

## Appendix

### Consultation Feedback sent Outside of the Questionnaire Document

**From:** [REDACTED]  
**Sent:** 13 March 2023 10:35  
**To:** Paul Hughes <Paul.Hughes@warwickdc.gov.uk>  
**Cc:** Balwant Rai <Balwant.Rai@warwickdc.gov.uk>  
**Subject:** Additional licencing consultation  
**Importance:** High

Caution: This is an external email. Please take care when clicking links or opening attachments. When in doubt, contact the ICT Helpdesk

Please find below my personal response as a landlord to the additional licencing consultation

Having read the feasibility study that has been put out by Warwick District Council regarding the introduction of an Additional Licencing scheme I would say that the case is put forward is flimsy, and the data, contrary to what is claimed, does not support the proposal. There is insufficient evidence of a genuine issue to warrant the scheme and no analysis of the implication of such a scheme on the local stable rental market. To proposal that it is applied the district is definitely taking a sledgehammer to crack a sunflower seed!

Whilst I have taken the time to formally response to the feasibility study - the next steps includes recruitment process, formal designation of scheme and coming into effect with associated dates, so it would appear that the consultation is a tick box activity, and the scheme a forgone conclusion. But by making this submission it will show that you were warned of the consequences, took no notice, and carried on regardless – so when the scenarios outline in the response come to fruition there will be a record of who was to blame.

#### Supporting data:

It is good to see an authority being open and publishing evidence of their activities, in relation to the HMOs and housing complaints, even if the detail is limited.

Whilst at first glance the defects (468) listed in table 8 for the additional 127 properties, that have been licenced under the mandatory legislation, look concerning their context is completely missing. And without this context any decision based on it would be flawed. It could indicate that there is a prevalence of issues, or it could be a landlord with multiple properties that has been ill advised by trades/agent – I simply don't know. When it comes to fire fighting and detection equipment its impossible to know what the issues were - was the equipment was missing equipment or was there some variation to that laid down by the regulations?

If this was truly an indication of the situation in small HMOs then this would surely be reflected in the environmental protection and PRS service requests activities? The study includes an overview of their activities over the last 5 yrs. and the numbers are significant enough to give some insight.

The environmental section claims that there is no appreciable difference between licenced and non-licenced HMOs. But using table 1 to give context to the noise issues, licenced HMOs generate 25% of noise complaints compared to only 10% in non-licenced. Overall the licenced HMOs generate 61% of the environmental activity yet involve a third less properties. When put in context there is a distinct difference between the two types of HMOs.

Moving on to the PRS service requests again it is claimed that there is no appreciable difference. But comparing the HHSRS/condition complaints, and again using table 1 to give context, 5.8% come from licenced HMOs compared to 2.9% from non-licenced – whilst both numbers are small this is a 50% difference. Further I am sure that if the 71 reported non-licenced properties had serious issues, similar to those listed in table 8, then this would have been flagged as part of this study to support the proposal, but nothing has been put forward.

Analysis of the waste and fly tipping data reveals a similar picture 58% of requests from licenced HMOs compared to 19% from non-licenced. Again a distinct difference between the two types of HMOs.

Lastly this study states that 74 non-licensable and 7 licensable HMO properties have been identified and are being investigated but goes no further than that. Again I have no doubt that if there were serious issues with these properties, as per table 8, that they would be detailed in depth to support your case but again there is nothing.

#### Enforcement:

In the last decade the powers local authorities have to address housing issues has greatly increased. The study clearly highlights some of the options – improvement notices, prohibition notices, civil penalties, noise abatement notices, community protection notices. You also have the option of encouraging tenants to pursue rent repayment orders against their landlord. Yet prosecutions are few and far between usually with minimal fines – so a powerful deterrent is more like being hit with a limp lettuce! Until there are genuine consequences that hit the bottom-line criminal landlords will never change their way yet good landlords continue to be penalised by increasing levels of bureaucracy and costs.

I'm sure that criminal landlords simply rub their hand in glee when these schemes are announced knowing that rents will be going up without their costs being impacted.

#### Review of comparable schemes:

Whilst the HMO Task and Finish Group surveying councils with similar schemes can prove useful to get a feel for this type of licencing that is all it can ever be nothing more. There is no copy of the questions asked nor the responses provided so I am limited by what has been put forward rather than making an impartial assessment. Further other local authorities are never going to admit that they got it wrong, in pursuing additional licencing, or that it had a negative effect of their local housing. Did the Group follow up the survey with requests for evidence of the claims made in the response? As without any supporting data their response is meaningless and without merit and should not form the basis of any decision.

#### Survey of local PRS:

Whilst its great that the HMO Task and Finish Group surveyed local landlords in the PRS, again there is no detail of the questions asked or the responses provided. So I am limited by what has been put forward rather than making an impartial assessment. So again this content should not form the basis for any decision.

It's interesting to note the following extract of a landlords response provided under the benefits of licencing "I can't think of any benefits of having a licence other than a further incomes stream for a cash strapped council. It appears to me that local authorities often extend schemes to raise funding to counter austerity cutbacks and for local political window dressing".

What is clear, though you will never see an authority admit it, is that licencing is seen as a means of generating income plain and simple. The schemes more than often are sold to the public, as a means of addressing perceived issues locally, but have yet to clearly deliver on any of these promises. Not surprising really, as the authorities never ringfenced their money or resources, to ensure their success – although that should really read the people's money. In Birmingham its claimed that Selective Licencing will make inroads on deprivation levels something that the authority has been unable to address over several decades. Further looking at the long-term debt levels of most authorities raises serious questions over their insolvency. Warwickshire's level appears to be around £322M.

Considering the £Bs that have been handed over by landlords in compliance with licencing schemes countrywide there is scant if any evidence of their success and it appears that the government is coming round to this viewpoint with Liverpool's recent renewal being denied.

#### Benefits of licencing:

The study makes various claims in section 7 on the benefits that mandatory licencing has achieved but provides no evidences to back up these claims. Did the local authority carry out a survey prior to prove that insufficient cooking or washing facilities had been addressed? And fails to detail any disadvantages. What has happened to the availability of property in this time? What has happened to its cost? So again I have to deem the study is deficient in its content to assume there are no consequences, but I will come to them later in this response.

The study claims that additional licencing will enable "everyone to have their housing needs met", one of the authority's corporate aims, but fails to go into any detail on how that will be delivered?

#### Co-ordinated approach:

It is interesting that when the study talks about a co-ordinated approach "to tackling issues affecting communities in the district" that it immediately links this to homeless, empty properties and ASB in relation to PRS and enforcement. Just the usual stereotypical view of the PRS. There seems to be little consideration that there is a different generation of landlords now and for many it's a competition to see who can provide the best product, not a bad model, as its reflected in the short time frame many are relet in.

I've yet to see someone causing ASB, that has a PRS tattoo across their forehead, yet these issues are inevitably assigned to the PRS sector. With some landlords in the group having social providers that manage their scheme, ASB is a major issue, and despite having dedicated trained staff it is frequently poorly managed. But local authorities see no problem with placing an ASB obligation on PRS landlords as part of the licencing conditions. Really?

Surely this should involve a comparison of all the housing sectors – PRS, social, council and exempt – reviewing benefits and issues of each to come up with a joined-up approach that is applied to the issues across all the sectors. I

have no doubt that the issues are common and cover arrears, ASB, property conditions, EPC rating, fire safety and the like.

#### Exemptions:

From the study you are proposing to exempt both section 257 and purpose-built flats on grounds that seems completely perverse. For section 257, you clearly flag that there are known issues in regards to compliance with fire safety standards, yet are happy to exempt them based on insufficient information? For purpose built it appears that because they are highly visible and of recent construction that that is a sufficient grounds to exclude them? Are we ignoring the issues that Grenfell has uncovered with EWS1 investigations revealing remedial works that are required to ensure fire safety compliance or the poor quality standards of modern construction?

At the meeting on 31<sup>st</sup> Jan it was stated that owner occupier properties with up to 2 lodgers would be excluded. Again I would question why a home owners property is considered safer than a let property? More than likely, they are looking to supplement their income, so repairs and maintenance are probably lower on their list of priorities. Are they really likely to know and understand the over-crowding standards? But if they were included then it is likely that there would be a public outcry at their inclusion?

#### Alternatives to licencing:

The study claims that the local authority has an approach to work with landlords starting from “negotiation, advice guidance, education and support”. So I would have to ask why is licencing being considered as the starting point, without any clear cause for its use, before exhausting other alternative?

