

**Manchester City Council  
Report for Information**

**Report to:** Neighbourhoods and Environment Scrutiny Committee – 17 July 2019

**Subject:** Mandatory HMO Licensing update

**Report of:** Strategic Director of Neighbourhoods

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**Summary**

In October 2018 the Government extended mandatory licensing of Houses in Multiple Occupation (HMOs) to cover all properties with 5 or more occupiers living in 2 or more households and sharing amenities, regardless of the number of storeys.

The proposals brought smaller privately rented properties into the HMO licensing regime and it is expected this will increase the number of properties requiring a HMO licence to approximately 6,300 across the City.

Since October 2018 730 new HMO applications have been received and 291 new licences have been issued. The Housing Compliance and Enforcement Team has expanded to cope with the work generated, and activities are underway to seek out further licensable properties and increase communications to landlords.

**Recommendations**

To consider and comment on the approach to delivering the extension to mandatory licensing 9 months after the scheme has been implemented.

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**Wards Affected:** All

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<b>Manchester Strategy outcomes</b>	<b>Summary of the contribution to the strategy</b>
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Good quality and professionally managed private rented homes contribute to the sustainability of neighbourhoods, ensuring residents have a settled and stable base to contribute and thrive.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Improving the private rented housing offer helps to attract and retain talent.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Increasing the supply of good quality affordable homes for private rent will provide the opportunity for Manchester residents to access good quality accommodation in neighbourhoods where people are happier to settle for a longer period of time.
A liveable and low carbon city: a destination of choice to live, visit, work	The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life.
A connected city: world class infrastructure and connectivity to drive growth	A balanced housing offer plays an important part within a well-connected city and its neighbourhoods. Improving housing available to rent helps to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met.

**Background documents (available for public inspection):**

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Previous Report to Neighbourhoods and Environment Scrutiny Committee on Extension to HMO Licensing - 20th June 2018

[https://secure.manchester.gov.uk/meetings/meeting/3265/neighbourhoods\\_and\\_environment\\_scrutiny\\_committee](https://secure.manchester.gov.uk/meetings/meeting/3265/neighbourhoods_and_environment_scrutiny_committee)

## 1.0 Mandatory HMO Licensing Background

- 1.1 The Housing Act 2004 introduced provision for licensing in the private rented sector (PRS) to raise standards in properties considered to present the highest risk to the health, safety and welfare of occupiers. In 2006 the mandatory licensing regime for Houses in Multiple Occupation (HMOs) came into force.
- 1.2 In 2018 this legislation was amended and now requires properties **let to 5 or more people from 2 or more households who share amenities** (kitchens and bathrooms) to be licensed by the local authority.
- 1.3 The Housing Compliance and Enforcement Team licence and enforce standards in HMO properties, respond to requests for service from tenants concerning property condition and management arrangements, and undertake inspections as part of the HMO Licensing Compliance programme. An inspection takes place on receipt of an application and a compliance inspection may be carried out during the period of the licence.
- 1.4 Five year licences are granted to landlords who demonstrate that they offer good quality accommodation. In cases where the Council has concerns that management arrangements or property conditions are not wholly satisfactory, licences may be granted for a lesser period or in some cases refused.
- 1.5 The licence fee for each new HMO application is £985 with a banded increase of £100 as the size of the property increases. The fee can act as an incentive for landlords to improve their practices to obtain a maximum 5 year licence.

## 2.0 Selective Licensing

- 2.1 Selective licensing is intended to respond to problems of poor property management, crime and anti-social behaviour (ASB) within a defined geographical area. The introduction of selective licensing is not mandatory, unlike HMO licensing.
- 2.2 If introduced it applies to all private rented properties within the defined geographical area that are not a licensable House in Multiple Occupation. It is a tool to deliver sustainable improvements to private rented accommodation, increasing the quality of existing stock in the private rented sector in terms of both physical conditions and management standards.
- 2.3 Manchester currently has four selective licensing areas, encompassing approximately 2,000 private rented properties. The pilot areas and duration of each scheme are as follows:

Crumpsall	13 March 2017 – 12 March 2022
Moss Side	8 January 2018 – 7 January 2023
Moston	23 April 2018 – 22 April 2023
Old Moat	23 April 2018 – 22 April 2023

2.4 A report on progress and the impact of the selective licensing schemes is scheduled for scrutiny in February next year.

### **3.0 Mandatory HMO Licensing Extension update**

3.1 Determining the number of properties that will require a HMO licence is challenging due to a limited availability of data. Using the data that is available a working assumption of 5,000 additional licensable properties provided a basis from which to plan for the extension of mandatory HMO licensing.

3.2 Recruitment has been undertaken and 5 new Business Support posts, 6 new Neighbourhood Officer posts and 2 new Neighbourhood Team Lead posts have been filled. These posts are all funded on a cost recovery basis, through the HMO licence fee.

3.3 Since October 2018 730 new HMO applications have been received. Applications have been mainly received from landlords who were aware of the changes and who have proactively submitted their applications. Numbers of applications received by ward are provided in Appendix 1.

3.4 The team have carried out 376 pre-licensing inspections and issued 492 HMO licences. 291 of these licenses have been issued to new HMO properties, previously not licensable. The rate of issuing licences is expected to increase now that new recruits into the team have been fully trained and new processes have been refined.

3.5 The standard HMO licence conditions have been updated and are attached to all licences issued. These are available in Appendix 2.

