 in the Borough. In total, there were 2,085 different types of ASB recorded (each incident could record more than one type of ASB). The most common type of ASB incident was 'noise' (37%), followed by 'nuisance' (18%), and 'rowdy behaviour' (12%). Smaller proportions of ASB incidents were recorded in relation to 'drug misuse' (7%), 'intimidation/harassment' (7%), 'begging' (6%), 'vehicle nuisance' (4%), 'litter/rubbish' (3%), criminal damage/vandalism' (3%), or 'other' (3%)

One method of determining the strength of the relationship between areas with high proportions of HMOs with numbers of ASB incidents is to undertake a 'correlation'. Correlation is a statistical measure that indicates the extent to which two or more variables fluctuate together. A positive correlation indicates the extent to which those variables increase or decrease in parallel; a negative correlation indicates the extent to which one variable increases as the other decreases.

Table 6.3: HMOs/ASB by Ward

	HMOs	ASB
	HMOs	ASB
Anstey	43	33
Barrow and Sileby West	38	20
Birstall Wanlip	37	14
Birstall Watermead	25	17
East Goscote	21	3
Forest Bradgate	22	62
Loughborough Ashby	181	46
Loughborough Dishley and Hathern	49	54
Loughborough Garendon	55	22
Loughborough Hastings	127	71
Loughborough Lemyngton	174	75
Loughborough Nanpantan	97	61
Loughborough Outwoods	54	33
Loughborough Shelthorpe	75	43
Loughborough Southfields	531	430
Loughborough Storer	483	123
Mountsorrel	44	34
Queniborough	14	7
Quorn and Mountsorrel Castle	44	112
Rothley and Thurcaston	32	11
Shepshed East	29	4
Shepshed West	37	19
Sileby	48	42
Syston East Syston	35	34
West	48	60
The Wolds	17	6
Thurmaston	59	21
Wreake Villages	23	9
Total	2,442	1,466

Source: RRR Consultancy Ltd HMO Assessment Report July 2019

Table 6.3 shows the number of HMOs in each ward compared to the number of ASB incidents recorded in each ward between January 2013 and December 2018 (excluding the 29 ASB incidents whose location was unknown). Although Loughborough contains around 35% of all households in the Borough, almost two thirds (64%) of all recorded ASB incidents occurred in the 10 Loughborough wards

Undertaking a statistical correlation on the 2 columns ie undertaking a statistical test to determine the relationship between the 2 factors produces a measure of 0.84. This indicates a very strong positive relationship between the 2 columns ie as the number of HMOs in any one particular ward increases, the number of ASB incidents increases. it can be stated that statistically, there is a very strong relationship between the number of HMOs in each ward and the number of ASB incidents.

7 Other Courses of Action Available

The Council has been looking for effective means of assisting and encouraging improvements in the quality of HMOs through their day to day service delivery, research projects and a number of Scrutiny Panels for many years. The HMO sector is a substantial element of the private rental market for the Borough.

These informal approaches met with a degree of success but the scope of such intervention is very limited. The Mandatory Licensing of HMOs has been effective in regulating and improving the standard of accommodation offered to let across the Borough. Licensing encourages a positive interaction with landlords and allows for the problems presented by each house to be managed on an individual basis through a bespoke set of licence conditions.

The Council has considered other courses of action available that provide an effective method of dealing with the problems in question in the Private Rented Sector before bringing the proposals for an Additional Licensing Scheme.

Alternative courses of action considered were:

- Landlord Accreditation, although this is currently a voluntary scheme, it would not have the required impact as a regulated scheme;
- Management Orders and enforcement powers under the Housing Act 2004 despite these being powerful tools that remain available to the Council they are too narrow in addressing management standards in the Private Rented Sector. They are reactive measures and the Council considers that a licensing scheme which would ensure standards are met from the outset is a more effective way to raise standards in the condition of HMOs. It would reduce the input required from the Local Housing Authority to maintain standards.

Enforcement of property standards and management orders will continue to be used as a final resort as part of the Council's programme of measures to improve the social and economic conditions within the Borough.