With the introduction of the Article 4 Direction the authority has a database of the owners of 3-4 bedroom HMOs. So what use have they made of this information to address these perceived issues? Looking at the data within the study and the maps it would have been a simple activity to check a percentage of the non-licensable properties to assess if there are grounds to support the need for the proposed scheme? You can usually tell a lot by the exterior of a property. How do they compare to their neighbours? And checking the reference list there is no mention of any stock condition survey – so I would ask do you have one, when was it last completed and what does it reveal?

Reading through the table of alternatives to licencing it is clear from the emphasis that there is little appetite to even consider or let alone pursue the options. You seem to forget that we live in the 21<sup>st</sup> century an information technology world – a half hour spent on Rightmove can regularly flag properties that have issues around compliance not rocket science.

#### Unintended consequences:

Whilst the study touches on student lets there is little mention of the low paid who should be entitled to affordable accommodation and without them and their efforts the county will grind to a halt – with no one to do the jobs most wouldn't touch with a barge pole. Your study is clear that there is a shortage of affordable rented housing but there appears to have been little work to assess the impact of this scheme on those dependent on this type of accommodation.

What is clear is that the more the PRS is meddled with the worse the situation has become for tenants. There is clear evidence where licencing schemes are introduced that accommodations is lost, rents increase which inevitability leads to increased levels of homelessness and poverty. To think otherwise is to live in cloud cuckoo land.

I foresee the following changes occurring in the local PRS sector:

- Landlords seeing it as the final straw and selling up
- Landlords reducing the occupancy of their accommodation to a maximum of 2 sharers only
- Landlords changing their target market to provide accommodation to contractors working away from home and after alternative accommodation to hotels and B&Bs
- Landlords entering long term agreements for their property to be used for supported accommodation

Think that this won't happen here? Then think again.

The introduction of an Article 4 Direction has caused landlords to review their business model and few within local authorities realise the ramifications this has. I mean its simply a change of planning classification from C3 to c4 isn't it? Well no it isn't that simple at all. If a landlord decides to continue renting to 3-4 sharer's then he will have to apply for C4 planning at the onset this is free. The change of C3 to C4 will need to be relayed to the landlords lenders and insurance. This may require the property to be refinanced and/or may result in higher premiums. But if the market changes and the landlord can no longer find suitable sharers then he may consider letting to a family instead. Immediately he does this the planning classification reverts to C3, so again the lender and insurance have to be notified, but to return to 3-4 sharers the landlord will have to re-apply for C4, at a cost of around £350, but there is no guarantee that it will be given. When put into perspective it's easy to understand why landlord would simply decide to avoid the hassle associated with 3-4 sharers and simply let to a family or 2 sharers.

This has the ramifications that you are no longer maximising the housing accommodation potential, more property is required to house the same number of people and you are increasing the costs for the sharers as the rent is now divided between 2 rather than 3.

This is clearly evidenced in the analysis the chair of the landlord steering group generates each year. There is a growing trend that landlords of 3-4 bedroom properties are reducing them to 2 sharers only. This is further evidenced in Coventry and Birmingham where similar changes have happened. Three major letting agents in Birmingham made this decision as it greatly reduces their work levels and thus costs in managing a landlords property.

There is a further unintended consequences, seen in Coventry, where good tenant that have felt secure in their accommodation suddenly find themselves given notice, through no fault, as the landlord decides to reduce the occupancy to avoid the regulation. Adding unnecessary fire to the market where there is already a shortage of property.

The location of Warwickshire means that many landlords are looking at a completely different business model - providing short term accommodation meeting the needs of those visiting the area for leisure activities and those working away from. Whilst there would be an initial outlay to switch over the income is such that 100% occupancy isn't necessary. It does have the benefit of bring revenue to the region but reduces the housing stock available to residents. With the increasing use of hotels and B&B to house the homeless and refugees this is likely to be a growth area.

Across the country there is a growing need to what is termed as supported accommodation – this is where the residents require a higher level of support and as a result a higher premium of benefit is paid to cover the costs of

this support. Further due to the nature of this accommodation it is exempt from the HMOs regulations. This is a major issue in Birmingham and as landlords finances are stretched it's a tempting alternative as the landlord gets a fixed quite often a higher rent for usually a 5 yrs period with no obligation to carry out repairs. In Selly Oak there has been a love hate relationship between residents and students, similar to Leamington, and the residents thought that the recent changes that the local authority made would improve their situation going forward. But the reality has been a case of out of the frying pan and into the fire, with accommodation previously used by students, handed over to supported accommodation providers with a far more problematic clientele. Reflected in the crime and ASB figures. I'm pretty sure many Selly Oak residents would now welcome the return of the students.

---

-----Original Message-----

From: [REDACTED]  
Sent: 16 March 2023 10:45  
To: Paul Hughes <Paul.Hughes@warwickdc.gov.uk>; Jan Matecki <Jan.Matecki@warwickdc.gov.uk>; Ian Davison <Ian.Davison@warwickdc.gov.uk>; Mini Mangat <Mini.Mangat@warwickdc.gov.uk>; Judy Falp <judyfalp@warwickdc.gov.uk>; Sidney Syson <Sidney.Syson@warwickdc.gov.uk>  
Cc: Lisa Barker <Lisa.Barker@warwickdc.gov.uk>  
Subject: Additional licensing consultation - collective response

Caution: This is an external email. Please take care when clicking links or opening attachments. When in doubt, contact the ICT Helpdesk

To WDC Cllrs and officers within Private Sector Housing

As Leamington residents, we strongly support the Council's proposal to introduce additional licensing which, if rigorously enforced, will raise housing standards in the rented sector. We were shocked to learn of the level of disrepair and poor maintenance which emerged in recently licensed 5 bed HMOs. We therefore strongly urge you to extend licensing across the whole District. We also urge you to include HMO flats, conversions, and those within PBSA and mixed blocks, because increased Council powers should better enable officers to address for example persistent flytipping by tenants of a 28 bed 'hall of residence' in a Radford Road mixed block, where waste storage and managerial oversight are currently inadequate. We also urge you to set the license fee, and any discounts, at levels which will enable you to do a thoroughly good job of inspecting properties and enforcing compliance with the license conditions. Without this, additional licensing will be less than effective in improving the living conditions of tenants.

[REDACTED]

---

From: [REDACTED]  
Sent: 17 March 2023 08:54  
To: HMO <hmo@warwickdc.gov.uk>  
Subject: LSG Response to, 'Additional Licensing of HMOs Public Consultation in Warwick District'

Caution: This is an external email. Please take care when clicking links or opening attachments. When in doubt, contact the ICT Helpdesk

Please find attached the Landlord Steering Group's response to the, 'Additional Licensing of HMOs Public Consultation in Warwick District'.

Kind regards



LSG Chair

# Landlord Steering Group's Response to the Public Consultation on the Additional Licensing of HMOs in Warwick District

## Contents

<b>Page 1</b>	Contents
<b>Page 2</b>	The LSG and Focus of its Response LSG Background information LSG Aims Relevant LSG Key Objectives
<b>Page 3</b>	Supporting Data Enforcement
<b>Page 4</b>	Review of Comparable Schemes Survey of Local PRS Benefits of Licencing: Some Possible Tenant Benefits
<b>Page 5</b>	Benefits of Licencing: Some Possible Landlord Benefits
<b>Page 6</b>	Benefits of Licencing: Some Possible Landlord Benefits Continued
<b>Page 7</b>	Regulations for Unlicensed HMOs Co-ordinated Approach
<b>Page 8</b>	Exemptions Alternatives to Licensing
<b>Page 9</b>	Examples of Unintended Consequences
<b>Page 10</b>	Change of Use
<b>Page 11</b>	Supported Accommodation Student HMO Properties for Rent in Leamington Spa Postcodes CV32 & CV31 Annual Recording of Student Lets Data in Leamington Spa
<b>Page 12</b>	Students Viewing Properties and Online Guides
<b>Page 13</b>	Warwick Accommodation
<b>Page 14</b>	EPCs Licence Fee Reduction for Higher Rated EPCs to Improve Housing Stock Amend WDC Licence Conditions
<b>Page 15</b>	WDC Online Questionnaire Consultation
<b>Page 16</b>	WDC Online Questionnaire Consultation Continued
<b>Page 17</b>	Brief Summary
<b>Page 18</b>	Brief Summary Continued
<b>Page 19</b>	Conclusion
<b>Page 20</b>	References

## The LSG and Focus of its Response



The LSG currently has 16 members, who represent local authority staff, PRS landlords, letting agents and other PRS stakeholders in the Warwick and Stratford-upon-Avon Council Districts. For the purpose of this response, the main focus is on Leamington Spa.

## **LSG Background Information**

### **LSG Aims**

- (1) Establish an effective partnership between Warwick and Stratford-upon-Avon District Councils ('the Council'), private rented sector (PRS) landlords, letting agents and other PRS stakeholders.
- (2) Facilitate and promote a good quality PRS in the Council districts.
- (3) Promote and improve the image and reputation of the PRS.

