

Additional Licensing Scheme FAQs

What is an additional house in multiple occupation (HMO) licensing scheme?

It's a scheme that councils can introduce to help to deal with the problem of poorly managed HMOs that are not already covered by the [mandatory licensing scheme](#). This will include smaller privately rented shared houses and flats and some sub-standard property conversions. The legal power for councils to introduce an additional HMO licensing scheme comes from the [Housing Act 2004](#). These schemes can be borough wide or area based. The government has produced [guidance on the steps required to introduce such a scheme](#).

There is already a licensing scheme for HMOs in place. Why does the council want to introduce an additional HMO licensing scheme?

The existing scheme, which applies across England, is restricted to HMOs with three or more storeys shared by five or more people. However the council is concerned that many HMOs which fall outside the existing scheme are poorly managed, badly affecting residents and local communities. Having considered the options, the council has identified additional licensing as part of its approach to improving a wider range of poorly managed privately rented properties in areas where problems are most apparent.

Why not just tackle less responsible landlords without having additional licensing?

Poor management of HMOs is a widespread problem, particularly in certain areas of the borough. Existing methods of regulating poorly managed HMOs place too much emphasis on the council monitoring the entire stock of HMOs and reacting to problems identified. Landlords should take the initiative to ensure they meet their responsibilities from an early stage. Licensing places more emphasis on landlords to come forward and meet requirements through the licensing process. It also criminalises those landlords who do not licence and enables the council to focus its full range of powers on those criminal landlords.

Which HMOs will the proposed scheme apply to in Islington?

If introduced, the new scheme will apply to the following HMOs located along Holloway Road and Caledonian Road:

- Any rented property occupied by three or more people in two or more households irrespective of the number of storeys within the HMO;
and
- Any building converted into self-contained flats where the building and flats are in the same ownership and the conversion work did not comply with the Building Regulations 1991 (or later regulations if applicable) and it still does not comply (these are known 's257' HMOs).

A more comprehensive [definition of HMOs](#) is available on our website. This includes a list of buildings that are exempt from the HMO definition and therefore exempt

from the proposed scheme, such as blocks of purpose built flats. However the scheme will include individual flats that are multi-occupied.

Why doesn't the proposed scheme cover the entire borough of Islington?

Whilst problems of poor management of HMOs can arise in any area, the council has identified that problems are particularly apparent in Caledonian Road and Holloway Road where higher concentrations of poorly managed HMOs are found. A focussed approach is likely to be more successful in improving HMO accommodation in these areas.

What evidence does the council have that many of the HMOs in Caledonian Road and Holloway Road are poorly managed?

A programme of surveys has been carried out along the two roads to assess the number of HMOs, together with their condition and the quality of management. Access was gained to more than 200 HMOs and 68% were found to be poorly managed. [More detailed analysis of the survey results.](#)

What does Islington Council want to achieve through an Additional Licensing Scheme?

The aim of the scheme is to improve the quality of management in a large number of HMOs in Holloway Road and Caledonian Road. Additional Licensing will enable the Council to ensure that these HMOs are properly managed, in a reasonable condition and meet minimum standards for the provision of amenities and occupancy. The following benefits are also envisaged:

1. Improved health, safety and wellbeing of tenants
2. Consistent standards for landlords and managing agents
3. Clearer identification of criminal landlords
4. Increased numbers of accredited landlords.

Is the council using additional licensing fees to raise money?

No. The scheme has been designed to be cost neutral as required by the Housing Act 2004. We have had regard to recent legal cases and followed the [guidance provided by the Local Government Association \(LGA\) on locally set fees](#). Fees collected will only offset the cost of additional staff, resources and administration for this scheme alone.

When could the additional licensing scheme start?

If approved, the scheme is likely to start in Spring 2015. The consultation period is running from 27 October 2014 until 9 January 2015. We will analyse the results of the consultation and consider any representations made before finalising the scheme. This will include an assessment of the risks and benefits of introducing the scheme and an assessment to ensure that it does not impact unfairly on different groups of people based on their age, gender, ethnicity and sexual orientation. It will then be subject to the council's decision making process. If agreed the scheme will be publicised and launched, giving fair warning of any deadline so that landlords can apply and take advantage of any discounts that may be available.

What happens to the existing licensing scheme?

The existing licensing scheme will run alongside the new additional scheme. The existing mandatory scheme is a National Licensing Scheme introduced by central government (i.e. all Local Authorities must operate this scheme). Additional Licensing, once adopted, will also be compulsory alongside mandatory licensing.

Who needs to apply for a licence?

The owner of any HMO that is located in the area designated for additional licensing must apply to the council for a licence.

How long does a licence last?

Licences can be issued for a maximum of five years period.

How much will a licence cost?

A licence will cost £260 per letting (bedsit, bedroom or studios) or £650 if the HMO is comprised entirely of self-contained flats (based on a 5 year licence). For example, the licence for an HMO containing three bedsits will cost £780. The licence for a converted block containing two flats in the same ownership will be £650.

Will the cost of a licence impact on rents?

If landlords choose to pass the cost of a licence on to tenants then, this will equate to a figure of £4.33 per month per letting or up to £5.42 per self-contained flat (based on a five year licence). However, given that rental yields have increased significantly, landlords may wish to accept this as a reasonable price for the additional guidance they will receive through the licensing process. Meanwhile tenants can expect improved standards of management resulting in improved living conditions.

What is involved in licensing an HMO?

On receipt of a complete and valid application (including the correct fee) the council will assess the application and make enquiries to determine that all persons involved in the management of the HMO meet criteria about their suitability (known as “fit and proper person” criteria). The council will also assess whether the proposed management arrangements are satisfactory.

Once background checks have been completed the HMO will be inspected to assess compliance with the council’s HMO standards and the effectiveness of management arrangements. A licence will then be drafted with conditions and a formal process of consultation with interested parties will take place. Once any representations have been considered the licence will be finalised and issued to all parties with a legal interest in the property. Licence conditions will be monitored during the lifetime of the licence.

What will happen to landlords who do not apply for a licence?

Failure to license risks the following consequences:

- Prosecution and a fine of up to £20,000
- Restriction on the use of section 21 notices to recover possession of letting rooms
- A court order requiring the repayment of up to 12 months' rent for the period when the property should have been licensed but wasn't.

Publicity for the proposed licensing scheme would encourage tenants, landlords and other members of the community to report unlicensed HMOs in Caledonian Road and Holloway Road. We will be working hard to identify criminal landlords who do not meet their legal obligations.

What else is the council doing to make sure additional licensing is successful?

Additional licensing is being proposed as one of a range of measures set out under the council's [Housing Strategy 2014-2019](#). It includes measures to increase the supply of new affordable homes and bring empty homes back into use, together with further steps to prevent homelessness such as the proposal for setting up a social lettings agency. The strategy and action plan also highlight work on tackling anti-social behaviour and other actions that we are taking to address poor housing conditions over the next 5 years. Enforcement action will be focussed on the most hazardous homes presenting the greatest risk to residents and visitors.

We will ensure that landlords and tenants have access to support and advice. We will be providing an assisted application service for those landlords who need help with applying for a licence. Earlier this year we established a single point of contact number for private tenants and landlords - **020 7527 3001**. Private tenants should dial option 2 to discuss housing standards and repairs or option 3 if they require other advice on renting privately. Landlords who would like advice on renting their properties should dial option 4. We will be happy to hear from you.

Prior to a decision on the introduction of an additional licensing scheme, we will complete a risk assessment and an equality impact assessment to ensure that the proposed scheme can be implemented fairly, having regard to members of the community who may be affected.