



Title	Discretionary Licensing in Private Rented Housing
Purpose of the report	To make a decision
Report status	Public report
Report author	Stuart Taylor/Catherine Lewis
Lead Councillor	Councillor Ellie Emberson
Corporate priority	Thriving Communities
Recommendations	<ol style="list-style-type: none">1. That the Committee notes the evidence in the report from the commissioned Stock Condition Report, highlighting the scale of poor housing conditions, deprivation, anti-social behaviour (ASB) and other issues linked to the private rented sector in Reading.2. That the Committee authorises the Director of Economic Growth and Neighbourhood Services to commence a statutory consultation exercise with residents, private landlords, businesses and other key stakeholders on proposals for boroughwide additional licensing and a phased introduction of selective licensing, and to propose areas to be included in the consultation on these designations based on the evidence provided by the Stock Condition Report.3. That the Committee notes the initial report findings in Battle, Park and Redlands wards based on the evidence provided by the Stock Condition Report.4. That the Committee notes a further report with the outcome of the consultation will follow the consultation, setting out recommendations as to whether to designate additional and selective licensing schemes and their scope and scale.

1.0 Executive Summary

- 1.1 Discretionary Licensing under the Housing Act 2004 (the 'Act') is a tool which the council can use to improve conditions and management in the private rented sector. This report examines the available evidence, gathered through a Boroughwide Stock Condition Survey against the requirements of the Act and presents options for future service delivery for private sector housing regulation, including the implementation of discretionary licensing schemes. The aim of the schemes proposed is to drive change and provide better homes for residents, which national evidence shows has positive impacts on physical and mental health and for families, better educational outcomes.
- 1.2 The Council currently operates a licensing scheme for larger houses in multiple occupation with 5 or more occupants, this is the national mandatory licensing scheme. The Act contains provisions for the Council to designate discretionary licensing schemes, of which the larger ones require Secretary of State approval.
- 1.3 The Stock Condition Survey found:

- that nearly 40% of the housing stock is in the private rented sector.
- that rents and property possession in Reading are above average for England. Possession relates to the landlord either exercising their right under section 21 of the Housing Act 1988 where a fixed term tenancy ends or through section 8 for issues such as rent arrears or antisocial behaviour.
- that there are over 3,000 houses in multiple occupation (HMO)
- 37% of HMOs are likely to have serious hazards (under the Housing, Health & Safety Rating System) and that,
- HMOs have the highest rates of Anti-Social Behaviour when compared to other tenures.

1.4 Following the completion of a Stock Condition Report and evaluation of a range of evidence, it is recommended that the Council proceeds to consult on the implementation of a Boroughwide additional licensing scheme alongside the phased implementation of a selective licensing scheme. This would drive up conditions and improve the management of the private rented sector. The recommendation for phasing of selective schemes is based on a number of factors, which includes:

- The size of any scheme determines whether Secretary of State permission is required.
- There are significant limitations in the labour market around qualified Environmental Health staff to undertake the work.
- Phasing enables a focussed and targeted approach to achieving the outcomes.
- The evidence needs to be clear and the interventions need to yield the biggest benefit.

1.5 Consideration has been given to the threshold which triggers the requirement for Secretary of State approval and the recommended approach means that this will not be required and therefore it would be possible to deliver schemes subject to consultation to start in April 2025.

2.0 Policy Context

2.1 The [Corporate Plan](#), [Housing Standards Enforcement Policy](#) and the [Housing Strategy](#) commit the Council to review evidence in relation to housing conditions and review the need for discretionary licensing schemes as part of wider actions to improve the quality and safety of housing for residents. The Housing Act 2004 sets out the duty to keep housing conditions under review and as part of this, whilst not a statutory requirement, councils undertake a 'Stock Condition Survey'.

2.2 [Berkshire West Health and Wellbeing Strategy 2021-2030](#) identifies that poor housing is one of the determinants of poor health. The Strategy commits the Council to consider the impact on health in work and to 'address the variation in the experience of the wider social, economic and environmental determinants of health'.

