

APPENDIX B3: BSWN Submission

Date: 31st October, 2023

Policy BSWN

Introduction

Bristol City Council has launched a city-wide consultation to consider the introduction of two new property licensing schemes for Houses of Multiple Occupation (HMOs) in the private rented sector (PRS). The Council have given the option of two proposals:

- *Scheme 1:* A city-wide scheme which would require landlords of almost all privately rented homes to acquire a licence, including landlords who rent to single people and families.
- *Scheme 2:* A selective licensing scheme in Bishopston, Ashley Down, Cotham and Easton due to the high concentration of private rental housing in these wards (Bristol City Council, 2023c)

According to the latest 2022 English Housing Survey (Department for Levelling Up, Housing and Communities, 2023a), 23% of private rented households have ethnic minority Household Reference Persons, compared to 19% of social renters, and 8% of owner occupiers. Subsequently, any changes to regulations in the PRS will have a disproportionate impact on minoritised communities. Effective HMO Licensing ensures that local authorities can identify and enforce against bad practice (Shelter, 2023a). While previous schemes have been successful, current national regulations (the Houses in Multiple Occupation Asylum-seeker Accommodation Regulations 2023) mean that migrants might not benefit from the proposed improvements to HMO licensing (Stockwell, 2023; Department for Levelling Up, Housing and Communities, 2023).

Policy Overview

What is an HMO?

An HMO is a home with at least 3 tenants, forming more than one household where there are shared toilet, bathroom or kitchen facilities. A large HMO has at least 5 tenants, forming more than one household who share toilet, bathroom or kitchen facilities (GOV.UK, 2023c). HMOs also include converted blocks of flats known as Section 257 HMOs. Section 257 of the Housing Act 2004 applies to converted properties and describes an HMO as a building:

- Which has been converted into and consists of self-contained flats
- Where the conversion work did not comply with building standard
- Where less than two-thirds of the flats are owner-occupied (Birmingham City Council, 2022).

HMO properties in the South West make up 16% of the national HMO stock, behind London (24%) and East Midlands (19%). They are traditionally in older housing stock, which is more likely to be poorly maintained and overcrowded, with insufficient amenities (Department for Communities and Local Government, 2008).

LANDLORD LICENSING SCHEMES



While there has been a national 2.4% decrease in the number of HMOs from 2019 - 2022, in Bristol, there has been a 0.6% increase in the estimated number of HMOs (Smail, 2023). Bristol remains a high investment area for HMOs due to the large young, transient population who are more likely to rent HMOs. 39.6% of Bristol's population are aged 20 - 39 years old compared to the national average of 26.2% (Bristol City Council, 2023b). Furthermore, Bristol's population has grown by 10% over the last decade (Bristol City Council, 2023b). Combined with a 52% increase in private rental prices in the city and the retractions on welfare (e.g. Local Housing Allowance limits and benefit freezes), HMOs present as an affordable housing option to many students, young people and migrants, 75% of whom rent privately if they have been in the UK for less than five years (Bouzarovski et al., 2022); Bristol City Council, 2023a).

What is a licensing scheme?

The Housing Act 2004 (Part 3) sets out the framework for licensing private rented housing in a local authority, while Section 80 introduced selective licensing of private landlords. Local authorities are required to assess if there is a significant number of private rentals, and are required to consult communities by law (GOV.UK, 2023c). Local authorities are able to apply selective licensing schemes if there is low housing demand, significant amounts of anti-social behaviour and poor housing conditions (GOV.UK, 2023c).

There are two types of private property licensing:

- Mandatory licensing of HMOs began in 2006, and originally applied to houses with three storeys or more, with five people making up two or more separate households (GOV.UK, 2019). In 2018, mandatory licensing was extended to HMOs with one or two storeys (GOV.UK, 2019). Mandatory licensing ensures that HMOs pass a standard, converted or self-contained flat test. This includes testing for gas, electrical and fire safety, mandatory national minimum sleeping room sizes and waste disposal requirements (GOV.UK, 2019; Shelter, 2023a).
- Additional licensing occurs when local authorities can impose conditions on the management of an HMO not covered by mandatory licensing (Shelter, 2023a).