Conclusions

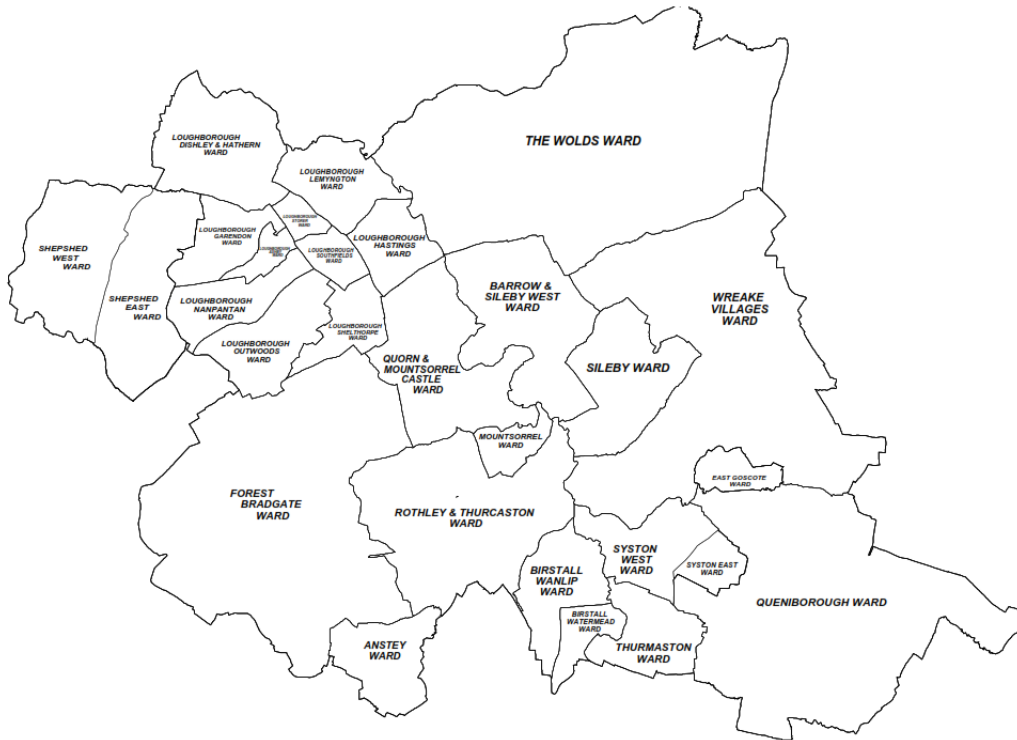
The Council considers that a significant proportion of HMOs of the description that are proposed to be made licensable as part of an additional licensing scheme are being managed sufficiently inefficiently as to give rise or to be likely to give rise to one or more particular problems either for those occupying the HMOs or for members of the public for the following reasons:

- The Rogue Landlord Project has identified:
 - 17 of 26 HMOs not licensed under the Mandatory Scheme which have Category 1 and 2 Hazards, which include fire doors, fire blankets and ventilation
 - 92% non-licensable HMOs failed to meet DASH standards
 - 11% of the non-licensable HMOs inspected failed the Decent Homes Standard
- There is a high correlation between the number of incidents of ASB in an area and the number of HMOs.
- Complaints about HMOs received by the Council and Partners reveal a high number of problems with noise and waste.

8 Proposed Additional Licensing Scheme

Additional Licensing will extend and continue the process of upgrading of HMO rental stock in line with the Mandatory scheme. All HMOs will be subject to the same evaluation and improvement regime as the national scheme. Residents in will be afforded the same protection as people in licensed HMOs. Without Additional Licensing there is significant and growing disparity in HMO market.

The Council are proposing to introduce a Borough wide Additional Licensing Scheme:



The scheme will cover all HMOs, irrespective of the number of stories that are occupied by 3 or 4 unrelated persons and all Section 257 HMOs (buildings converted into self-contained flats) where the building is wholly occupied by tenants.

The table below provides details the risks associated with the implementation of the proposed Additional Licensing Scheme across the Borough:

Additional Licensing – Borough Wide	Risks of Introducing the Scheme
Relationships breakdown between the Council and Landlords.	<p>Consultation and Communication Strategies must be effective.</p> <p>Commitment to the implementation of the Scheme.</p> <p>Without a licensing scheme there is often no relationship between the Council and Landlords</p>

<p>Landlords increase rental charges to cover the costs of the licence fee.</p>	<p>The impact of this would be delayed for the tenants with an existing tenancy.</p> <p>Reasonable rent should be covered by LHA/Housing Benefit</p> <p>If the rent is too high Landlords will price themselves out of the rental market.</p> <p>The Council cannot seek to protect low rents for substandard accommodation.</p> <p>Consultation and Communication Strategies must be effective.</p>
<p>The licence fee is too high for Landlords to pay and forces them out of business/the Borough.</p>	<p>This has not been the experience of other LAs.</p> <p>The Act requires that the Council must consider that any proposed management structures and funding arrangement are suitable before issuing a licence.</p>
<p>Illegal evictions</p>	<p>This has not been the experience of other LAs.</p> <p>The Council will continue to work with landlords and tenants to prevent evictions.</p> <p>This is a criminal matter which would be referred to the police to action.</p>
<p>The resources to run a successful scheme are more than forecasted.</p>	<p>This has been the experience of some LAs due to the lack of cooperation from Landlords and additional staff required to work on the issues raised.</p> <p>This is something for the Council to consider when designing the scheme including fees and allocating resources.</p>

Consultation Period

The formal consultation on the proposal to declare Charnwood Borough as an area for Additional Licensing.