3.0 The Proposal

Background

3.1 Poor and unsafe housing can occur in all forms of home ownership and occupancy, but in general the private rented sector has the highest rates of poorer housing. A growing proportion of the population now live in privately rented properties. Evidence shows that privately rented housing has higher levels of damp than other sectors; one in five households are fuel poor; and there are twice as many homes in poor condition¹. There is a clear link between healthy homes and health inequalities.

- 3.2 The Housing Act 2004 (“the Act”) came into effect in 2006 and brought with it a range of duties and powers to improve the management and conditions across the private rented sector (PRS), including licensing. The Act introduced a statutory licensing scheme covering properties that are 3 or more stories with 5 or more occupants. In 2018, the government extended the scheme to include properties of 1 and 2 storeys, but still being applicable only to properties with 5 or more occupants. Generally, this is restricted to properties with occupants who share amenities.
- 3.3 Licensing allows the Council to inspect, limit occupation, apply conditions and in certain circumstances to take control of a property. The Act sets the criteria for the Council to consider suitability of the property, management arrangements and to determine whether the landlord is a ‘fit and proper’ person to manage. The Council can charge for a scheme, with licences generally being issued for 5 years and individual licence costs based on cost recovery.
- 3.4 The Act also introduced two other forms of licensing:

Additional licensing.

Description	Criteria
<p>This is a discretionary power to declare all or part of the local authority’s area subject to its controls for no more than 5 years.</p> <p>It can cover ‘smaller’ HMOs that are currently outside of the mandatory licensing</p>	<p>The authority must consider that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to problems either for those occupying the HMOs or for members of the public.</p>
<p>A scheme designation could also include certain buildings converted into self-contained flats.</p> <p>In a building that has been converted into self-contained flats and has both owner-occupied and rented flats, the whole building may be required to apply for a licence under an additional licensing scheme. However, it is important to note that this type of licence does not cover the individual flats. Individual flats may be licensable under a selective licensing scheme, so parts of the same building may be required to have both types of licence.</p>	<p>These are buildings that:</p> <ul style="list-style-type: none"> • have been converted into self-contained flats; and • the conversion did not comply with the relevant Building Regulations in force at that time and still does not comply; and • less than two-thirds of the flats are owner-occupied. <p>These are referred to as poorly converted buildings (PCBs).</p>

Selective Licensing.

Description	Criteria
<p>A selective licensing scheme means that all private landlords in a designated area must have a licence. Selective licensing aims to improve the private rented market. It means properties must be of a decent standard for a landlord to rent out. Selective licensing also gives tenants confidence that houses and flats in a designated area will be healthy and safe to live in.</p>	<p>A selective scheme is a discretionary power that councils may use in an area where the following criteria are met.</p> <ul style="list-style-type: none"> - low housing demand (or is likely to become such an area) and/or; - a significant and persistent problem caused by anti-social behaviour; - poor housing conditions; - high levels of migration; - high level of deprivation; - high levels of crime.

	<p>In this context “anti-social behaviour” refers to conduct of occupiers or visitors to, residential premises—</p> <p>(a) which causes or is likely to cause a nuisance or annoyance to persons residing, visiting or otherwise engaged in lawful activities in the vicinity of such premises, or</p> <p>(b) which involves or is likely to involve the use of such premises for illegal purposes. such as crime, nuisance neighbours and environmental crime.</p> <p>It should be noted that licensing is not intended to be a replacement for other statutory powers to control ASB.</p>
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- 3.5 Appendix 2 compares mandatory, additional and selective licensing scheme criteria and the conditions that may be attached.
- 3.6 In order to implement either of these discretionary powers, the Act requires other options are considered, that an evidence base is established and that a statutory public consultation is undertaken with all those affected by the proposal. In certain cases, Secretary of State approval is required, in particular where more than 20% of the local authority area’s geographical area or private rented housing stock is to be covered by a selective licensing scheme.
- 3.7 In addition to these discretionary powers, the Government has published its White Paper setting out proposals for the [Renters Reform Bill](#). The Bill sets out a range of provisions, some of which could overlap with the aims of a discretionary scheme such as:
- Private rented sector database
 - Application of the Decent Homes Standard

A summary of the proposed changes is set out in Appendix 2.

