

Equality Impact Assessment Form

[screentip-sectionA](#)

1. Document Control

1. Control Details

Title:	Housing Licensing Houses in Multiple Occupation (HMO) Revised Fee Structure 2018
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2. Document Amendment Record

Version	Author	Date	Approved
1	Julie Liversidge	03/08/18	
2	Connie Green	09/08/18	20/08/18 A Djan

3. Contributors/Reviewers

Name	Position	Date

4. Glossary of Terms

Term	Description

[screentip-sectionB](#)

2. Assessment

1. Brief description of proposal / policy / service being assessed

Houses in Multiple Occupation (HMOs) licensing is a power available to Local Housing Authorities (LHA's) within the provisions of the Housing Act 2004 ("HA 2004"). HA 2004 Part 2 sets out the general duties on LHAs and their powers in relation to HMO licensing functions. LHAs are currently required by Order to licence:

- HMOs which are 3 storeys and above and are occupied by at least 5 persons who constitute more than one household. This is known as 'Mandatory Licensing'.
- As from the 1st October 2018, the prescribed description for Mandatory Licensing is to be amended and the criteria for 3 storeys will be removed.
- HA 2004 Section 56 provides that an LHA may license other categories of HMOs designated by it which is known as 'Additional Licensing'.

Nottingham City Council as the LHA operates the following schemes:

- Mandatory Licensing in since 2006;
- Additional Licensing since January 2014; and

- more recently as from 1st August 2018 a Selective Licensing Scheme which licences private rented properties.

These Schemes have been generally successful, however, the licence fee structure has not been reviewed in 5 years and this review is now necessary as the LHA looks to improve the service and ensure it's sustainable in the future. As part of the formal consultation relating to the renewed Additional Licensing Scheme, due to be effective in January 2019, evidence gathering and analysis regarding fee levels were undertaken. The proposed renewed Additional Licensing Scheme will be the subject of a separate Executive Board report in September 2018 and will have its own EIA as it is likely that there will be issues relating to the new Scheme that are not relevant for the purposes of this decision.

This EIA examines the impact of the proposed revised fee structure for both the current Mandatory and Additional Schemes and any applications under the newly defined Mandatory Scheme as from 1 October 2018 and the proposed new Additional Scheme planned to come into effect on 1 January 2019.

The decision proposes that all HMOs in both Schemes will be required to have a licence and that Landlords will be required to apply to the LHA. The average proposed fee for a licence will be £1330. This fee is based on the costs of administration and operation of the Scheme including compliance and enforcement activities.

The revised fee structure which is the subject of this decision can be found at Appendix 2.

The LHA is committed to using its powers under the HA 2004 because it provides the following benefits:

- An opportunity to continue to influence higher standards of HMO accommodation and to ensure effective management through more extensive control; and
- Higher levels of citizen satisfaction with private rented sector accommodation within the City.

[screentip-sectionC](#)

2. Information used to analyse the effects on equality:

- Census 2011 and Household Projections;
- Issues and indications arising from full consultation on the previous scheme of Additional Licensing (2013-18).

- Ethnicity monitoring via Additional Licensing applications.
- Building Research Establishment (BRE) 2016 www.nottinghaminsight.org.uk/f/183870

References

1. Housing Act (2004) Section 56 - <https://www.legislation.gov.uk/ukpga/2004/34/part/2/crossheading/designation-of-additional-licensing>

3. Impacts and Actions:

<u>screentip-sectionD</u>	Could particularly benefit X	May adversely impact X
People from different ethnic groups.	<input checked="" type="checkbox"/>	X
Men	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Women	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Trans	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disabled people or carers.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy/ Maternity	<input checked="" type="checkbox"/>	<input type="checkbox"/>
People of different faiths/ beliefs and those with none.	<input checked="" type="checkbox"/>	X
Lesbian, gay or bisexual people.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Older	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Younger	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Other (e.g. marriage/ civil partnership, looked after children, cohesion/ good relations, vulnerable children/ adults).	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Please underline the group(s) /issue more adversely affected or which benefits.</i>		