### **Relevant LSG Key Objectives**

- (1) Ensure a consultation process is built into the Council PRS initiatives, so there is reasonable time for genuine feedback from the Landlord Steering Group (LSG) to the Council prior to implementation.
- (2) Develop good practice to enhance the PRS in the Council districts.
- (3) Raise the profile of responsible renting in the PRS.
- (4) Promote and encourage good living conditions in PRS accommodation in the Council districts, particularly in respect of affordable warmth, energy efficiency measures, crime prevention, fire, gas, electrical safety and wellbeing.
- (5) Promote high standards of professional management between landlord and tenant.
- (6) Encourage landlords in the Council districts to join a landlord accreditation scheme.
- (7) Contribute to the Council strategy, delivery and development of housing provision.
- (8) Facilitate a lobbying and consultation mechanism for housing related issues including the consideration and response to national and local consultation documents that impact the PRS.

There is a strong sense that Warwick District Council (WDC) Officers are working with PRS stakeholders to improve the PRS in Leamington Spa. The LSG hopes, if additional licensing is introduced for 3 and 4 bed HMOs, it will not affect this supportive relationship.

Warwick and Stratford-upon-Avon District Councils in association with the National Residential Landlord Association and LSG organise two local Landlord Forums a year for landlords, letting agents and other PRS stakeholders. The aims of the Landlord Forums are reflected in the objectives above:

- (a) Part of the Warwick and Stratford-upon-Avon District Councils' ongoing programme is to establish an effective partnership between local government and landlords, letting agents and other private rented sector stakeholders.
- (b) Provide an interesting and informative environment, delivering training and an essential knowledge update by sharing information and experience with the wider PRS community on legislation, codes of practice and legal guidance on housing related issues, in particular landlord and tenant law, safety and standards within properties and management practices.
- (c) Facilitate and encourage good practice, higher standards of professional management, contribute towards raising the profile of responsible renting and promote and improve the image and reputation of the private rented sector in the Warwick and Stratford-upon-Avon council districts.
- (d) An opportunity for delegates to network with other professionals and visit local trader and District Council stalls.

The LSG wasn't asked to contribute to the feasibility study on the 'Introduction of an Additional Licensing Scheme in Warwick district', which is surprising given the aims/objectives of the LSG.

## **Supporting Data**

It is helpful to see evidence of Warwick's activities in relation to HMOs and housing complaints.

**Table 8** – It's noticeable the context is omitted with reference to the 468 defects. Without background details, any decision based on it may be questionable.

For example, it could indicate there is a prevalence of issues or, a landlord with multiple properties, may have received poor advice from trades or an agent. Regarding fire-fighting and detection equipment, what were the issues? Was fire-fighting equipment missing or was there some inappropriate variation to the regulations?

The feasibility study includes an overview of their Environmental Protection and PRS service requests activities during the last 5 years. The numbers are significant and give some insight.

**Table 13** – Environmental Protection service requests states in the analysis there is, 'no appreciable difference between licenced and unlicenced HMOs'. However, licenced HMOs noise requests generate 68% (169) complaints, compared to 31% (81) of unlicenced properties. Licensed HMOs domestic accumulations generate 62% (21) complaints, compared to 38% (13) of unlicenced properties, so there are some differences between licensed and unlicensed HMOs. It could also be argued 'mice, rats and pests' occupy all types of properties regardless of licencing!

**Table 17** – Private Sector Housing service requests states, 'despite some slight variation, there is little difference between licenced and unlicenced HMOs'. However, when comparing the Housing Health and Safety Rating System (HHSRS), 60% (35) complaints are from licenced HMOs, compared to 40% (23) from unlicenced, so there is a significant difference.

**Table 18** – Analysis of waste and fly tipping data reveals a similar picture. In 2021/22 fly tipping service requests were 77% (37) from licenced HMOs and 23% (11) from unlicenced HMOs.

**Table 20** – Student shared house/flat waste and fly tipping complaints 76% (312) from licenced HMOs and 24% (97) from unlicenced HMOs. Total complaints in this table were 69% (350) from licensed HMOs compared with 31% (154) from unlicensed HMOs. A considerable difference between licensed and unlicensed HMOs.

Some of the significant differences in the data between licensed and unlicensed HMOs, could be used as an argument to abolish licensing or the existing licensing system is not working effectively!

A small number of licensed and unlicensed properties are under investigation.

## **Enforcement**

In the last decade the powers local authorities have to address housing issues in all types of properties has greatly increased. The feasibility study highlights some of the options available to local councils, such as improvement notices, prohibition notices, civil penalties, noise abatement notices and community protection notices. District Councils also have the option of encouraging tenants to pursue rent repayment orders from their landlord.

However, prosecutions are few and far between. Is a powerful deterrent being fully used against criminal landlords in Leamington Spa? Until there are major consequences for criminal landlords, it appears many are unlikely to modify their behaviour. Because of a small minority of criminal landlords, good landlords continue to be penalised by increasing levels of bureaucracy and costs.

## **Review of Comparable Schemes**

Whilst the HMO Task and Finish Group surveying councils with similar schemes can prove useful to get a feel for this type of licencing, for comparison with other authority schemes to be relevant, there should be substantially more detail to validate any published claims.

Further, other local authorities are unlikely to admit they got it wrong, when pursuing additional licencing or that it had a negative effect on their local housing. Did the Group follow up the survey with requests for evidence of the assertions made in the response? For these reasons, this content should be considered carefully, before making a decision.

## **Survey of Local PRS**

It's commendable the HMO Task and Finish Group surveyed local landlords in the PRS, however there is no detail of the questions asked or the responses provided. So again, there is a limit on what has been presented, which makes it difficult to make an impartial assessment. This content should be considered carefully, before making a decision.

The argument about licence fees supplementing a council's income is an interesting one. Licence fees must be based on the cost of administering the scheme and they should be ring fenced for this purpose.

However, there is a strong landlord perception that license fees are an alternative income stream to support wider council spending. To quote an extract from a landlord's response provided under the benefits of licencing, '...I can't think of any benefits of having a licence other than a further income stream for a cash strapped council. It appears to me that local authorities often extend schemes to raise funding to counter austerity cutbacks and for local political window-dressing'.

There is a considerable variation in license fees across councils. For example, the current licence fee for Coventry Council Accredited landlords is £735. In Leamington Spa there is a proposed fee of £964 for a 5-year licence for 3 or 4 bed HMO properties. This demonstrates the different options that councils can use to set fees and presumably the ways budgets are administered. A nationally set fixed fee, would avoid a post code lottery and focus minds on the best ways to manage a licencing system.

## **Benefits of Licencing**

The feasibility study makes various points in Section 7 on the benefits that mandatory licencing has achieved, but evidence to support these claims is limited. Did WDC carry out a survey prior to license introduction to verify, for example, insufficient cooking or washing facilities had been addressed by licencing? There are disadvantages to a licencing scheme, but these are not outlined. This LSG response explores some of the potential unintended consequences.

The feasibility study implies additional licencing will enable 'everyone to have their housing needs met', one of WDCs corporate aims, but it doesn't go into any detail on how this will be delivered.

Listed here are some of the tenant and landlord 'benefits' that authorities often promote when a licencing scheme is introduced. LSG responses to these claimed 'benefits' are below.

### **Some Possible Tenant Benefits**

(a) 'Housing Services will have up-to-date information on HMOs, where they are and who owns and manages them. This will allow Housing Services to quickly respond to concerns tenants have about licensed HMOs and liaise with other agencies to make improvements.'

WDC already has an extensive data base of HMOs and is likely to have a full list of all student HMOs, because students apply to the District Council for council tax exemption.

WDC will probably not have a complete list of other types of HMOs, however see the penultimate paragraph on Page 8 in this document about forthcoming legislation on landlords having to register

their rental properties. If these properties are run by criminal landlords, they will stay below the radar, because they are unlikely to apply for an HMO licence.

- (b) 'More professional management of HMOs in your local community will be encouraged. This will lead to HMOs becoming safer and the impact from them in terms of recycling, rubbish, garden maintenance and appearance being improved.'

WDC already has an extensive range of powers to deal with these types of issues, regardless of the licensing system.

- (c) 'Local residents will have easy access to a public register of HMOs so they can find out where they are and who manages them to allow any problems to be tackled quickly.'

Complaining residents first point of call is usually either the police or the District Council. If there is an issue, they do not need to spend time looking online to see whether a property is licenced.

WDC has an extensive range of powers to deal with HMO problems.