4.0 Current position

- 4.1 There are currently over 1,400 HMOs licensed in Reading under the current mandatory schemes. It has been difficult to provide an accurate estimation of the number of properties requiring a licence under the scheme. Whilst it is acknowledged that there still may be a significant number of unlicensed HMOs, it has proven difficult to enforce against those who have evaded the scheme, despite investigations, mechanisms such as online anonymous reporting and publicising financial penalties that have been issued for non-compliance.
- 4.2 The Public Protection Service receives service requests relating to housing conditions, Part 2 of the report in Appendix 1 gives further details. Regulatory compliance includes information, advice, inspection, warnings, enforcement and, where there is sufficient evidence and public interest, financial penalties, or prosecutions. Officer’s work also includes partnering with Royal Berkshire Fire & Rescue as part of their risk-based inspection programme, liaison with the University of Reading and the inspection and compliance of Bed and Breakfast accommodation used for Asylum accommodation by the Government.
- 4.3 The current mandatory HMO licensing scheme receives circa 30 applications per month (new and renewal applications) and there are over 140 applications being processed (awaiting a decision whether to grant the licence or not). The backlog is in part linked to

Covid and Homes for Ukraine inspections, which needed to be prioritised over the scheme.

- 4.4 Fees are set based on cost recovery, but a lot of the activity of the team around the enforcement of housing conditions is not recoverable.
- 4.5 There are some additional measures under [Article 4](#) of the Town & Country Planning (General Permitted Development) (England) Order 2015 in place in wards such as Katesgrove, Redlands and Park which support a predominantly student private rented sector (PRS) population. The Article 4 direction prohibits conversion of family homes to houses in multiple occupation, which would otherwise be permitted development, without planning consent. In addition, work is carried out in the predominantly student areas by the University's own Community Relations team and Students Union.
- 4.6 The Council has also operated a landlord accreditation scheme as part of the Housing Strategy known as [Reading Rent with Confidence](#). The scheme aims to improve standards by encouraging landlords with good management practices and properties. However, engagement with landlords has been difficult and uptake has been low with under 10 properties on the scheme as of November 2023.

The stock condition report

- 4.7 The Council contracted Metastreet to examine data from its own systems, external data relating to the PRS and wider socio-economic factors. Metastreet use modelling to generate estimates, this approach has been widely used by other councils and used by a number to provide evidence to support the designation of licensing schemes. Appendix 1 includes the full report. The key issues identified as part of the study were:
 - Reading's PRS is now calculated to be 39.9% of all housing stock and distributed across all 16 wards.
 - Reading has a mixture of high and low deprivation wards. 8 of 16 wards have aggregated Index of Multiple Deprivation rankings below the national average.
 - Reading has a lower proportion of its population in fuel poverty (10.3%) than the national average.
 - Reading has above average rents for England (£1,006) and has above average rented property possession rate nationally, with 11.5 claims per 10,000 households in 2023, reflecting a lack of security of tenure for Reading's renting residents.
 - Reading recorded 3,117 complaints and service requests from private tenants and others linked to PRS properties over 5-years.
 - The Council has recorded a total of 1,980 ASB incidents related to PRS properties over the past five years.
 - 1,084 PRS properties are likely to fail the basic energy efficiency requirement.
 - There are 4,279 private rented properties in Reading that are likely to have at least 1 serious housing hazard, distributed across all wards.

In relation to houses in multiple occupation (HMOs) specifically:

- The HMO stock has been estimated to comprise a total of 3,272 properties.
- Analysis shows that 1,230 HMOs (37%) are predicted to have at least one serious hazard.

- 697 ASB incidents have been linked to all HMOs distributed across all wards over 5 years.
- HMOs have by far the highest rates of ASB (21.3 per 100 dwellings), when compared to other tenures.

