

REPORT TO: Environment and Urban Renewal PPB

DATE: 18 September 2024

REPORTING OFFICERS: Director of Public Health
Executive Director - Environment and Regeneration

PORTFOLIO: Environment and Urban Renewal

SUBJECT: Houses in Multiple Occupation and the Private Rental Sector – Update

WARD(S) Borough Wide

1.0 PURPOSE OF THE REPORT

1.1 To update members on progress with the Houses in Multiple Occupation (HMO) Action plan and development of policy relating to the wider private rental sector

2.0 RECOMMENDED: That the Board:

- 1) note the progress made to date on the HMO action plan.**
- 2) endorses the proposal that further policy to control and maintain standards in HMO's and the wider private rental sector is taken forward and considered during development of the borough-wide Housing Strategy.**

3.0 SUPPORTING INFORMATION

3.1 In September 2022 the Environment & Urban Renewal PPB resolved to form a working party of members to consider policy to address the proliferation and standards in Houses of Multiple Occupation.

3.2 A house in multiple occupation (HMO) is a property housing 3 or more occupants who do not form the same household. HMO's with more than 5 occupants must be licensed with the council in accordance with the Housing Act 2004.

3.3 In terms of planning controls; the conversion of a dwelling house (class 3) to a small HMO with less than 4 occupants (class 4) has permitted development rights and does not require planning permission. Larger HMO's with more than 7 occupants (sue generis) require planning permission. Therefore most smaller HMO's currently require neither a license or planning permission.

3.4 The HMO working party developed an action plan that was endorsed by the Environment and Urban Renewal PPB In February 2023. Most of those actions have subsequently been implemented and include;

- Adoption of HMO Amenity Standards for licensed HMO's
- Production of a draft HMO Supplementary Planning Document (SPD). The SPD would introduce explicit planning controls on those HMO's that are subject to planning permission and includes;
 - Concentration of HMO's within an area;
 - restricting sandwiching of properties by HMOs;
 - restricting three or more adjacent HMOs;
 - minimum property standards;
 - criteria to protect the amenity of neighbours
- A detailed door to door survey in the West Bank area of the Central and Westbank Ward to establish property type and tenure. This survey identified a high percentage of private rental properties compared with the rest of the borough, but did not identify a significant number of smaller unlicensed HMO's as had been anticipated.

3.5 In addition the action plan included the commissioning of a Borough Wide review of the private rental housing stock in the borough. The aims of the review were to investigate and provide accurate estimates of;

- Current levels of private rented sector (PRS) properties and tenure change over time
- Levels of serious hazards that might amount to a Category 1 hazard in accordance with the Housing Health & Safety Rating System (HHSRS)
- Other housing related stressors, including antisocial behaviour (ASB), service demand, population and deprivation linked to the PRS
- Assist the council to make policy decisions, including the possible introduction of property licensing schemes under the Housing Act 2004
- The number and distribution of smaller and unlicensed HMO's

3.6 The final private sector stock condition and impacts report has now been delivered. The key findings are set out below.

3.6.1 **Tenure type and changes over time**

The percentage of private rental properties in the borough is now estimated to be 19% compared with 11% in 2011. The percentage of owner occupied properties has fallen from 64% in 2011 to 58% in 2024. The percentage of social rented properties has dropped slightly from 25% in 2011 to 23% in 2024.

These figures suggest the private rental sector is fulfilling the demand for affordable rented accommodation that is not currently met by the social rented sector.

Two wards are calculated to have a percentage of private rental property that is significantly above average; Appleton (30.3%) and Mersey and Weston (29.9%.) The detailed door to door survey in the West Bank area of the central and west bank ward, referred to in 3.4 above, also found the percentage of private rental properties in that part of the ward to be around 30%.

3.6.2 Property standards

23% of Halton's housing stock was built before the 2nd world war. The age profile of housing stock can have an impact on housing conditions.

The company conducting the review have developed a methodology to calculate the number of private rental properties that are predicted to have at least 1 serious defect. Across the borough 4020 private rented properties are estimated to have at least one serious hazard.

Central & West Bank, Appleton and Mersey & Weston are all estimated to have 200 or more properties in the private rental sector with at least one serious hazard that could affect the safety or health of occupants.