- (d) 'The management of licensed HMOs will be improved and this will not only enhance the properties for the occupants but also reduce the impact that large concentrations of HMOs have on the local area.'

Elsewhere in this document we raise the prospect of landlords switching to a different rental model by becoming an exempt HMO, which could have a much greater impact on the local community.

Some 'tenant occupants' are happy to take poorer quality homes at a substantially lower rent. These properties remain below the radar, because these landlords often flout the current HMO rules, such as overcrowding, and will not apply for a licence.

Under planning regulations, WDC already has the ability to reduce the impact that a large concentration of HMOs has on an area.

The evidence from online HMO adverts is that HMO properties continue to be developed and refurbished without the need for a licence.

### **Some Possible Landlord Benefits**

- (a) 'It is hard to see the benefits for good landlords. There are costs and the licensing application process is not a simple one. There will also be new conditions and standards to consider.'

As with all costs, licensing fees will be passed onto tenants by raising their rents. Also included in rents will be the landlord's time to administer the licence conditions. As noted on Page 31 in the feasibility study, 'Yet more paperwork... *(on top of)* right to rent, immigration checks, higher taxes etc.' See further landlord expenses and paperwork in **\*\*Reference** at end of this document.

Many of these 'new' conditions are already covered by existing law, which continues to be regularly strengthened by ongoing Government legislation.

- (b) 'Poorer landlords will find they are having to invest heavily and make significant improvements to stay in the HMO market in the scheme area. Landlords who fail to bring their properties up to standard will face robust enforcement action, something demanded by local residents when consulted.'

Poorer landlords are often naturally rejected by market forces and they may leave the sector, reducing the housing stock available to let in the authority. The 'hidden' HMO sector is likely to remain hidden, because it operates below the radar.

WDC already investigates both licensed and unlicensed HMO properties and works with good landlords to help solve any issues.

(c) 'A level playing field for Landlords.'

The feasibility study indicates it may not necessarily be a level playing field, because some types of HMOs and lodgers may be excluded from the additional licensing scheme.

(d) 'Those who are not considered 'fit and proper' by the Local Authority because of a criminal record or history of poor housing management may not be permitted to hold a licence.'

Landlords who are not 'fit and proper', can overcome this condition. For example, they switch property ownership to a 'fit and proper' partner and behind the scenes continue to property manage.

(e) 'All HMOs within the selected area will be inspected and checked to ensure minimum standards are met.'

A property inspection is a snapshot in time, much like a car MOT. Licensing by itself is unlikely to address ongoing issues, as evidenced by WDC's current investigations of licensed properties. HMO tenants in unlicensed properties can raise issues directly with the local authority.

Currently local government faces unprecedented challenges, including spending cuts and economic uncertainty. Housing departments are under pressure. Will WDC pro-actively seek out extra work with the additional licensed properties, with their current work load?

(f) 'Landlords will be able to demonstrate that you manage a good quality HMO when marketing it as a licensed property.'

\*Evidence from local student HMO adverts, show that landlords rarely mention a property is licenced. Adverts are visible to a range of searches, including local authority searches.

Landlords can already 'demonstrate they are a good landlord' through other means, for example, a 'Landlord Accreditation Scheme' via the National Residential Landlord Association and receive 'Continuous Professional Development Points' through ongoing personal training.

However, accredited landlords very rarely publicise this in their property adverts.

Local reputation is earned by good landlords, often over many years of superior service to tenants.

Good quality unlicensed and licensed student properties in Leamington Spa are let first, often before Christmas in the year before the start of their tenancies around September. Poorer quality properties are often inspected many times by students and are the last to let or left empty.

(g) 'Advice and assistance will be available from Housing Services.'

There is already a wealth of advice available to unlicensed landlords for those who ask.

## **Regulations for Unlicensed HMOs**

All HMO properties, regardless of whether they are or are not licensed have to comply with:

(a) 'HHSRS'.

This lists 29 potential health and safety hazards that landlords assess when letting a property.

(b) 'Management of Houses in Multiple Occupation (England) Regulations 2006'.

The second regulation above, places a duty on managers to provide information to the occupier, take safety measures, maintain water supply, drainage gas and electricity, maintain common parts, fixtures, fitting and appliances and living accommodation and provide waste disposal facilities.

There is already significant legislation that imposes responsibilities on landlords of unlicensed HMO properties which, if necessary, WDC can use in enforcement action.

## **Co-ordinated Approach**

When the feasibility study refers to a co-ordinated approach 'to tackling issues affecting communities in the district' it directly links this to homelessness, empty properties and ASB in relation to PRS and enforcement. This is a stereotypical view of the PRS.

There could be more reference to the growing number of local landlords who take pride in providing high quality HMOs. For many landlords there is considerable satisfaction in being an excellent landlord, who cares about tenants' needs and their environment, as reflected in the short time frame for many properties to be re-let or snapped up early in the student rental window.

Some LSG members have social providers managing their properties. ASB is a major issue with this type of let and, despite being able to access dedicated trained staff, these properties can be poorly managed by social providers, as evidenced in the national press.

Local authorities place an ASB responsibility on PRS landlords, as part of the licencing conditions. There are legal constraints on landlords on how they interact with their tenants. Tenants can refuse landlords entry. Landlords have no legal right to enter a tenanted property and tenants sometimes make it difficult for landlords to obtain evidence, carry out remedial work or safety tests, such as the Annual Gas Safety Inspection or five-year EICR check of the electrical wiring, sockets etc.

Landlords often devote a great deal of time to obtain evidence on a tenant's reported poor behaviour and sometimes, because of GDPR issues, with limited assistance from the police. Often the only way forward for a landlord is to serve notice on an ASB tenant. Evicting a tenant for persistent ASB behaviour, usually involves a very long process, often up to a year from serving notice, because the courts are 'clogged up' with legal cases.

In the meantime, tenants can employ many eviction delaying tactics, with charity advice centres frequently recommending tenants remain in the property to the eviction date. Councils have a legal responsibility to house evicted tenants, but little responsibility for tenants who make themselves intentionally homeless.

Evicting an ASB tenant is currently a very challenging process. Often the reasons for a tenant's ASB behaviour are outside the control of the landlord, such as alcohol or drug abuse.

WDC could improve their support network by further financing in this sector, so that a tenant's behaviour can be dealt with promptly with help from an outside organisation.

All housing sectors should be reviewed, PRS, social, council and HMO exempt, so there is a 'joined-up' approach to issues across all the sectors.

## **Exemptions**

In the feasibility study, there is a proposal to exempt both Section 257 and purpose-built flats on grounds that an additional licensing scheme should not apply to these types of properties. For Section 257, there are known compliance issues with fire safety standards, yet the study continues to suggest these properties have an exemption. For PBSAs, it appears that because they are highly

visible and many are of recent construction this is sufficient grounds to exclude them from the licensing scheme. Some PBSAs in Leamington Spa are now many years old. For example, Station House, a converted building for student accommodation in Old Warwick Street CV31 has been open for nearly 11 years. Union Court in Ranelagh Terrace CV31 is around 15 years old.

All HMOs are ageing. HMOs are usually subject to more wear and tear and damage than other rental property types. Health and safety regulations are regularly updated. For equal treatment, all HMO property types should be included in the additional licencing scheme, so they are under the same scrutiny.

At the WDC meeting on 31 January 2023, it was stated that owner occupier properties with up to two lodgers would be excluded. Is a home owner's property considered safer than a let property? They may be seeking to supplement their income, so repairs and maintenance may well be lower on their list of priorities.

## **Alternatives to Licencing**

The feasibility study reaffirms the WDC's approach to work with landlords through 'negotiation, advice guidance, education and support'. LSG strongly encourages this approach, because it helps to establish a positive relationship with landlords. This is one of the main reasons for the formation of the LSG. It may be sounder to further finance the development of this supportive relationship, rather than introduce an additional licensing scheme, which may impact on the growing positive association between the council and PRS stakeholders.

With the introduction of the Article 4 Direction and student applications for council tax exemption, WDC has a large database of owners of 3 and 4 bed HMOs. This could be used to address HMO issues. A percentage of the unlicensed properties could be assessed to see if there are grounds to support the need for the proposed license scheme. The feasibility study reference list doesn't refer to a stock condition survey. Has WDC recently completed a stock survey as evidence of the need for an additional licensing scheme?

Examining the table of alternatives to licencing, it appears as if there is little appetite to consider or pursue other options or more strongly enforce the powers that are available to local authorities.

A major part of forthcoming legislation is called the Decent Homes Standard.