5.0 Options

- 5.1 There are several viable options which could be taken forward. Broadly speaking these can be targeted at a combination of the following themes:
- Property conditions.
 - Antisocial behaviour.
 - Houses in multiple occupation.

- 5.2 The option appraisal identifies outcomes and risk factors and evaluates these based on information from other local authorities and the service's own experiences of mandatory licensing. The options explored consider both the type of licensing, but also different scales e.g. Boroughwide versus ward(s). It is clear from the current mandatory scheme model that the implementation and administration of the scheme can be hard to run on a cost neutral basis.

Option 1 – Further developing existing powers and tools

- 5.3 The Council must consider what other options are available, before proceeding with a designation of a new licensing scheme.
- 5.4 Within this option is 'do nothing' and continue to operate the service as now, reacting to complaints about property conditions and continuing to operate the mandatory licensing scheme. However, whilst the current service delivers effectively on a number of levels, there is space to improve outcomes by refocusing services, in particular, by using the data from the survey to target enforcement.
- 5.5 Strategic targeting of the worst property (or areas) could be carried out by:
- Proactive targeting of properties with a low energy rating could be carried out using enforcement powers under the domestic minimum energy efficiency standards regulations or the Housing Act Part 1, which provides for other enforcement powers.
 - Proactive inspections could be targeted at particular areas or particular property types, including the identification of licensable properties potentially evading the mandatory scheme. Through intervention, this would lead to improved standards for residents and a potential reduction in complaints.
- 5.6 These options are likely to be labour intensive and whilst some costs can be recovered where a formal notice is issued, there would not be a licence fee to cover the whole costs of such a scheme.
- 5.7 Joint working between Public Health and Public Protection services can be built upon to improve the health of the population in Reading. The objective would be to reduce the impact of poor, unsuitable housing on both physical as well as mental health and wellbeing. In turn this aims to reduce health inequalities, along with the associated demand for health care and social care.
- 5.8 The Council could also amend the enforcement policy to move the focus to earlier formal interventions such as notices, where there is a risk identified to the tenants. This option might increase cost recovery, for formal action relating to the Housing Act, but not for other types of notice. There is a risk however that this would move away from nationally recognised enforcement approaches such as the Regulators Compliance Code and therefore would increase risks of appeal.

Pros	Cons
Less likely to require new approvals, some adjustments may be possible within scope of existing policies and delegations	Action under this option is unlikely to reach as many properties as is possible under the other options below.
More likely to be achievable within existing resource	Unlikely to achieve cost recovery (as this is not available under all the available powers)
Use of existing powers could be more targeted on the worst properties (looking at individual problem properties instead of a broader area). Landlords may feel that extending licensing catches all landlords including good ones and is not targeting the worst landlords. This option may therefore have more stakeholder support.	Would not benefit from the publicity and engagement (with landlords and tenants) that a consultation and designation may generate. It can be hard to reach tenants in the worst properties who may not know to approach us or who may be afraid to. Alternative publicity could be carried out to increase awareness to mitigate this.
Can make use of the data from the stock condition report in targeting of areas or of individual properties (without having to also interact with neighbouring properties in the area that are more likely to be compliant).	If increased formal legal action is implemented, landlords may complain or appeal to the court system on the basis that they would have completed the works voluntarily. It also generates wider cost to the organisation which may not be recovered.

Option 2 - Additional Licensing Scheme

- 5.8 This option would focus on licensing smaller houses in multiple occupation only (in addition to the HMOs covered by the existing scheme). This would cover properties with 3 or 4 occupants forming separate households (usually with shared facilities). There are currently 1,800 HMOs of this type not covered by an existing licensing scheme.
- 5.9 The study does suggest that there are issues around both property conditions and anti-social behaviour in relation to HMOs with shared facilities. The stock condition report did not provide evidence in relation to buildings converted into self-contained flats, which may also be considered as a type of HMO and which may also have poor conditions. The properties could also be covered by a designation, further analysis of the hazard profile will be required to assess whether these should be included in the proposed designations.
- 5.10 The scheme would operate in a similar way to the existing mandatory licensing scheme, with inspections of each property and using similar criteria, though a review of our standards and guidance will be required. The proposed fees are therefore the same as for existing HMO licences under the existing scheme, with a proposed standard fee of £950 (further details in Appendix 5-7). A licence will be issued for a maximum of 5 years.
- 5.11 Enforcement within the area designated will increase as a result of increased levels of inspections and the identification of more non-compliant landlords. In addition, increased awareness amongst residents and landlords could lead to the sector itself driving up standards.
- 5.12 This option is further broken down into large and small areas.