<p style="text-align: right;"><u>screeintip-sectionE</u></p> <p>How different groups could be affected (Summary of impacts)</p>	<p style="text-align: right;"><u>screeintip-sectionF</u></p> <p>Details of actions to reduce negative or increase positive impact (or why action isn't possible)</p>
<p>The most significant difference in impact will be between the two groups that licensing directly affects most which are Tenants and Landlords. To a lesser though still significant extent it will also impact members of the broader communities that have a high number of HMOs and are covered by the designation.</p> <p>As groups, HMO tenants and HMO Landlords are diverse and consideration must be given to whether any potential benefit or adverse impact of the scheme relates to the Tenant/Landlord/Community Cohort or to a particular equality strand represented within them.</p> <p>The positive impact of the scheme are improved property conditions, safety, tenancy management, community relations and reduced ASB which can be continually improved via the monitoring and enforcement action against non-compliant landlords.</p> <p>People from different ethnic groups</p> <p>It is considered that overall the benefits of licensing outweigh the potential disadvantages. The schemes aim to have a positive impact on disadvantaged groups who are over-represented in HMO accommodation and wider communities that are covered in the additional designation and city wide mandatory licensing.</p> <p>The population of those living in the City's Private Rented Sector comprises people from a range of different BME communities and mapping shows there is a coincidence of citizens from BME communities with higher levels of private rented sector property and HMOs. The tenant profile of HMOs is likely to be a less diverse than</p>	<p>Action:</p> <ul style="list-style-type: none"> • Ongoing liaison and engagement directly with and with groups representing landlords, tenants and therein their component communities and a range of communications and marketing works will be undertaken to ensure engagement with a broad range of stakeholders. Issues of communication and understanding in respect of learning from the existing scheme`s and for any new scheme will be factored into operational delivery. <p>Action:</p> <ul style="list-style-type: none"> • Continue to collect bi-annual ethnicity data from landlords applying to the scheme, with analysis of any change in dynamic or BME communities entering or exiting this market. • Increased engagement with landlords from communities of interest via dedicated resource in the Safer Housing Team. • Continue to make information and good practice available in a range of accessible and easy read formats.

that of the PRS overall, however it is known that in certain areas of the City HMOs accommodated significant proportion of certain BME groups, particularly single, economic migrants such as those from Eastern European countries. Overcrowding can be an issue in some areas and illegal conversions of properties particularly affect new and emerging communities, as do poor or improper tenancy management.

Potential benefit: Licensing brings improved quality and safety of accommodation for all tenants including BME tenants living in HMOs and assists in the identification and removal of landlords who cause negative impact to vulnerable BME or new communities via substandard or illegal accommodation.

Potential adverse impact:
(a) Landlords

During the formal consultation on the current Scheme of Additional Licensing in 2013, it was put forward that the Scheme would disproportionately and adversely impact the south Asian community. Many HMO landlords are of south Asian (Indian and Pakistani heritage) and residential property investment is a key strand of the named communities' financial interests, therefore any adverse financial impact of the scheme on landlords would be disproportionately felt.

There is limited data available on landlord ethnicity, however of that collected (105 volunteered responses via the licensing application process), 40% were White British/Irish, 47% were Asian and 13% were Black or Other Ethnicity. Of the Asian landlords, 62% were Asian Pakistani, meaning this particular ethnicity makes up 35% of the total respondents.

It is acknowledged that this is a complex issue and that support will be required to ensure that different communities understand what licensing means for them, what is expected of landlords and that they are able to comply with the requirements.

Action: a landlord liaison officer has been employed to try to reach diverse landlord communities.

Action: licensing works closely with the Community Cohesion Team to

(b)Tenants

Concern has been raised that licensing will cause an increase in rents as a result of the increased landlord expenditure on the licence and the costs of complying with licensing conditions. Though the proposed designation for Additional covers areas of the city with higher proportions of BME households, there is no evidence to suggest that HMOs are disproportionately occupied by BME households, in fact based on the main groups-known to use HMO accommodation, it is likely that overall the concentration of BME households is less than in the PRS overall.

Mandatory Licensing is a national government scheme and covers the whole of the city.

It is understood that many EU citizens of Eastern European and African descent are accommodated in HMOs that would be subject to additional and mandatory licensing, as well as those from other new or emerging communities, refugees and asylum seekers. Such households could be negatively impacted or displaced by an increase in rents whilst not being eligible for welfare assistance. Landlords could limit themselves to “safer” options in terms of rental security reducing the availability of accommodation to these groups or potentially withdraw from the sector altogether limiting accommodation to all who may want or need to use it.

Overall, the additional cost to landlords is considered to be small as a proportion of rental income, especially across the term of the licence which lasts for up to five years. Therefore the licence fee equates to approximately a few pounds per week. It is however acknowledged that those with larger portfolios will need to pay for multiple licences.