The Government plans, under the Renters' Reform Bill, to produce a legally binding Decent Homes Standard. 'Decent' homes need to be free from the most serious health and safety hazards, such as fall risks, fire risks or carbon monoxide poisoning. This obliges landlords to ensure their rented homes do not fall into disrepair and address problems before they deteriorate. Kitchens and bathrooms should be correctly located, adequate and not too old, with decent noise insulation. Landlords also need to update their tenant facilities, 'before they reach the end of their lives', by ensuring they are appropriate and useable plus, all homes need to be warm and dry.

Landlords will be required to register their property on a new digital 'Property Portal'. This should tackle, apart from hidden criminal landlords, any 'missing' HMO properties on WDC's current list. There will be a penalty of up to £30,000 for landlords who provide false information.

Currently local councils are obliged to identify any hazards in private rented properties and, if necessary, take enforcement action against landlords.

This new legislation should help councils to further enforce standards on non-compliant landlords while hopefully protecting the reputation of responsible landlords. The standard will cover all social housing with the possibility of including the PRS.

A major landlord association is campaigning for this legislation to replace HMO licensing, when it is introduced within a year or so. It's possible, if the campaign is successful, licensing may 'disappear' with this new Government legislation.

## Examples of Unintended Consequences

Whilst the feasibility study touches on student lets and we have responded more extensively with up-to-date student evidence later in this report, there is little reference to the low paid and affordable accommodation. The feasibility study makes it clear there is a shortage of affordable rented housing, however there appears to have been little research to assess the impact of this additional licensing scheme on those dependent on this type of accommodation.

Increasing PRS legislation usually has a significant, often unintended, impact on tenants. Additional licensing could unintentionally trigger the following changes in the local PRS sector:

- (a) Landlords viewing this additional licencing scheme as the 'final straw' and selling up.
- (b) Increasing level of costs involved in operating rental properties could result in the more experienced landlords leaving the profession or considering alternative strategies due to no longer being a viable business and especially due to recent Clause 24 taxation which can result in landlords owning properties in their own name being taxed on property gross profit before finance costs rather than net profit as in other businesses.  
Whilst taxation is a central government decision, the escalation of local costs and taxation across the board will contribute to this increasing risk. One outcome could be HMO properties will be sold to new inexperienced landlords resulting in an increase in issues for both tenants, neighbours and the local community.
- (c) Landlords could change the target market to provide accommodation to contractors working away from home and offering alternative accommodation to hotels and B&Bs, such as Airbnb.
- (d) Increasing HMO legislation, including additional licensing, may persuade landlords to reduce the HMO occupancy to just two sharers.
- (e) In the last two years there is a small but significant growth in 3 and 4 bed student houses in Leamington Spa being offered to 2 sharers to avoid HMO regulations and licensing. The remaining empty bedrooms are not then available to the housing market. Licensing has the potential to reduce bedrooms available to let.
- (f) In Leamington Spa 2023/24 one or two bed student HMO properties are considerably more expensive per week than larger student HMO properties. \*For academic year 2023/24 the average weekly rent per student for a one bed property is £179. For a two-bed £152. For a three-bed £120 and for a four-bed £116. An unintended consequence of an additional licensing scheme is there is likely to be a further increase in one or two bed HMO student properties, with considerably higher rents, making them less accessible to students from poorer backgrounds and putting these properties beyond the reach of licensing.
- (g) Landlords could enter into long term agreements for supported accommodation.
- (h) Higher rents could lead to increased homelessness and more poverty.
- (i) Substantially increased costs, including additional licence fees, may affect a landlord's ability to finance investment in their properties and the general state of some housing stock could slide to the lowest acceptable base.
- (j) Tenants may be evicted, because landlords can no longer finance the improvements required by legislation and increasing costs. Properties may then be sold, reducing properties to rent.
- (k) \*Of the 1,271 student properties, found on the Internet to let in Leamington Spa for academic year 2023/24, 432 (34%) were one or two bed properties. These 432 student properties are not HMOs, so will not be part of the additional licensing scheme.

## Change of Use

The introduction of an Article 4 Direction can cause landlords to review their business model and this has ramifications for local authorities and landlords. For example, if additional licensing is introduced and a landlord decides to continue renting to 3 or 4 sharers then, unless an exemption is granted based on a historical record of renting a HMO, the landlord has to apply for C4 planning.



This change of use from C3 to C4 has to be communicated to the landlord's lenders and insurance. This may require the property to be refinanced and/or it may result in higher premiums. If the market changes, landlords may re-focus their business. The planning classification could then revert to C3, so again the lender and insurance have to be notified. If the landlord decides to return to letting to 3 or 4 sharers, the landlord has to re-apply for C4, at a cost of around £350, but there is no guarantee it will be granted. It is easy to understand why some landlords may choose to avoid the difficulties associated with 3 or 4 sharers and simply let to 2 sharers.

In these circumstances, properties are no longer maximising their housing accommodation potential, so more properties may be required to house the same number of people. With fewer renters in a property, it is likely to increase the costs for the sharers, as the rent and bills are now divided between 2 rather than 3 or 4 tenants.

A student property advertised in March 2023 on a major student agency's website in Leamington Spa, was for a maximum of two students plus two further rooms, which the advert suggested could be used as offices. The rent is £2,250 a month, £260 per student per week, excluding all bills. The average student rent for the academic year 2023/24 for a two-bed property is £152 per student per week. One explanation for this advert is, it is an example of a four-bed student property being advertised for 2 sharers to circumvent the HMO regulations, avoid the additional licensing scheme, but retain a substantial 4-bed rental income.

A further student two-bedroom flat was advertised in March 2023 with a spare room that could be used as a study. The rent is £2,250 a month. This appears to be an example of a three-bed student property, being advertised for 2 sharers to circumvent the HMO regulations, avoid the additional licensing scheme, but retain a very substantial 3-bed rental income.

There is clear evidence in the analysis of the LSG Chair's \*annual review of student properties to let in Leamington Spa, that there is a growing trend for landlords of 3 and 4 bed student properties to offer them to a maximum of two sharers.

New build two-bed PBSA's is also a growth area in Leamington Spa.

This is further seen in Birmingham and Coventry where similar changes are occurring. Three major letting agents in Birmingham have reduced occupancy in some properties, so they are no longer HMOs. Reportedly, this has greatly diminished work levels and management costs.

Another unintended consequence was observed in Coventry, where an additional licence scheme was introduced in May 2020. A letting agent in Coventry confirms they have served notice to reduce the tenants to avoid being caught by the licensing scheme. Good tenants, who felt secure in their accommodation, unexpectedly found themselves being given notice, through no fault, adding an unnecessary market trend, where there is already a shortage of properties to rent.

The location of Warwickshire means many landlords may be looking towards a completely different business model in the future, by providing short term accommodation, which meets the needs of those visiting the area for leisure activities and those working away from home. The higher level of income does not require a one hundred percent occupancy. This type of rental accommodation has the benefit of bringing revenue to the region, but reduces the housing stock available to local residents. With increasing use of hotels and B&B to house the homeless and refugees, this is likely to be a rental growth area.

### **Supported Accommodation**

It is worthwhile looking at other authority experiences where they have made significant changes to the rental market, such as introducing additional licensing, to see if similar circumstances could be replicated in Leamington Spa.

There is a growing need for 'supported accommodation'. This is where residents require a higher level of support and as a result a higher premium of benefit is paid to the landlord to cover the costs of this support. Due to the nature of this accommodation involving vulnerable individuals, it is exempt from HMO regulations.

The Chair of the Birmingham Landlord Steering Group and a member of the LSG, has identified a trend in the changing market of rental properties in Birmingham. As landlords' finances are stretched, converting to 'supported accommodation' is a tempting alternative, because landlords receive a fixed, often higher rent, usually for 5 years, with no repair obligations.

In Selly Oak in Birmingham, there is an uneasy relationship between residents and students, similar to parts of Leamington Spa. The residents believed the recent licencing changes introduced by the local authority would improve their situation going forward however, because landlords have the option of switching to some alternative rental markets, without the need to apply for planning permission, this has not proven to be the case.

Some rental accommodation, previously let to students, has been handed over to 'supported accommodation', making it an exempt HMO, with a far more problematic clientele. This is reflected in the crime and ASB figures in this area. There is anecdotal evidence, that many Selly Oak residents would welcome the return of unlicensed student properties.

### **Student HMO Properties for Rent in Leamington Spa Postcodes CV32 & CV31**

This section further focuses on the significant student HMO market in Leamington Spa and seeks to demonstrate the market is working well, despite 3 or 4 bed student properties not being licensed.

\*Around 935 (62%) out of 1,518 student properties found advertised on the Internet in the last two years in Leamington Spa are not licensed. Of these unlicensed properties around 506 (33%) will never be licensed, unless there is a change of legislation, because they are 1 or 2 bed properties and are therefore not HMOs.