Option 2 (a) - Large Additional Licensing area (multiple wards, up to the whole Borough)

This would cover a large area of the Borough or the whole Borough, equating to up-to 1,800-2,000 HMO properties with shared facilities (or a larger number if buildings converted into flats were also included).

Pros	Cons
A large scheme treats all HMO landlords equally.	An additional licensing scheme would only licence small HMOs currently not covered by the mandatory scheme. It would not cover other rented properties.
A large scheme would have the greatest impact on the numbers of properties to be improved.	The evidence for taking action is weaker in some wards, so the scheme may be seen by some as disproportionate and more open to challenge.
An HMO-only scheme targets the tenure type which the study shows has the most problems.	If licences are to be processed and properties inspected this will be a major undertaking and not achievable within the existing staffing resource. There is a significant risk of not being able to recruit sufficient staff to operate the scheme, in particular relating to Environmental Health Officers and other inspecting officers where there is a national and local shortage of qualified staff.
Enforcement within the whole borough will increase as a result of the identification of more non-compliant landlords, improved compliance from enforcement and increased awareness amongst residents and landlords, driving up standards.	Conditions that restrict the number of occupants may have an impact on homeless prevention and availability of accommodation. This may be acute in cases where an existing occupant is required to leave in order to comply with a restriction and there may also be longer term impacts on the housing rental market.
This risk of displacement of HMOs from one area to another is reduced (potentially reducing the impact on areas with low concentrations of HMOs at present).	Costs of a scheme are likely to be passed onto both landlords and tenants. Licence fee costs are estimated to be in the region of £950 for a licence lasting up to 5 years, with no controls on how this may affect rent levels.
HMOs are predicted overall to have higher rates of poor property conditions and so the scheme may be viewed as more targeted.	Increased regulation and knowledge of the possibility of a scheme being introduced is likely to result in landlords leaving the market which may impact on housing supply.
	Amongst rogue landlords, there may be increased retaliatory evictions resulting from enforcement intervention.
	Enforcement costs against non-compliant landlords, which might not be recoverable through fees, are likely to be higher due to the larger area and number of properties covered.

Option 2 (b) – Small Additional Licensing area

In this sub-option a smaller area would be selected, typically this would be a ward or a group of wards.

- 5.13 A smaller area-based scheme would cover areas where more issues have been identified with housing conditions.
- 5.14 The number of HMOs that would be included would vary by ward as set out in the table below, showing figures for HMOs with shared facilities. A larger number of properties could be included if buildings converted to self-contained flats are brought into the

scheme designation. The impact of a scheme will also vary by ward, as some have higher rates of issues such as serious hazards or antisocial behaviour.

Wards	No. HMOs	Mandatory HMO Licence applications made	Additional HMOs	Serious hazards (Predicted)	ASB & nuisance incidents
Abbey	770	82	688	159 (20%)	86 (11.1%)
Battle	208	84	124	96 (46.1%)	65 (31.3%)
Park	463	283	180	82 (17.7%)	152 (32.8%)
Redlands	653	336	217	143 (21.9%)	225 (34.5%)

- 5.15 Should a full Borough scheme not be supported, it is therefore recommended to consult on the implementation of an additional licensing scheme (covering smaller HMOs) in a restricted number of wards. Battle and Redlands ward have been identified as the priority areas (341 properties). Abbey ward or part of Abbey ward could be added to incorporate up to an additional 688 properties. A larger number of properties could be included if buildings converted to self-contained flats (poorly converted buildings) are brought into the scheme designation.