It should be noted that a reduced fee is proposed for those landlords who are accredited under the Nottingham Standard or contributing schemes.

Less compliant landlords will pay a higher fee to cover the cost of the extra monitoring and enforcement that is usually associated with this

raise awareness of tenants and landlords

- To work with partner organisations and departments to monitor any increase in people from HMOs making presentations or seeking advice due to impact of licensing.
- To work and negotiate with landlords to prevent homelessness at an early stage.
- Encourage landlords to engage with Nottingham Private Rented Assistance Scheme to provide housing for those at risk of homelessness.

group of properties and landlords.

There is a risk however that the costs to landlords associated with Licensing will be passed on to tenants, however there is no evidence to suggest that increases in HMO rents to date are driven exclusively by the introduction of the scheme . Increases in HMO rents were observed after the introduction of licensing however, they were also seen in cities – notably with similar student populations – that did not have a licensing scheme in place.

The risk of rent increases is therefore one that that council is aware of, but one which is based on speculation.

The Council does not consider that standards of accommodation should be compromised in the interest of greater affordability or preservation of margins and believe that the standards required by licensing are ones that landlords should already be meeting.

Disabled People or carers

It is acknowledged that this sector maybe home to a number of people with learning disabilities or mental health issues, particularly as it is known to cater to younger and/or single household in receipt of local housing allowance.

Tenants with health issues are also much more likely to be affected by problems with damp and housing disrepair issues and may face problems with communication and getting repairs done quickly.

Potential benefit: improvement in the property standards and tenancy management will have a positive impact on the health and security of tenants, something of particular benefit to those who may be vulnerable due to mental health or learning needs.

People of different faiths/ beliefs and those with none.

Issues or links between particular BME groups and the impacts of licensing could also apply to this equality strand.

Having identified that many landlords are from South Asian, or more specifically Pakistani, backgrounds, it should be noted that the Muslim community may not receive, for religious reasons, 'interest' from investments and therefore property is a preferred investment for many, hence this makes this community sensitive to any matters that could affect property prices or yields.

As previously, the Council does not consider that standards of accommodation should be compromised in the interest of greater affordability or preservation of margins and believe that the standards required by licensing are ones that landlords should already be meeting.

Younger

It is recognised that the age profile of HMO tenants are younger than the housing market or PRS market as a whole predominantly because two of the main groups using this type of accommodation are students and young people who are in receipt of Local Housing Allowance (LHA). LHA (housing benefit for PRS tenants) is capped at a "room rate" for single people under 35, meaning the amount they receive is intended to cover the rent in shared rather than single occupancy housing.

Potential benefit: Improving the standard of rented accommodation by ensuring through licensing and compliance that they are safe and well managed by fit and proper persons. Monitor rents and investigating any excessive rent increases or threats of illegal eviction. Therefore this type of accommodation would benefit younger people who could not afford to live alone and provides better value for money to the public purse.

Potential adverse impact: Any rent increase because of licensing could have a particular impact on young people in receipt of local housing allowance. Their allowance is specifically based on shared accommodation or room rate. However, their allowance could fall short

Actions:

- To use data available from partner organisations to look at rent trends in HMO accommodation (student only)
- To work and negotiate with landlords to prevent homelessness at an early stage.
- Encourage landlords to engage with Nottingham Private Rented Assistance Scheme to provide housing for those at risk of homelessness.