### **Annual Recording of Student Lets Data in Leamington Spa**

\*The evidence referred to below, is held by the Chair of the Landlord Steering Group. He maintains probably the largest spreadsheet of letting information on student HMO properties in Leamington Spa, which has been researched over many years and annually updated. It includes information found about properties advertised each year on the Internet and it involves a considerable amount of information on student properties in Leamington Spa, such as:

- (a) Property address.
- (b) Number of students occupying the property.
- (c) Whether located in CV31 or CV32.
- (d) Type of let. For example, a room, flat, terrace, semi or detached.
- (e) Advertised cost per student per week and for the total tenancy period.
- (f) Length of tenancy. For example, 10, 11 or 12 months.
- (g) The EPC level, for the majority of student properties.
- (h) Which agency or landlord advertises the property.
- (i) Whether just water, all utilities or Internet are provided in the rent.
- (j) When the property was advertised.
- (k) Number of bathrooms.
- (l) Any additional notes, such as parking available, TV provided, solar panels etc.

Each year an analysis of student properties for the next academic year is submitted to the LSG for their information and comment.

The LSG Chair is an HMO student landlord, with over 20 years of experience of letting a portfolio of student properties in Leamington Spa. He probably has more knowledge than any other organisation in Leamington Spa of student property renting trends over many years. \*For example, the average student rent in Leamington Spa in 2013/14 was £81 per person per week. Ten years later in 2023/24,

the average student rent is £136 per person per week. This the second largest rise during the last 11 years, an increase of £10 per person per week, when compared to last year. Additional fees, taxes, higher inflation and so on... are having a significant impact on student rents in Leamington Spa, as evidenced in the latest review.

\*This year's analysis, for academic year 2023/24, is based on 1,271 student properties found advertised for Leamington Spa on the Internet from October 2022 to 16 March 2023. This is accommodation for 5,037 students in Leamington Spa.

\*Over the last two years a total of 1,518 student properties have been found advertised on the Internet for 6,016 students in Leamington Spa. The additional student properties (247) advertised last year, but not yet advertised this year, were because they have either been taken off the market, this happens rarely, still have to be advertised, very few 'new' student properties are marketed after March, or students stay for a further year in their property.

\*In this sample, approximately 1,000 students, nearly 17%, decided to stay in their student HMO property for at least two years. This is a significant number of students opting to stay, considering a large proportion of the students (may be as high as 50%) would be in their last year at university and will not rent a property for a further year.

Many students are very satisfied with their rented student property, housemates and the arrangements with their landlord or agency.

Others, not opting to stay, often move on from an HMO property to another HMO property the following year, because they have created new friendship groups and not necessarily because their existing student property is in poor condition.

## **Students Viewing Properties and Online Guides**

Nearly all students inspect an HMO student property in person prior to renting it. It is very unusual in Leamington for their inspection to be accompanied by an agent or the landlord.

Students usually arrange a viewing directly with the tenants or they simply knock on the door. Agents often advertise the full address of the student property or a simple online search using 'Google Street View' identifies the property from an advert external photograph.

Student groups have ample opportunity to visit and discuss with the existing tenants, the condition of the property, repair management or their relationship with the landlord or agent, without pressure from the presence of an agent or landlord.

Many students share their knowledge about the best student letting agencies and landlords in Leamington Spa. It is noticeable, from monitoring online Leamington Spa student agencies, which agencies' student properties are let first and those agencies which are less popular. Some agencies appear to be more discriminating about the student properties they advertise. This is an area that could be further explored and monitored by Warwick District Council.

Students and parents can also view online reviews of properties, such as in the new 'Rate Your Landlord' scheme, launched online by Warwick Student Union on 15 March 2022.

Students studying abroad often get their UK student friends to view on their behalf or a significant number of letting agencies for students, since COVID, are now posting walk through videos of the property to let, as part of their advertising material.

It's not unusual for the student's parents, who usually act as their guarantor, to visit the property prior to the students signing an agreement to put their 'seal of approval' on the property.

Warwick University Student Union's online guides include:

- (a) Choosing an Agent or Landlord.
- (b) Renting Accommodation.
- (c) Looking for Accommodation.
- (d) Signing the Contract.
- (e) Deposits.
- (f) Moving In and Out.
- (g) Dealing with Accommodation Problems.
- (h) A Factsheet on Tenancy Contracts.
- (i) House Hunting Checklist.

Students have an abundance of supportive information to refer to, when choosing where to live and what to look for, when viewing a student property off campus.

The LSG has examined student viewing arrangements and supportive documents available to Leamington Spa students and, often contrary to people's perception of students inadvertently renting poor quality student properties, there are many opportunities available for students and/or their guarantors to reject a property.

\*There is clear evidence that a very small number of student properties are always the last to let or remain on the books. These properties have probably been viewed and rejected many times by students, perhaps after a visit and talking to the existing tenants about their experience of renting this property. Was the problem the property or the agency or landlord?

Landlords are managing a business and, if their property is usually the last to be let or they remain on the books, then landlords often end up reducing the price, properties continue unlet or market forces demand landlords either exit the student market or refurbish the property. This natural student rejection process operates without the need to know if the property is licenced. Larger student properties are rarely advertised stating they have a license. \*From the review evidence, year on year, many of the same licensed properties are in this category. Licensing doesn't necessarily signify that a property is suitable for groups of students, they can and are still rejected.

These are all reasons why, without the licensing of many student properties, the student market is working well. There are plenty of opportunities for students to discover the quality of HMO properties and, if necessary, reject them.

## **Warwick Accommodation**

Warwick Accommodation, in its original form, no longer exists, so Warwick Accommodation at Warwick University may have anticipated all of their previously managed student properties would transfer to their preferred agency 'Warwick studentpad'. There appear to be issues with their new venture, because the \*annual reviews reveal well over 200 of their previously managed properties have moved to other Leamington Spa student agencies. Why has this happened? If landlords were satisfied with the transition, then they should have transferred to the recommended agency.

Warwick University surveyed a small group of landlords last year, examining why they had moved away from the university. We don't know the result of this survey, but the online student advertising evidence is that many of their original properties are remaining with other Leamington student agencies for 2023/24.

It's understandable that Warwick University would probably support an additional licensing scheme for HMOs in Leamington Spa, because as a result of changes to Warwick Accommodation, it now has reduced oversight of student rental properties in Leamington Spa. Also, with Warwick University Student Union cutbacks they did not have their usual Housing Day for students last year.

This doesn't indicate student properties in Leamington Spa are deteriorating. On the contrary, each year many are being refurbished, as evidenced in online adverts. \*At least 399 (26%) student properties in the spreadsheet, have an EPC of C or above.

## **EPCs**

Raising EPC ratings should be a WDC focus. Enhancing an EPC rating of a property reduces energy use, for example, by adding wall, loft and floor insulation, double glazing and LED lightbulbs.

Licensing an HMO property has no effect on improving the EPC, because properties can be rented with an EPC E or above regardless of whether they do or do not have a licence. Government proposes that rental properties will have an EPC C from 2025.

The very high costs involved in reaching an EPC C or above, for example, by installing solar panels or air source heating, without a significant grant, is likely to involve a substantial further rise in HMO rents. There is a recent example of a tenant eviction, because the landlord could not afford the cost of upgrading the property to meet the new proposed EPC regulations. \*\*There are considerable landlord costs originating from a variety of sources. For each property, retro fitting an air source heating system could cost between £7,000 and £17,000 and installing solar panels around £6,500 with a further £4,000 to fit a solar storage battery.

## **Licence Fee Reduction for Higher Rated EPCs to Improve Housing Stock**

Around 58% of rented properties in the UK are below EPC C. WDC could offer a substantial licence fee reduction for a property that has a higher EPC rating at the time of applying for a licence. For example, on the early bird licence fee, for an EPC C, a further 10% reduction, for an EPC B, a 25% reduction and for an EPC A, a 50% reduction.

A considerably reduced licence fee will be seen as WDC working with and rewarding landlords who have invested heavily to develop their properties. Landlords would have an incentive to improve the local housing stock beyond the proposed minimum EPC C. Authorities can reduce licence fees for a variety of options such as for early bird applications or for locally accredited landlords.

Good landlords, as evidenced by property inspections at the time of applying for a licence, could be rewarded by paying a nominal license fee.

Good EPC ratings are increasingly important for tenants. Landlords are more and more concerned about reducing the tenant's energy costs. The Tenancy Deposit Scheme and National Residential Landlord Association have recently co-written a new energy efficiency guide. Available from: [https://www.tenancydepositscheme.com/wp-content/uploads/2022/12/Energy\\_Efficiency\\_Guide\\_for\\_Rented\\_Homes.pdf](https://www.tenancydepositscheme.com/wp-content/uploads/2022/12/Energy_Efficiency_Guide_for_Rented_Homes.pdf)

## **Amend WDC License Conditions**

1.3. Landlords with HMOs with individual room tenancy agreements can identify who occupies each room. HMO tenants with a 'joint and several' tenancy, have the legal right to move rooms at any time within a property. Suggest this is referenced in this licence condition.