### **4.0 Work to identify Licensable HMO Properties**

4.1 In January 2019 it was confirmed that the team had been successful in a bid to Ministry of Housing, Communities and Local Government (MHCLG) for £37,000 to undertake canvassing work to identify licensable properties. The canvassers employed have used the data gathered to estimate the number of licensable HMOs to target properties suspected of requiring a licence.

4.2 To date 4,322 properties have received a visit. 145 properties thought to be licensable have been written to and 133 licensable properties have been identified.

4.3 Further work is ongoing to understand the neighbourhoods where most licensable HMOs are likely to be situated, and to target canvassing work in those areas.

### **5.0 Engagement with Landlords**

5.1 In May 2019 three informal landlord drop in sessions were held, in libraries based in Crumpsall, Hulme and Withington. 28 landlords attended these sessions, which were well received and enabled landlords to ask technical

questions about safety standards at their properties as well as wider questions around regulation of the sector. The team intend to repeat these sessions as part of ongoing engagement with landlords.

- 5.2 All existing licensed landlords and managing agents operating within Manchester have been contacted by letter or e-mail as well as properties identified as being potentially subject to licensing. This has involved over 4,200 separate contacts.

## **6.0 Impact of Landlord Licensing**

- 6.1 Mandatory HMO licensing allows the Local Authority to apply additional standards to the private rented properties affected through licence conditions. Pre-licensing inspections are carried out before a licence is issued and compliance inspections are then undertaken during the course of the licence to determine whether the conditions of the licence are continuing to be adhered to.
- 6.2 Where non-compliance is found the Housing Compliance and Enforcement Team can undertake enforcement action against landlords by means of enforcement notices, civil penalties, and prosecutions.
- 6.3 Enforcement notices are regularly served where officers identify items of disrepair in properties. Notices served under the Housing Act 2004 are accompanied by a demand notice charging for the officer's time. Where the landlord fails to address the matters identified on the enforcement notice, prosecution or a civil penalty notice can follow.
- 6.4 Rent Repayment Orders and Banning Orders are also available where certain offences have been committed. The Local Authority or a tenant can apply to the Residential Property Tribunal (RPT) for Housing Benefit, Universal Credit or rent to be repaid through a Rent Repayment Order where a landlord has e.g. failed to licence a property or not complied with a legal notice. Banning Orders are designed to be used for the worst landlords and can ban landlords from renting out properties for a minimum of 12 months.
- 6.5 Of 376 pre-licensing inspections carried out since October 2018, 217 were issued a hazard notification letter, and 24 properties required a revisit to ensure improvements had been made. In contrast, of 196 compliance inspections carried out since October, at properties which already held a HMO licence under the previous definition, 10 were broadly compliant, 5 were non-compliant and 176 were fully compliant. This demonstrates that licensing of HMOs is an effective tool in driving up standards. The extension of mandatory licensing should make this type of accommodation safer for those who live in it.
- 6.6 Housing compliance officers work closely with Compliance & Enforcement and Neighbourhood colleagues as well as partners from the universities to tackle issues around waste and noise emanating from licensed HMO properties in student areas. Where enforcement notices are served at a property in relation

to noise or waste, Housing compliance officers follow up to ensure Landlords are complying with the requirements of any HMO licence in place.

#### **CASE STUDY**

The South Neighbourhood Compliance Team raised concerns about a shared student property in Old Moat where enforcement notices had been issued 3 times in the last 3 years in relation to management of waste.

The property required a licence under the new rules for HMO licensing. An officer from Housing Compliance and Enforcement carried out a pre licensing inspection and the landlord was required to purchase new bins to ensure adequate provision for waste. New bins (both waste and recycling provision) have now been put in place.

The property will be monitored proactively to ensure the new waste provision is used appropriately.

- 6.7 Enabling the enforcement of these standards, for example conditions around the management of anti-social behaviour and waste, has a positive impact on the neighbourhoods in which private rented properties are located by helping to professionalise the sector and minimise the detrimental impact some poorly managed rented properties can have.

#### **CASE STUDY**

A two storey, six bedroom property in Withington has been raised as a concern by the Licensing and Out of Hours Team due to noise issues. In the last 10 years, officers have had to attend the property 14 times in relation to property standards, noise and waste issues. Enforcement action has had to be taken on 6 different occasions.

Due to the extension of HMO licensing, the property is now licensable. As part of the process to apply for a licence, the owner has had to submit information on safety checks and waste arrangements.

A pre-licensing inspection will be carried out by an officer from Housing, along with an officer from the Licensing and Out of Hours Team. The Applicant will be asked to clarify how they intend to meet the following licence conditions in particular:

*13. The Licence Holder must have a written procedure in place to undertake reasonable steps to resolve complaints of nuisance, noise, or anti-social behavior perpetrated by his or her tenant(s)/occupier(s) or visitor(s) to the licensed premises. The Licence Holder must keep on file and have available for the council upon request, evidence that tenants have been made aware of appropriate behaviour and the procedures that he or she will follow should such issues occur.*

*14. The Licence Holder must keep on file and have available for the council upon request, documented evidence of how he or she has followed his or her procedure relating to nuisance, noise, or anti-social where complaints have occurred*

In this case the application of HMO licensing allows proactive, holistic intervention at the property and if a licence is granted, allows officers to monitor compliance with a range of conditions designed to address the issues previously caused.

## **7.0 Future actions**

7.1 The Housing Compliance and Enforcement Team are working closely with Strategic Housing and the Executive Member for Housing to refresh the Private Rented Sector Strategy, and the implementation and progress of licensing schemes will form an important part of this strategy.

## **8.0 Recommendation**

8.1 To note progress in the implementation of the extension to HMO licensing.