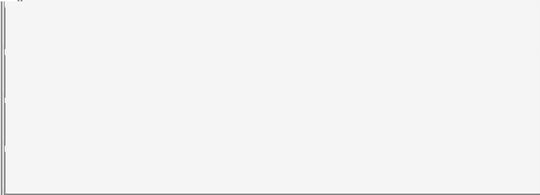
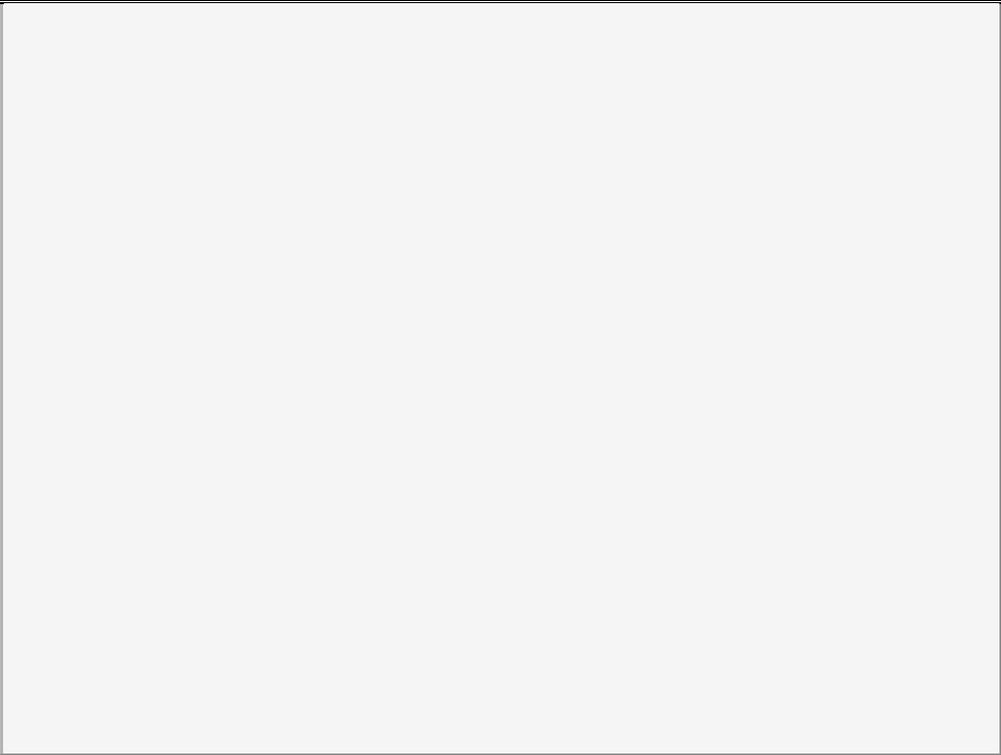
of an increased in rent, making them more vulnerable to eviction and homelessness and landlords more likely to seek out “safer” tenant/rent options.

Other: cohesion/ good relations, vulnerable children/ adults.

Looked after children and vulnerable children are most unlikely to be housed in HMOs, although those leaving care may well access this type of accommodation, in which case observations relating to younger people (above) may apply. Where vulnerable children are living in HMOs they would benefit from improvements in property conditions and safety.

Improvements to the management and conditions of HMO properties, particularly in terms of ASB and poor external condition will assist an increase in cohesion and reduction in tensions between occupants of HMOs and others residing in the neighbourhood.

The evidence for the proposal and review of the current scheme, both looked complaints and service requests relating to HMOs, indicating a reduction in areas where licensing and enforcement has been in operation.



4. Outcome(s) of equality impact assessment:

<input checked="checked" type="checkbox"/>	No major change needed	<input type="checkbox"/>	Adjust the policy/proposal
<input type="checkbox"/>	Adverse impact but continue	<input type="checkbox"/>	Stop and remove the policy/proposal

5. Arrangements for future monitoring of equality impact of this proposal / policy / service:

The impact of licensing on households will be monitored via feedback from stakeholders or organisations representing stakeholders.
 The impact of the scheme on the availability and security of accommodation to vulnerable can be monitored using referral data to agencies such as Housing Aid and Advice Nottingham.

6. Approved by (manager signature) and Date sent to equality team for publishing:

<p>Approving Manager: Julie Liversidge – Operations Manager Housing Licensing & Compliance julie.liversidge@nottinghamcity.gov.uk, 0115 8762680</p> <p>The assessment must be approved by the manager responsible for the service/proposal. Include a contact tel & email to allow citizen/stakeholder feedback on proposals.</p>	<p>Date sent for scrutiny: 20/08/2018 Send document or Link to: equalityanddiversityteam@nottinghamcity.gov.uk</p>
<p>SRO Approval: 03/08/18</p>	<p>Date of final approval: 20/08/18</p>

Before you send your EIA to the Equality and Community Relations Team for scrutiny, have you:

1. Read the guidance and good practice EIA's <http://intranet.nottinghamcity.gov.uk/media/1924/simple-guide-to-eia.doc>
2. Clearly summarised your proposal/ policy/ service to be assessed.
3. Hyperlinked to the appropriate documents.

4. Written in clear user-friendly language, free from all jargon (spelling out acronyms).
5. Included appropriate data.
6. Consulted the relevant groups or citizens or stated clearly, when this is going to happen.
7. Clearly cross-referenced your impacts with SMART actions.