

# Selective Licensing Consultation Response Action Homeless

## **Background**

Action Homeless Leicester is the largest provider of accommodation for those experiencing homelessness in the City and we provide over 250 bed spaces mainly in HMO's spread across the City. The properties are either owned by ourselves, managed on behalf of Housing Associations, or leased from private owners. Much of the accommodation we manage is in the wards covered by the proposals being consulted on in section A and C.

Over the past 7 years Action Homeless has had a strategy of expanding the amount of accommodation we manage and have proactively engaged with property owners in the City and this has given us a significant insight into the range and quality of HMO's in the City having viewed in excess of 200 properties.

Action Homeless has invested in the property it owns and have created high quality homes giving tenants their own bathrooms and cooking facilities, while still retaining communal spaces. This allows people to have privacy and dignity, but also gives an opportunity for them to have a supported peer environment.

Good quality shared housing, that is well managed, can meet the needs of single people and offers security and stability. There are few other options for this group and we feel that the focus should be to encourage more landlords to let to those on lower incomes and invest in their properties. Action Homeless had a great deal of success through the Empty Homes Community Grants Programme, in bringing back empty and neglected properties back into use for those on lower incomes.

In our experience there is a good supply of quality HMO's in the City, much of it aimed at the student market. Most of this meets the standards of HMO licensing and as a result the owners are able to let properties easily and are able to charge rent higher than LHA rates.

We are aware that there are some poor quality properties that do not meet current standards. We have seen many properties that would require investment to bring them up to standard, but most of the landlords are reluctant to invest and in many cases choose to leave it vacant.

We are responding to this consultation as both an operator of HMO's and as a provider of accommodation for those experiencing homelessness.

## **Response as a Homeless Provider**

### Demand for Shared Accommodation.

The current housing market in the City is extremely challenging and there is a shortage of good quality, affordable and secure housing, which means that those on lower income and reliant on benefits find it extremely difficult to find a home. Most single people do not qualify for statutory housing and therefore are dependent on the private rented sector for accommodation. The shortage of affordable housing is further compounded by the level of housing benefit they can claim due to Local Housing Allowance being well below market rents and the rules for under 35's that

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mean they can only claim benefits to rent shared accommodations. As a consequence the only accommodation available to them is shared HMO's.

Action Homeless has encountered a level of opposition to HMO's in the communities it works in and also observed that some elected representatives can also be unsupportive of HMO's. We receive feedback that many of our neighbours believe that they are the causes of anti-social behaviour and those living there are transient and do not respect the wider community.

There is also a view that shared household housing does not offer a high enough quality of housing for people. Action Homeless supports the aspirations that everyone should have their "own-front door" and that self-contained accommodation is best for people. However, this aspiration is not available for most single people on low incomes and shared housing is the only viable source of housing available to them.

Action Homeless believes that a thriving PRS sector is the only way in which the needs of single homeless people's needs can be met and HMO's and their landlords need to be seen as an asset to the City and not a problem. We welcome the Council's commitment to improving the quality of private sector housing in the City, but we have concerns that increased licensing will deter landlords from investing in HMO's and may reduce the stock in the City. The increased cost of investing in properties that are "small" HMO's may also deter landlords. We feel that any increase in regulation should be supported with incentives and investment to support the development of this sector.

### Concentration of HMO's.

The reality is that the nature of the housing stock in the wards identified in the consultation are most suited to be converted into HMO's. Many are too large to be used by families and would be difficult to convert into self-contained housing as the cost to do so is prohibitive. We have been in discussion with our Housing Associations with regard to converting the shared properties that we manage for them into self-contained housing and they support the view that it is not cost effective to do so and to be able to offer them at affordable rents. We are also aware that a number of housing associations have sold HMOs in rent years and they have been either converted to student housing, or flats and are let at high rents and have therefore been lost as social housing.

Again we recognise there are challenges to having high concentration of mixed shared households in the areas identified, but we feel that there needs to be a balance between reducing the impact of poorly managed shared housing, while retaining an important stock of accommodation.