The consultation period will be at least 10 weeks.

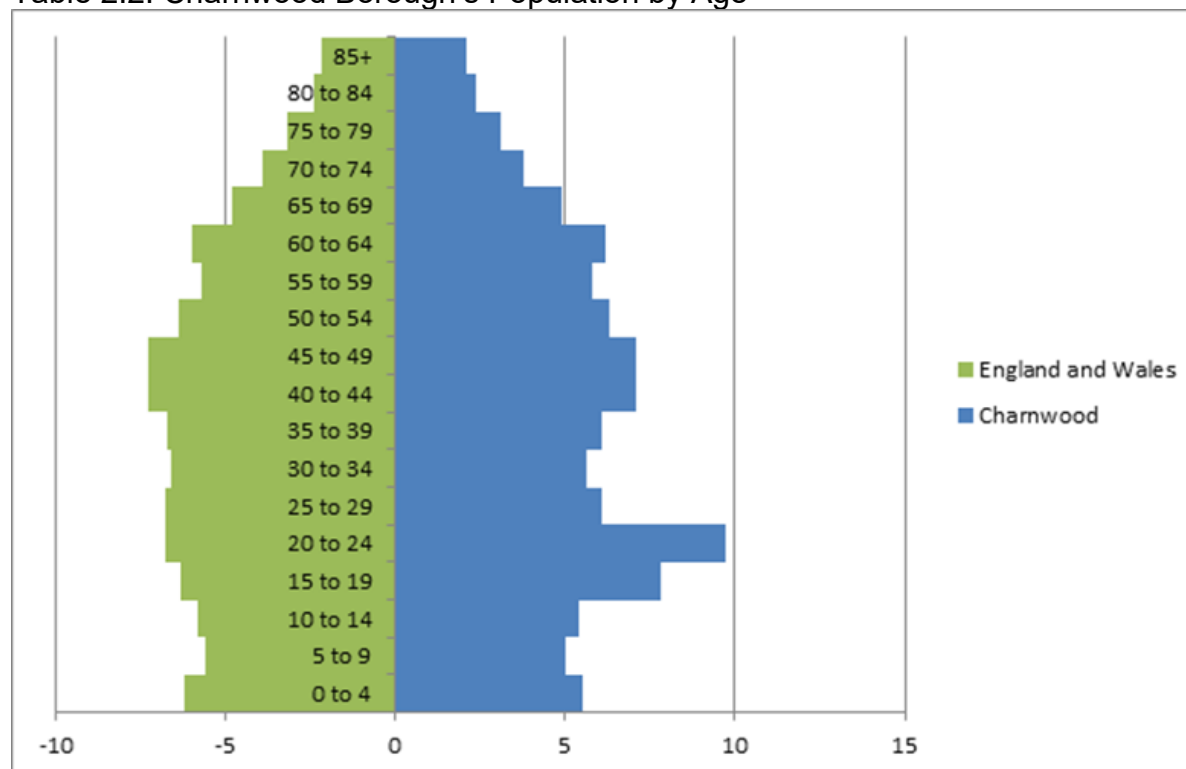
The 4 tables below provide details of the increase in population, age, projected growth and proportion comparisons with Leicestershire, East Midlands and England and Wales:

Table 2.1: Charnwood Borough Population increases from 1981–2031

Year	1981	1991	2001	2011	2016	2021	2031
Population	132,170	141,759	153,428	166,100	179,400	188,250	207,000

Source: 2011 Census

Table 2.2: Charnwood Borough's Population by Age



Source: 2011 Census

Table 2.3: Population and projected growth

All persons by Age	
Age	2011 census estimates
0-4	9,100
5-9	8,300
10-14	8,900
15-19	12,900
20-24	16,100
25-29	10,100
30-34	9,300
35-39	10,100
40-44	11,800
45-49	11,800
50-54	10,500
55-59	9,600
60-64	10,300
65-69	8,100
70-74	6,300

[Title]

75-79	5,200
80-84	4,000
85+	3,700
Total	166,100
Please note that numbers may not add up to the displayed totals due to rounding Source Office for National Statistics	