Selective licensing gives local authorities the power to introduce licensing for all privately rented homes in a given area. Since 2015, all local authorities have been required to obtain confirmation from the Secretary of State for Levelling Up, Housing and Communities on any selective licensing scheme which would affect more than 20% of their geographical area or more than 20% of privately rented homes in the local authority area (Department for Levelling Up, Housing and Communities, 2023b).

Policy Implications

HMOs have been associated with an increase in anti-social behaviour, lack of community cohesion due to the transient population, overcrowding and a deterioration in health (Bouzarovski *et al.*, 2022). HMOs are more likely to be older housing stock, in turn presenting higher risks to tenants' health and safety, for example through dangerous gas appliances and faulty electrical systems (Birmingham City Council, 2022). This is a prevalent issue in the South West, which has the third highest amount of non-decent dwellings (19%) (Department for Levelling Up, Housing and Communities, 2022b). Furthermore, a rise in HMOs could lead to the displacement of established residents, due to changes in local infrastructure which respond to population change, such as a decrease in youth facilities in response to less school-aged children in an area (Department for Communities and Local Government, 2008).

Scheme 1 would require all HMOs not subject to mandatory licensing to obtain a licence, while Scheme 2 would require landlords in Bishopston and Ashley Down, Cotham and Easton to obtain a licence due to the high concentration of private housing. 31.71% of residents in Easton identify as non-White, therefore a selective licensing scheme in this ward would serve a majority of non-White residents who are more likely to rent (Office for National Statistics, 2023b). According to the 2021-22 English Housing Survey, the private rented sector had the lowest proportion of HRPs who are UK nationals at 74% compared to social renters (92%) and owner occupiers (96%) (Department for Levelling Up, Housing and Communities, 2023a). Meanwhile, Cotham and Bishopston and Ashley Down have high concentrations of students (30% and 16% respectively) (Office for National Statistics, 2023b).

Previous selective licensing schemes in the city have been successful in identifying HMO landlords and enforcing good practice such as the Stapleton Road and Eastville/St George schemes (Gilchrist, 2019). The Stapleton Road licensing scheme ran from April 2013 to April 2021 (Gilchrist, 2019). A total of 1,207 properties were licensed, 2,485 licence inspections were undertaken and 396 licensable properties were identified to have at least one serious hazard (Gilchrist, 2019). The Central Additional Licensing (CAL) scheme in 12 central Bristol wards from April 2022 - July 2023 found that 94% of properties failed to meet licence conditions, highlighting the need for effective city-wide licensing (Stockwell, 2023).

Increased licensing leads to better health and proactive measures against fire safety and overcrowding. Birmingham City Council recently introduced additional licensing across all 69 wards of the city, which shows support for the effectiveness of the scheme (Birmingham City Council, 2023). However, additional licensing requires local authorities to have the resources to regulate and enforce good practice. While Scheme 2 is more expansive and seeks to licence non-HMO properties, it would cost Bristol City Council £12,516,316 compared to the cost of Scheme 1 (£3,532,288) (Bristol City Council, 2023c).

The Houses in Multiple Occupation (HMO) (Asylum-seeker Accommodation) Regulations 2023 seek to temporarily exempt asylum seeker accommodation from licensing requirements, due to complaints raised by Asylum Accommodation Service Contract (AASC) providers who raised concerns about overregulation. There are 6000 HMO properties accommodating 28000 asylum seekers (Shelter, 2023b). A lack of regulation will undoubtedly attract private landlords to AASC providers and lead to a decrease in housing conditions, housing availability and fire safety standards. Furthermore, this might drive up private rental housing prices as landlords leave the market and increasing numbers of people begin to rely on the lower quality and cost sector of the PRS due to the increase in the cost of living (Bouzarovski *et al.*, 2022). This policy will have a disproportionate impact on the many asylum-seekers from minoritised communities, who are more likely to live in overcrowded privately rented accommodation.