3.6.3 Energy performance

It is a legal requirement that all properties that are sold or rented must be marketed with a current Energy Performance Certificate (EPC).

Halton has 1,111 private rental sector properties with EPC ratings that are E, F, & G.

EPC ratings E, F, & G represent properties with the least energy efficiency. Since 2020 private rental properties must have a minimum energy efficiency rating of E. This make it illegal to let a property with an EPC rating of F or G unless a valid exemption is in place. Local authorities have powers to serve compliance notices or issue fines to landlords in breach on this requirement.

Mersey & Weston (164) and Appleton (145) are estimated to have

the highest number of EPC rating E-G properties in the borough.

These figures are likely to reflect the age of the housing stock in those wards.

3.6.4 Complaint volumes and nuisance

The report also analysed the numbers of service requests and complaints made to the council for a range of issues that impact on a resident's enjoyment of their property or the amenity of the area. Such issues include complaints about pests, noise nuisance, rubbish accumulations and housing standards.

In total there were 7581 complaints linked to properties in the private rented sector over a 5 year period. Such complaints provide an indicator of property standards and management. The highest number of complaints are in the Appleton (669), Central and Westbank (802) and Mersy and Weston (805).

3.6.5 Houses in Multiple Occupation

Halton has 187 known HMO's of which 116 are larger HMO's that are licensed by the council. 72 of these are managed by SERCO on behalf of the Home Office as part of the Government's refugee and asylum seeker resettlement scheme.

The contractor has developed a methodology to predict the number of additional smaller HMO's that may be present in the borough but have not been identified by the council as HMO's. This model predicts there to be an additional 355 HMO's in Halton. These are generally distributed evenly throughout the borough. Central and Westbank has the highest number of known and predicted HMO's (72).

An assessment of the Council's systems was previously undertaken (Council Tax, Housing Benefit, electoral role) to identify any properties where multiple different surnames were registered at a single domestic property, as this would be indicative of a HMO. This did not identify many additional houses beyond those already known to be HMO's. Based on this analysis, the estimate of 355 is considered to be at the top end of the range, 187 – 355 dwellings used as HMOs in Halton.

4.0 POLICY IMPLICATIONS

4.1 The stock condition and impacts report provides an evidence base to support further policy to maintain and improve standards in the private rental sector including HMO's. Such interventions may include selective or additional licensing in accordance with the Housing Act 2004.

- 4.2 The report identified that 3 wards, Central & West Bank, Mersey & Weston and Appleton have a higher than average percentage of private rental properties. The report also identified a higher incidence of property related complaints and predicted property hazards in these wards. Therefore any future interventions that are considered should be focussed on these wards.
- 4.3 In April 2024 the Executive Board resolved to the commissioning and production of a new borough wide Housing Strategy and supporting evidence. The stock condition and impacts report summarised in this report will contribute to that supporting evidence.
- 4.4 It is proposed that any further policy or interventions to address standards in the private rental sector are taken forward and considered as part of the borough wide housing strategy. Government guidance states that any additional policy interventions, such as selective or additional licensing, should be considered as part of a strategic local authority wide approach.
- 4.5 Whilst further policy options may be considered in relation to HMO's and the private rented sector, the council does have existing powers to respond to housing standards, nuisance and waste issues.

5.0 **FINANCIAL IMPLICATIONS**

- 5.1 There are no direct financial implications associated with this proposal. The financial implications associated with future policy development will be considered in full in further reports when those policies are presented to members for scrutiny and approval.

6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**

None directly from this report

6.2 **Building a Strong, Sustainable Local Economy**

None directly from this report

6.3 **Supporting Children, Young People and Families**

None directly from this report

6.4 **Tackling Inequality and Helping Those Who Are Most In Need**

None directly from this report

6.5 **Working Towards a Greener Future**

None directly from this report

6.6 **Valuing and Appreciating Halton and Our Community**

None directly from this report

7.0 **RISK ANALYSIS**

7.1 There are no risks directly associated with this report. The risks associated with future policy development will be considered in full in further reports when those policies are presented to members for scrutiny and approval.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 None identified

9.0 **CLIMATE CHANGE IMPLICATIONS**

9.1 The data provided on minimum energy efficiency standards, set out in 3.6.3, above will enable the council to target properties and areas for future energy efficiency grants.

10.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

None under the meaning of the Act.