Source: 2011 Census

Table 2.4: Population and projected growth

All Persons – Proportion Comparisons				
Age	Charnwood	Leicestershire	East Midlands	England and Wales
0-4	5.5%	5.5%	6%	6.2%
5-9	5.0%	5.4%	5.5%	5.6%
10-14	5.4%	5.9%	5.8%	5.8%
15-19	7.8%	6.7%	6.5%	6.3%
20-24	9.7%	6.3%	6.8%	6.8%
25-29	6.1%	5.4%	6.1%	6.8%
30-34	5.6%	5.4%	5.9%	6.6%
35-39	6.1%	6.4%	6.4%	6.7%
40-44	7.1%	7.7%	7.4%	7.3%
45-49	7.1%	7.8%	7.5%	7.3%
50-54	6.3%	6.8%	6.6%	6.4%
55-59	5.8%	6.2%	6.0%	5.7%
60-64	6.2%	6.8%	6.4%	6.0%
65-69	4.9%	5.3%	5.1%	4.8%
70-74	3.8%	4.2%	4.0%	3.9%
75-79	3.1%	3.4%	3.2%	3.2%
80-84	2.4%	2.6%	2.4%	2.4%
85+	2.2%	2.3%	2.2%	2.2%
Total	166,100	650,500	4,533,200	56,075,900

Source: 2011 Census

The tables below data from the ONS 2011 Census on migration in and out of the Borough:

Table 2.5: Migration in and out of the Borough

	Charnwood	Leicestershire	UK
Long term international net migration per 1,000 resident's population, 2016	7.4	3.1	5.1

Source: 2011 Census

Table: 2.6: Overseas Students at Loughborough University

Total Students 2017	Total EU Students 2017	Total International Students (Non-EU) 2017	Total Oversea Students 2017
14,696	3,830	2,574	6,404
Main non UKEU countries of origin: China including Hong Kong (47%), India (6%), Nigeria (5%), Singapore (4%), Malaysia (3%), United Arab Emirates			

Source: 2011 Census

Table 2.7: Migration by Tenure

Wholly moving households: Inflow: Lived elsewhere one year ago outside the UK	Tenures	Charnwood	East Midlands	UK
	Total	223	5,746	122,203
	Owned or shared ownership	44	1,466	26,020
	Social Rented	23	344	7,463
	Private Rented	163	3,936	88,720
% migrant households in Private Rented Property		73%	68.5%	72 %

Source: 2011 Census

The table below details the number of dwellings in the Borough broken down into the household space and accommodation type:

Table 2.8 Dwellings, Household space and accommodation type:

Dwelling Type	Value
All categories: Dwelling type	69,220
Unshared dwelling	69,195
Shared dwelling	25
All categories: Household spaces	69,305
Household spaces with at least one usual resident	66,516
Household spaces with no usual residents	2,789
Whole house or bungalow: Detached	21,025
Whole house or bungalow: Semi-detached	26,657
Whole house or bungalow: Terraced (including end-terrace)	12,991
Flat, maisonette or apartment: Purpose-built block of flats or tenement	6,822
Flat, maisonette or apartment: Part of a converted or shared house (including bedsits)	866
Flat, maisonette or apartment: In a commercial building	631
Caravan or other mobile or temporary structure	313

Source: 2011 Census

The table below indicates HMOs are not confined to Loughborough wards but are distributed throughout the Borough:

Table 2.11: HMOs by Ward 2018

Ward	Number	% of Properties in Ward
Loughborough Southfields	531	22%
Loughborough Storer	483	20%
Loughborough Ashby	181	7%
Loughborough Lemyngton	174	7%
Loughborough Hastings	127	5%
Loughborough Nanpantan	97	4%
Loughborough Shelthorpe	75	3%
Thurmaston	59	2%
Loughborough Garendon	55	2%
Loughborough Outwoods	54	2%
Loughborough Dishley and Hathern	49	2%
Syston West	48	2%
Sileby	48	2%
Mountsorrel	44	2%
Quorn and Mountsorrel Castle	43	2%
Anstey	38	2%
Barrow and Sileby West	37	2%
Birstall Wanlip	37	2%
Shepshed West	35	1%
Syston East	32	1%
Rothley and Thurcaston	29	1%
Shepshed East	25	1%
Birstall Watermead	23	1%
Wreake Villages	21	1%
East Goscote	22	1%
Forest Bradgate	17	1%
The Wolds	14	1%

Source: RRR Consultancy Ltd HMO Assessment Report July 2019