Policy Recommendations and Conclusion

While Scheme 1 has a wider remit, Scheme 2 is a more targeted approach towards regulating those who are not protected by any minimum standards or statutory regulations. By requiring landlords who rent to single people, couples and families to apply for a property licence, a wider variety of consumers in Bristol's PRS will have good practice enforced in their homes. Currently, there are limited protections available for tenants in non-HMO properties, who are more likely to be long term tenants. The Renters Reform Bill 2023 plans to enforce the Decent Homes Standard on the PRS, which is the statutory minimum standard for social housing, and give tenants stronger powers to challenge poor practice (Department for Levelling Up, Housing and Communities, 2022). Furthermore, the Bristol City Council Living Rent Commission report calls for the expansion of area-based and selective licensing to raise property standards (Bristol City Council, 2023a).

The consultation ends on the 7th of November, share your views here:
<https://www.ask.bristol.gov.uk/property-licensing-2023>.

Bibliography

Andrews, B. (2022) *The Bristol area with one of the highest concentration of HMOs - special report*, *BristolWorld*. Available at: <https://www.bristolworld.com/news/clifton-revealed-to-have-highly-concentrated-number-of-hmos-so-whats-the-impact-on-local-communities-3710190> (Accessed: 25 September 2023).

Birmingham City Council (2020) *Development Management in Birmingham: Houses in Multiple Occupation*.

Birmingham City Council (2022) *Additional Licensing Evidence Report.pdf*. Available at: https://www.birminghambeheard.org.uk/place/additional-licensing/supporting_documents/Additional%20Licensing%20Evidence%20Report.pdf (Accessed: 16 October 2023).

Birmingham City Council (2023) *Consultation on Proposal to Introduce Additional Licensing - Birmingham City Council*. Available at: <https://www.birminghambeheard.org.uk/place/additional-licensing/> (Accessed: 16 October 2023).

Bristol City Council (2023a) *JSNA Health and Wellbeing Profile 2022/23*. Available at: <https://www.bristol.gov.uk/files/documents/1540-jsna-2021-population/file> (Accessed: 26 September 2023).

Bristol City Council (2023b) *Proposals to introduce new property licensing schemes in Bristol | Ask Bristol Consultation and Engagement Hub*. Available at: <https://www.ask.bristol.gov.uk/property-licensing-2023> (Accessed: 5 October 2023).

Department for Communities and Local Government (2008) *Evidence Gathering – Housing in Multiple Occupation and possible planning responses*. Available at: <https://planningjungle.com/wp-content/uploads/Evidence-Gathering-Housing-in-Multiple-Occupation-and-possible-planning-responses-Final-Report-September-2008.pdf>.

Department for Levelling Up, Housing and Communities (2022a) 'A Fairer Private Rented Sector'. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1083378/A_fairer_private_rented_sector_web_accessible.pdf.

Department for Levelling Up, Housing and Communities (2022b) *English Housing Survey 2020-21: Regional Housing Trends*. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1088514/EHS_2020-21_Regional_Housing_Trends_Factsheet.pdf (Accessed: 26 September 2023).

Department for Levelling Up, Housing and Communities (2023a) *English Housing Survey 2021 to 2022: private rented sector*. Available at: <https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-private-rented-sector/english-housing-survey-2021-to-2022-private-rented-sector> (Accessed: 5 October 2023).

Department for Levelling Up, Housing and Communities (2023b) 'Selective licensing in the private rented sector: A guide for local authorities'. Available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1164043/Selective_licensing_guidance.pdf.

Gilchrist, T. (2019) 'Discretionary Licensing Schemes'. Available at: <https://democracy.bristol.gov.uk/documents/s32680/Bristol%20Homes%20Board%20Presentation%20June%202019%20v%20FINAL.pdf>.

LANDLORD LICENSING SCHEMES



Bibliography

GOV.UK (2019) *Houses in multiple occupation and residential property licensing reform: guidance for local housing authorities*, GOV.UK. Available at: <https://www.gov.uk/government/publications/houses-in-multiple-occupation-and-residential-property-licensing-reform-guidance-for-local-housing-authorities/houses-in-multiple-occupation-and-residential-property-licensing-reform-guidance-for-local-housing-authorities> (Accessed: 18 September 2023).