1.4 and 4.6. Landlords with fire extinguishers that have gauges to show the extinguishers' condition, should be able to annually self-certify their fire-fighting equipment, including fire blankets, because license holders are considered competent in license condition 4.6, to be able to check fire-fighting equipment at regular intervals. Adjust license conditions 1.4 & 4.6 for self-certification.

## **WDC Online Questionnaire Consultation**

The LSG has responded to the online questionnaire below as part of its submission, but not necessarily in the way it was intended to be answered online. The LSG replies are often more detailed and they may raise additional important points.

### **'Who is providing the response?'**

The LSG Task Group. The LSG currently has 16 members, who represent local authority staff, PRS landlords, letting agents and other PRS stakeholders in the Warwick and Stratford-upon-Avon Council Districts.

**‘Having read the proposal in the consultation document or attended a public meeting, to what extent do you support an Additional Licensing Scheme in Warwick District?’**

The LSG Task Group, mainly for the reasons stated in this document, resists the additional HMO licensing scheme in Warwick District, unless there is a nominal licence fee for good HMO landlords evidenced by property inspections at the time of applying for a licence.

**‘If you do not support the introduction of an Additional Licensing Scheme, what is your primary reason (choose one).’**

It’s difficult to focus on ‘one reason’. Reasons include unintended consequences; increased costs to landlords, which raise rents; loss of accommodation and an increase in homelessness as local landlords exit the market.

The evidence outlined in the feasibility study consultation document demonstrates that, where management issues are highlighted, they can be dealt with by the extensive powers already available to WDC.

**‘To what extent do you agree or disagree that there is an issue with poor management of HMOs that are occupied by 3 or 4 people?’**

This question doesn’t establish whether the respondent has the experience of living in or next to an HMO or whether the answer is, for example, conjecture, anecdotal or from an untrustworthy source. There may also be a tendency for aggrieved tenants and residents to respond more readily than satisfied tenants or residents to this type of question. As an example, unless a quality amenity, Tripadvisor reviews seem to produce more negative than positive comments.

**‘Thinking about 3 and 4 person HMOs, which of the following applies?’**

This question doesn’t establish whether the respondent is replying from the experience of living in or next to an HMO or whether the answer is, for example, conjecture, anecdotal or from an untrustworthy source.

**‘Should the scheme apply across the whole district?’**

No.

**‘If you believe the scheme should not be district wide, in what areas should it be applied?’**

The feasibility study identifies the districts with the largest number of HMO complaints, which are Leamington Clarendon, Brunswick and Willes. Compared to these areas, complaints from other districts are considerably lower. The LSG strongly recommends the additional licence scheme ought not to apply across the whole district, because other Leamington areas should not be penalised, when complaints largely come from just a few districts.

**‘Should individual HMO flats within Purpose Built Student Accommodation (PBSA) blocks be subject to Additional Licensing?’**

All HMOs are ageing. HMOs are usually subject to more wear and tear and damage than other rented property types. Health and safety regulations are regularly updated. For equal treatment, all HMO property types should be included in the additional licencing scheme, so they are under the same scrutiny. Landlords with smaller HMOs and higher rents because of licensing costs, shouldn’t have to compete with PBSAs who, if not licensed, would not include licencing costs in their rent.

**‘Should individual HMO flats within developments containing a mix of Purpose-Built Student Accommodation (PBSA) blocks and converted flats be subject to Additional Licensing?’**

Yes. See details in previous answer.

**‘The fee we can charge for a HMO licence must be based on the cost of administering the scheme, it is expected that the cost of administering a licence for a 3-4 person HMO will be the same as a 5-person HMO.**

**The current licence application fee for a 5-person HMO is £964 for a 5-year licence. Bearing that in mind, is the same fee appropriate for a 5-year licence for a 3-4 person HMO?’**

Around 58% of UK rented properties have an EPC of below C. LSG has suggested a creative way the early bird license fee could be significantly lowered by linking it to raising EPC ratings.

A considerably reduced licence fee will be seen as WDC rewarding landlords who invest \*\*large sums of money to develop their properties. This will improve the local housing stock beyond the Government’s proposed minimum EPC C for rental properties.

Consider alternative models and further reduced the licence fee, similar to Coventry Council Accredited Landlords Scheme (achieved by completing a one-day free online course) where the 5-year licence fee is £735, with renewals set at £645.

Good landlords, as evidenced by property inspections at the time of applying for a licence, could be rewarded by paying a nominal license fee.

A 5-bedroom fee of £964, is an additional landlord expenditure of £192.80 a year. This raises the monthly rent by around £16 a month or about £3.70 week. Landlords are likely to increase rents much higher, because of the additional costs of administering licensing.

With larger HMO properties the annual licence fee has less impact on rents, because it is distributed amongst more tenants in the rent.

For this reason, the LSG recommends the license fee for 3 or 4 bed HMO properties is lower than larger HMO properties, to lessen the impact on rising rents.

**‘We are considering offering a discounted fee of £800 for licence applications submitted within 8 weeks of the scheme launch to assist with funding and recruitment of the additional officers required to administer the scheme. To what extent do you think landlords who submit their licence applications in this way should receive a discounted fee?’**

See previous answer and EPC section on Page 14. There are other ways of discounted fees such in Coventry, where lower fees benefit locally accredited landlords. Eight weeks is a short time frame for landlords to prepare and submit the paperwork, particularly if they have other commitments or are upgrading a property. Twelve weeks is more realistic for a licence discount period.

Good landlords, as evidenced by property inspections at the time of applying for a licence, could be rewarded by paying a nominal license fee.

## **Brief Summary**

### **The HMO Additional Licensing Scheme Should Be Resisted Because:**

- Supporting data in some tables indicate there are appreciable differences between licensed and unlicensed properties, with more issues in licenced properties.
- Good landlords continue to be penalised by increasing levels of bureaucracy and costs, because of a small minority of criminal landlords.

- WDC already has an extensive range of powers to deal with issues in unlicensed HMO properties. They need to be fully used against criminal landlords.
- For comparison with other authority schemes to be relevant, there should be substantially more detail to validate any published claims.
- Surveys of local PRS should include more detail on questions asked and results obtained.
- There remains a PRS perception that license fees are used as a further council income stream 'to counter austerity cutbacks and for local political window-dressing'.
- The feasibility study does not address how everyone will 'have their housing needs met' as a result of the introduction of an additional licensing scheme.
- WDC already has an extensive database of HMO properties, which will be further enhanced with the forthcoming Decent Homes Standard legislation.
- A major landlord association is campaigning for the Decent Homes Standard legislation to replace HMO licensing.
- The range of existing licensing 'benefits' for tenants and landlords should be carefully analysed, because experience demonstrates that they are not necessarily all delivering as expected.
- All HMOs, regardless of whether they are licensed or unlicensed, already have to comply with HHSRS and the Management of Houses in Multiple Occupation Regulations.
- There are issues around imposing ASB responsibilities on landlords, as part of the licensing conditions. Evicting ASB tenants is often problematic.
- There should be no HMO property type exemptions from the additional licensing scheme. For equal treatment, they should all be under the same scrutiny.
- Tenants may be evicted, because landlords can no longer finance the improvements required by legislation and increasing costs. Properties may then be sold, reducing properties to rent.
- All housing sectors should be reviewed, PRS, social, council and HMO exempt, so there is a 'joined-up' approach to issues across all the sectors.
- There are many alternatives to licensing, including authority negotiation, advice guidance, education and support for landlords. The LSG strongly supports this approach, because it helps WDC to develop a positive relationship with landlords.
- There are many unintended consequences of HMO licensing schemes including:
  - (a) Landlords selling up.
  - (b) Landlords changing their target market. For example, to supported accommodation.
  - (c) Growth of two bed HMO properties, beyond the reach of HMO licensing.
- There are planning issues around landlords regularly changing their target market. Landlords may avoid the difficulties of HMO legislation and simply let to two sharers or look towards a completely different business model, such as providing short term accommodation.
- Supported accommodation is a growth area, which is exempt from HMO regulations. It involves vulnerable individuals, so the clientele may be more problematic for local communities.



- Evidence from the LSG Chair's spreadsheet, shows students frequently stay for 2 years in the same house, demonstrating they are satisfied with the property, their housemates and arrangements with their landlord or agency.
- Students are well supported with advice and information and there are many opportunities for them to reject poor quality properties.