Pros	Cons
More likely to be achievable with a modest increase to existing resource (depending on the number of properties in scope).	Does not cover so many properties, so fewer properties are improved
HMOs are predicted overall to have higher rates of poor property conditions and so the scheme may be viewed as more targeted.	An additional licensing scheme would only licence small HMOs currently not covered by the mandatory scheme. As a result, many poorly managed properties occupied by single households would be excluded from the scheme, diminishing the impact. Selective licensing allows for all private rented properties to be covered, rather than just HMOs.
A smaller targeted scheme allows outcomes to be evaluated rapidly by the service and its partners. The scheme could be used as a pilot prior to expansion into further wards. Changes can be made on a smaller scale as necessary and improvements to future schemes may be better informed.	There may be market distortion within the affected areas including loss of some properties from the sector, this may impact on adjoining areas or other parts of the wider area. For example, further conversions to HMOs outside the designation boundary and/or rogue landlords may be displaced into other areas of the borough as a result of licence avoidance.
Some of the negative impacts on landlord leaving the market and evictions may be reduced in size, due to the smaller number of properties affected.	Conflicting priorities between agencies may mean that the areas selected as a priority for housing conditions are not a priority for other departments or agencies (so the benefits of co-operation are reduced),
A focussed neighbourhood approach could more easily incorporate a multi- agency approach as resources can be more readily marshalled.	A requirement to carry out a statutory consultation again if the scheme is to be extended into other parts of the borough.

Capacity/resource can be tested without the same level of financial commitment that may be required by a larger scheme. E.g. if the enforcement resource is insufficient, this can be reviewed as this is a key part of any scheme but is not covered by licensing fees.	We note that further investigation may be required to establish the detail of the property numbers particularly in Abbey ward and whether blocks of modern converted and purpose built housing such as student flats have impacted on this figure.
Starting with a focus on the area evidencing greatest need, the scheme could in subsequent years be extended to cover additional wards with experience fed back in as the scheme progresses.	Landlords inside the area may feel unfairly targeted and tenants outside the designation may feel disadvantaged.

5.16 Option 3 Selective Licensing Scheme

5.17 A selective licensing scheme would cover all private rented properties within the designated area, other than where a legal exemption is in place.

5.18 The legislation sets criteria for introducing a selective licensing scheme.

- low housing demand and/or;
- a significant and persistent problem caused by anti-social behaviour;
- poor housing conditions;
- high levels of migration;
- high level of deprivation;
- high levels of crime.

5.19 The study does not provide any evidence in relation to crime or migration and at present there is not sufficient evidence to base a designation on these criteria.

5.20 Drawing on evidence from the Stock Condition Survey, there is some evidence to support a link between antisocial behaviour and HMOs, though the links between antisocial behaviour and the rest of the private rented sector is less clear. As with Option 2 the figures vary across different areas and therefore a targeted approach would be both more readily justifiable and deliverable than a Borough wide approach.

5.21 The report also provides evidence in relation to the poor housing conditions criteria. The report shows that poor conditions are not restricted to the HMO stock and this may justify broader action particularly in the areas with the worst conditions. Key factors relating to housing conditions identified in the report include:

- Abbey (63) and Redlands (45) received the highest number of statutory notices for housing and public health related issues.
- Park (9) and Redlands (9) received the highest number of serious enforcement interventions (financial penalties and prosecutions).
- Church, Park and Redlands had the largest percentage of properties with a poor EPC rating (E,F or G).
- Redlands (484) and Abbey (405) received most private tenant service requests and complaints by private tenants and others to the Council.
- Redlands (605) and Park (490) have the highest number of predicted properties with at least one serious hazard.

5.22 The report does include some information on deprivation. Abbey, Battle, Church, Coley, Katesgrove, Norcot, Southcote and Whitley wards have rankings below the national average on the Indices of Multiple Deprivation. A designation using deprivation criteria would allow the Council to consider:

- the average income of households
- the employment status of adults

- the health of households
- the availability and ease of access to education, training and other services for households
- housing conditions
- the physical environment
- levels of crime.