GOV.UK (2023a) *Domestic private rented property: minimum energy efficiency standard - landlord guidance*, GOV.UK. Available at: <https://www.gov.uk/guidance/domestic-private-rented-property-minimum-energy-efficiency-standard-landlord-guidance> (Accessed: 25 September 2023).

GOV.UK (2023b) *Private renting*, GOV.UK. Available at: <https://www.gov.uk/private-renting/houses-in-multiple-occupation> (Accessed: 16 October 2023).

GOV.UK (2023c) *Selective licensing in the private rented sector: a guide for local authorities*, GOV.UK. Available at: <https://www.gov.uk/government/publications/selective-licensing-in-the-private-rented-sector-a-guide-for-local-authorities/selective-licensing-in-the-private-rented-sector-a-guide-for-local-authorities> (Accessed: 18 September 2023).

Iafrazi, S. (2021) 'Supporting Tenants with Multiple and Complex Needs in Houses in Multiple Occupation: The Need to Balance Planning Restrictions and Housing Enforcement with Support', *Social Policy and Society*, 20(1), pp. 62–73. Available at: <https://doi.org/10.1017/S1474746420000251>.

legislation.gov.uk (2023) *The Houses in Multiple Occupation (Asylum-Seeker Accommodation) (England) Regulations 2023*. King's Printer of Acts of Parliament. Available at: <https://www.legislation.gov.uk/ukdsi/2023/9780348246889> (Accessed: 17 October 2023).

Office for National Statistics (2023a) *Economic activity status - Office for National Statistics*. Available at: <https://www.ons.gov.uk/datasets/create/filter-outputs/04a6e1b4-df6a-46a5-856a-d2aa1501e445#get-data> (Accessed: 17 October 2023).

Office for National Statistics (2023b) 'Electoral wards and divisions and Ethnic group (20 categories)'. Available at: <https://api.beta.ons.gov.uk/v1/datasets/create/filter-outputs/ae3cae8f-33d0-4200-b04f-277d9faf84dc>.

Office for National Statistics (2023c) 'Number of dwellings that are houses in multiple occupation (HMO)'. Available at: <https://api.beta.ons.gov.uk/v1/datasets/RM192/editions/2021/versions/2> (Accessed: 25 September 2023).

Paragon Banking Group (2022) *The HMO Report*. Available at: https://www.paragonbankinggroup.co.uk/pCMS_BO/Resources/paragon-group/documents/reports-presentations/2022/changing-face-of-hmos#:~:text=The%20HMO%20market%20has%20existed,and%20access%20to%20private%20facilities.

Shelter (2023a) *HMO licence types and conditions*, Shelter England. Available at: https://england.shelter.org.uk/professional_resources/legal/housing_conditions/hmo_standards/hmo_licence_types_and_conditions (Accessed: 16 October 2023).

Shelter (2023b) *Joint briefing: HMO licensing and asylum seeker accommodation regulations*. Available at: https://assets.ctfassets.net/6sxvmndnpr0s/3YwS51S2Obdt7rUbxLd9W8/21e3c859ad6df53c1d6962d12df38dea/Joint_briefing_-_HMO_regs_asylum_accommodation_.pdf (Accessed: 26 September 2023).

Shelter (2023c) *Shelter Legal England - Local authority rules for selective licensing schemes*, Shelter England. Available at: https://england.shelter.org.uk/professional_resources/legal/housing_conditions/hmo_standards/local_authority_rules_for_selective_licensing_schemes (Accessed: 18 September 2023).

Bibliography

Smail, J. (2023) *England's HMO stock continues on downward trend*, *Property Industry Eye*. Available at: <https://propertyindustryeye.com/englands-hmo-stock-continues-on-downward-trend/> (Accessed: 25 September 2023).

Stockwell, B. (2023) *Bristol City Council to consult on expanding landlord licensing*, *The Bristol Cable*. Available at: <https://thebristolcable.org/2023/08/bristol-city-council-launch-consultation-expanding-landlord-licensing/> (Accessed: 18 September 2023).

Udin, A. (2022) 'The London and South East UK HMO Investment Opportunity'. Available at: <https://www.revolutionbrokers.co.uk/article-the-london-and-south-east-uk-hmo-investment-opportunity> (Accessed: 25 September 2023).