### **The Additional HMO Licence Scheme, If Introduced, Should Take into Account:**

- A considerably reduced licence fee for a property with a higher EPC rating, will be seen as WDC working with and rewarding landlords who have invested heavily to develop their properties.
- Good landlords, as evidenced by property inspections at the time of applying for a licence, could be rewarded by paying a nominal license fee.
- The amendment of license condition 1.3. Also, the amendment of license conditions 1.4 and 4.6, because license holders are considered competent, in license condition 4.6, to be able to check fire-fighting equipment at regular intervals. Adjust license conditions 1.4 and 4.6 so landlords can annually self-certify fire-fighting equipment, including fire blankets.
- There should be a reduced license fee for 3 and 4 bed HMO properties.
- That the additional licence scheme ought not to apply across the whole district, because other Leamington Spa areas should not be penalised, when complaints largely come Leamington Clarendon, Brunswick and Willes.
- The changed role of Warwick Accommodation at Warwick University. The University would probably welcome an HMO additional licensing scheme.
- Twelve weeks is more realistic for a licence discount period.
- Other ways of reducing the licence fee, such as the Coventry Council Accredited Landlords Scheme (achieved by completing a one-day free online course) where the 5-year licence fee is £735, with renewals set at £645.
- Whether renewals will be offered at a much lower rate than a 'first' property licence fee.

### **Conclusion**

All being well, this document and other respondents to the consultation have helped to make your mind up one way or the other about the additional licensing scheme.

This response is based on the LSG's experienced PRS stakeholders who have extensive knowledge of HMO properties and their management in Leamington Spa.

At the very least, the LSG Task Group hopes, that as a result of you reading this document, you have a greater insight into the possible consequences of introducing

more local licensing, before you make the important decision on whether to approve the 'Additional Licensing of 3 and 4 bed Houses in Multiple Occupation (HMOs)' scheme in Warwick District.

The LSG has thoroughly explored the HMO situation in this document and the potential outcomes of an additional licensing scheme. With the exception of a small minority of licensed and unlicensed HMO properties, which are under investigation, the HMO market appears to be working well in Leamington Spa.

As a reminder, WDC already has an extensive range of powers to deal with issues in unlicensed HMO properties, which will increase further with the forthcoming Decent Homes Standard legislation.

There is a growing number of good landlords, who in these times of substantially increasing costs, would prefer to use their declining investment income on improving and developing the quality of their HMO properties, rather than on a blanket licensing scheme, from which they will receive little or no benefit.

The LSG Task Group's conclusion is the additional licensing scheme proposal should be resisted, unless there is a nominal licence fee for good HMO landlords evidenced by property inspections at the time of applying for a licence.

Thank you for taking the time to read the LSG Task Group's submission.

**Submitted By:** The LSG Task Group

**The LSG Chair:**

**Mobile:**

**Email:**



**Submission Date:** 17 March 2023

### **References**

\*Definition of a 'student property' is a house, flat or a single bedroom. There is no differentiation between properties that include or exclude utilities or 10/11/12 month tenancies. Percentages and figures are rounded.

Student properties researched on the Internet in Leamington Spa via specialist student agencies or website student search buttons including: Accord; Belvoir; Golden Key; Handles Property; Ignite Properties; Leaders; Open Rent; Prospero; Rightmove; Sandhu Estates; Spaletting; Studenthomes.net and other Internet websites.

Some of the data analysis for student properties for academic year 2023/24:

- (a) Average weekly rent rise of 7.4%, compared to 2022/23.
- (b) 97% of student tenancies are for 11 or more months.
- (c) 85% of student property rents are £100 per student per week or more.
- (d) Only 8 student property rents are lower than £80 per student per week.
- (e) Most expensive property (1 bed) rent is £312 (CV32) per student per week, excluding utilities.

\*\*Some of the landlord expenses and paperwork, which contribute to higher rents include:

- Inflation around 10%.
  - Mortgage interest rates rising.
  - Proposal for all new lets to have an EPC C from 2025. May involve a considerable expensive upgrade for most landlords.
  - Retro-fitting air source heating could cost £7,000 to £17,000 per property.
  - Fitting solar panels per property from around £6,500 plus a battery for solar storage £4,000.
  - Removal of most tenant fees, now usually subsumed in the rent.
  - Council HMO licensing may be extended to properties with 3 and 4 tenants and Council Tax rising. Initial 5-year licence for 5 occupiers is £964 or a proposed early bird reduction of £800.
  - Ofgem's energy price cap currently £2,500 for 'average' household. Energy prices affect properties that include electricity and/or gas in the rent.
  - Loss of automatic annual 10% tax relief on furnished properties.
  - Mortgage interest relief now restricted to the basic rate of income (20%).
  - Capital Gains Tax cut to 18 per cent for everything other than the sale of residential property.
  - Capital gains tax free allowance, reducing in next two years from £12,300 to £3,000.
  - Three per cent stamp duty levy on the purchase of additional homes.
  - Rooms below 6.51sqm in HMOs cannot be let so, some four bed properties now advertised as three bed properties with a rent rise, because income is from 3 tenants not 4.
  - Rise in expenses and administration. For example, right to rent checks; regular updating of documents to meet new legislation; property insurance; accountancy, Making Tax Digital (MTD) from 2026 involves quarterly tax returns and ongoing subscription costs.
  - Shortage of products. Contractors report a considerable price rise in basic goods such as wood and plaster board.
  - Ongoing maintenance and refurbishment, as tenants expect higher quality properties.
  - Refurbishing electrics to meet five-year Electrical Installation Condition Report (EICR) requirements. Annual Landlord Gas Safety Service and Certificate. Installation of electric car charge points.
  - Increase in one and two bed properties (34% in above analysis are 1 or 2 bed properties). A growing number of three and four bed HMO properties advertised for two students. Some four bed properties converted to two bed flats. These properties avoid HMO licensing.
  - There are likely to be further rises in costs that will increase rents, once the Rental Reform Bill is enacted. For example, the likely extension of the Decent Homes Standard to the PRS.
- 

**From:** [REDACTED]  
**Sent:** 20 March 2023 13:49  
**To:** HMO <hmo@warwickdc.gov.uk>  
**Cc:** [REDACTED]  
**Subject:** Submission to HMO Additional Licensing consultation

**Caution:** This is an external email. Please take care when clicking links or opening attachments. When in doubt, contact the ICT Helpdesk

To whom it may concern.

I share a letter from [REDACTED] for the HMO Additional Licensing public consultation.

Thank you.

Best wishes,



Community Partnerships Manager | Regional Strategy and Partnerships | University of Warwick



**Chris Elliott**  
Chief Executive, Warwick District Council

By email

20 March 2023

**Response to consultation on Additional Licensing of HMOs**

Dear Chris,

We warmly welcome proposals to introduce an Additional Licensing scheme of Houses in Multiple Occupation (HMO).

The University takes our engagement and impact in local communities very seriously. We recognise the role we can play in the economic, social and cultural growth of our region, making it a better place for those who study, live and work here, and more sustainable for future generations.

A balanced mix of high-quality accommodation types is important to maintain the existing attraction of the towns and to foster the community-feel in every neighbourhood.

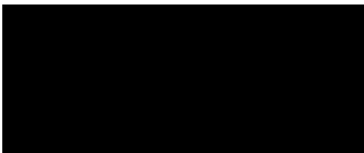
Many of our students, staff and alumni choose to make their home in Warwick District. From this summer, the University will not own or manage any student accommodation off campus and does not have (or plan to have) any nomination agreement with developers to house our students. We are looking to build new purpose-built student accommodation (PBSA) on campus which will increase the choice for students choosing to live on campus. Some students will continue to want to live off-campus and HMOs in the local area are a popular choice for some of our University community.

The proposed Additional Licensing scheme would support other strategic interventions by Warwick District Council (WDC), Warwick Students' Union and the University to improve standards in the local private rented sector. For example, Rate Your Landlord: a peer-to-peer review platform to empower students to make more informed choices and reward landlords who create the conditions for good accommodation.

Through close working with WDC's Private Sector Housing team, among others, we recognise the value of licensing to robustly address housing safety and disrepair, poor property management and repeated nuisance from HMOs that currently fall into purview. We would like to see these standards and powers extended to all 3 and 4 bed HMOs and HMOs in purpose-built student accommodation.

We will continue to work with partners, including local residents, as part of our ongoing engagement with local communities.

Kind regards,



Director, Regional Engagement

Regional Strategy and Partnerships  
University of Warwick  
Coventry CV4 8UW UK  
T +44 (0)24 7615 0708  
E [community@warwick.ac.uk](mailto:community@warwick.ac.uk)