5.23 The impact on health can also be considered in a designation relating to property conditions, as it would consider the potential harm to health caused by poor housing conditions. This includes damp, cold, mould and their related health effects.

5.24 The recommendation is to make a designation based on property conditions. Housing is one of the fundamental building blocks for a healthy life and all aspects of individual's homes and where they live affect their physical and mental health and well-being. Licencing conditions would consider that for a home to be licenced; it needs to be warm, free of damp and have enough space and be free from significant hazards. The scheme and conditions might also include energy performance of properties, with potential positive impacts on the environment and energy costs.

5.25 Licence applications under this scheme would need to evidence property conditions, a proportion of properties would be inspected and other means of demonstrating compliance may be used in some cases. A lower standard fee (£750) is proposed to take account of not all properties being inspected, details in appendix 5-7. Licences would be issued for up to 5 years and would have conditions applied to ensure property standards are maintained, the scope of the potential conditions is shown in Appendix 3.

5.26 Within this option there are large or small scheme designations:

Option 3 (a) – Large Selective Licensing area (multiple wards, up to the whole Borough)

5.27 A large scheme encapsulating all of Reading's private rented sector could have as many as 30,982 properties within it. Although 4,297 of these properties are predicted to have serious hazards, the rate does vary between wards.

Pros	Cons
A large scheme treats all landlords equally.	A large scheme will need consent from the Secretary of State, which will also increase the timescale and cost for delivery.
A selective licensing scheme could cover a broader range of properties, so may have more impact from covering a greater number of properties. The scheme would therefore have the greatest reach, with the potential to improve the greatest number of properties.	The evidence for taking action is weaker in some wards, so the scheme may be disproportionate and more open to challenge and will cover more properties that are already compliant.
Will capture properties such as those flats which are not covered by the proposed additional HMO scheme.	The resources to process such a scheme would be larger and beyond current capacity.
A selective licence scheme might have more impact on a neighbourhood, through this wider coverage, particularly in areas where the total private rented sector level is high, but the percentage of HMOs is lower.	The selective scheme covering single household dwellings has more differences to the existing licensing scheme than an additional HMO scheme, and so may take more time to design and implement.

A selective licence may not require an inspection in each case, this option therefore requires less resource and results in a lower fee for the landlord.	A greater number of properties that are already safe would be covered by a large scheme.
	A selective licensing scheme may take more time to design and implement.

Option 3 (b) Small (area based) selective licensing area (small scheme under 20% threshold)

- 5.28 Drawing on evidence from the Stock Condition Survey there is strong evidence to support an area-based scheme, covering areas where more issues have been identified with housing conditions. This would be both justifiable and deliverable when compared to a Borough wide approach. It is therefore proposed, if this option is approved, to consult on the implementation of a selective licensing scheme in a restricted number of wards.
- 5.29 According to the study the following wards are predicted to have the highest rate of serious hazards, expressed as a percentage of private rented sector dwellings in that area:

Battle	15.9
Tilehurst	15.9
Church	17
Park	20.1
Redlands	20.1

The following wards are predicted to have the highest number of serious hazards within the private rented sector in those areas.

Katesgrove	404
Battle	429
Abbey	449
Park	490
Redlands	605

- 5.29 Based on this data, officers would recommend the designation of a selective licensing scheme to cover the two wards with the highest rate and number of serious hazards (Park and Redlands). For the third ward officers would recommend a designation in Battle ward, which features both high numbers and a high rate of serious hazards. A discretionary licensing scheme in these wards would cover an estimated 8,149 properties, or 6,825 properties if houses in multiple occupation with shared facilities were licenced separately under Option 1. A full and final recommendation is not made in this report, as it is considered worth further investigating the impact of individual flats in poorly converted buildings on overall housing conditions in a couple of wards.