We believe that Additional Licensing might dissuade landlords of good quality smaller homes to register, again removing another valuable source of housing. The landlord will potentially assess the cost and resource required to register and comply as an HMO and choose that they will sooner let as family homes. However, it is possible that they will be able to do so at market rents and the current benefit caps would mean those families on lower incomes could not afford them.

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Example: A two bed House that has its communal lounge converted into a bedroom can be rented at LHA rates to 3 singles people at £234 a week, a market rent of £160 for this house as a two bed property. A single family with two under 10 year old children can only claim £ **130.03**.

### Anti-social behaviour

Action Homeless agrees that there is a high concentration of HMO's in some wards and we are neighbours to many of these houses and we also experience anti-social behaviours from our neighbours. However, the issue is not the houses themselves, but the level of support and management provided to the tenants and property.

Many of the HMOs in these wards are let to students who have little investment in their communities. It our experience that many of the student HMO's are let through agents who are unwilling to manage, or challenge behaviour and do not actively manage these properties. However, their properties will meet the HMO Licencing requirements.

A large number are also managed by Serco under the Home Offices Asylum Seeker Dispersal scheme, again there is much evidence that the level of supervision of these properties is very low and that many of those housed have support needs that are not being met.

There are also a number of agents who are leasing properties to accommodate homeless families from local authorities both locally and further afield. Action Homeless was approached by one such agent to ascertain if we wanted to lease units from them.

These properties are already registered as HMO's and by and large are of a reasonable quality and Action Homeless is unsure how the proposals will limit the number of HMO's in the wards identified, or improve the management of these houses and their occupants. We are also unclear how greater licencing conditions will improve the quality any further, or incentivise landlords to be more proactive in their management as this would be an additional cost.

### Further hiding of problem properties.

In Action Homeless's experience responsible landlords already meet the requirements and are registered and if additional licencing is brought in will comply. However, our client's report that they have rented properties that do not meet the basis requirements and are unsafe or unhealthy. Few tenants are aware of requirements and do not know how, or to whom they can report issues to. We feel that any new licencing enforcement is not likely to change, or address this issue, there will still need to be a considerable level of enforcement.

We understand the challenge of resourcing private sector compliance through Council tax, but the issues caused by poor quality housing effects the whole community and we feel that there should be investment in addressing this important issue.

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## **Response as a landlord**

Action Homeless already has a number of its properties registered as HMO's, however we apply the same level of standards across all our properties and ensure we go over and above what is legally required. The introduction of additional licencing will bring a large number of our properties needing a Licences. Unlike private landlords we cannot off set licence fees as we do not pay tax as we are a Charity, so any increase in costs will have to be passed on to our tenants. This will be the case for other not for profit providers in the City.

As stated Action Homeless is committed to expanding the stock of accommodation we let for those experiencing homelessness. The introduction of additional licencing along with the extension of the Article 4 in the City will make it more difficult to develop schemes in the areas proposed. For instance this year we developed scheme in partnership with the City Council in Westcotes. This was made possible through funding from the Councils right to buy grant and government's Rough Sleeping funding. Applying for planning permission for this scheme would have made this more difficult and potentially prevented the scheme from going forward. The areas identified for proposed additional licensing are ones where we look to acquire properties to let as smaller shared units.

Action Homeless would ask that consideration be given to recognising the status of "exempt accommodation" with-in applications for schemes in Article 4 and proposed licensing areas.

We also feel that the consultation process has not been responsive enough to capture the views and experiences of those who live or have lived in HMO's and the wider private rented sector. We did distribute the consultations to our residents, but feedback is that the online survey was too complicated to access and complete, this is compounded by the fact that many of our residents are digitally excluded. We would have welcomed the opportunity to do more focused consultation with those who have experience of living in HMO's.

We also notice that the direct engagement with landlords has been with those who are most likely to have large portfolios and their views are not reflective of the larger number of small single property owning landlords and those who are likely to have the smaller properties that additional licencing will incorporate.

Action Homeless is supportive of the ambition to improve the quality of HMO's in the City, but it is not convinced that proposals being consulted on will improve the quality of the sector, or increase the number of landlord willing to register and address the issues with in communities.