Pros	Cons
More likely to be achievable than a whole Borough scheme (depending on the number of properties in scope) with fewer additional resources.	Due to the size of the sector even one ward could take significant resource, with up to 5,014 PRS properties within a ward
Will capture properties such as individual flats, which may not be covered by the proposed additional HMO scheme.	Targeting a small number of wards may be seen as unequal, both landlords and tenants may feel that requirements in one

	area are not applied in other areas which may be perceived as unfair.
A selective licensing scheme could cover a broader range of properties, so may have more impact from covering a greater number of properties.	HMOs are predicted overall to have higher rates of poor property conditions and so the scheme covering all PRS may be viewed as less targeted.
A selective licensing scheme might also have more impact on a neighbourhood in areas where the total private rented sector level is high, but the percentage of HMOs is lower.	A selective licensing scheme may take more time to design and implement.
A scheme targeted on a smaller area would concentrate on the worst, so the interventions/applications to reach the poorer properties is reduced (so the benefits weighed against the cost of a scheme may be increased).	
A selective licence may not require an inspection in each case, this option therefore requires less resource and results in a lower fee for the landlord.	

5.30 Option 4 Combination of schemes

- 5.31 A combination of additional and selective schemes could be introduced. For example, all HMOs (3-4 occupants) could be licenced under an additional licensing designation across the Borough and all private rented properties in specific wards under a selective licensing designation. Using the criteria outlined in earlier options, it is proposed that a phased implementation of selective schemes be consulted on. This would mean that the evidenced issues within wards could be addressed, but in a more manageable way.
- 5.32 It is noted that of the three wards conditionally proposed, Battle ward has been identified as a deprived ward. The order of phasing for the delivery of an area based selective scheme would therefore take into account markers such as deprivation, to ensure the greatest benefit of delivery. Consultation on all proposed schemes would run together.

In addition to the pros and cons listed in Options 2 and 3:

Pros	Cons
This may be the most targeted approach looking area by area.	The designations may be more difficult to explain during the consultation process and, if made, may remain more difficult to understand which would impact on compliance.
Applying additional licensing to some areas (instead of selective licensing) may make the number of licences more manageable.	The process the Council must follow to set up designations under two parts of the Act may be more complicated.

6.0 Conclusions/Recommendations

- 6.1 A targeted approach is recommended based on Option 4. This includes additional licensing of smaller HMOs across the whole Borough, combined with selective licensing of all rented properties in selected wards.
- 6.2 Officers have concluded from the evidence presented within the study that initially a scheme should concentrate on poor management, focused on tackling property

conditions and the impact on occupants. Work to establish an action plan in relation to anti-social behaviour, in conjunction with the Community Safety, Sustainable Communities and ASB Teams and partner agencies could follow as a secondary phase in conjunction with the Strategic Needs Assessment led by that service.

- 6.3 Further work will be completed to support the preferred options, this will include the resources required to design and implement the scheme(s). There will also be some refinement to the ward selection for Selective Licensing. The objective will be to establish whether additional licensing of converted flats may tackle a significant number of the hazards identified where there are a number of older converted buildings, if so this will be included in the consultation on an additional licensing scheme. If it doesn't then consideration will be given as to whether to include additional areas in the selective scheme (subject to threshold criteria being carefully considered).
- 6.4 It is proposed to set the fee at a level that would ensure cost recovery for the scheme. In addition, a fee which is a balance between reasonable cost for licence holders against ensuring the scheme is successful, properly funded and appropriately resourced.
- 6.5 Once responses to the consultation are analysed a further report would need to be presented to the Housing Neighbourhoods and Leisure Committee, including a decision on whether to proceed. A statutory process must be followed. An indicative timetable is included in Appendix 4.

7.0 Contribution to Strategic Aims

- 7.1 'Thriving Communities' theme of the Corporate plan 2020-25. Under the corporate plan we are committed to ensure everyone has an equal chance to thrive wherever they live. The corporate plan also aspires to a place-based approach and for residents to feel safer from risk or harm. The targeted approach set out in the recommendations can contribute to ensuring equal access to a decent home across tenures and across the Borough.
- 7.2 The proposed recommendation to designate licensing schemes also contributes to improve "public health and prevent and reduce health inequality enabling people to live a full and healthy life". Specifically, improving living standards can have a positive impact on mental and physical health and wellbeing, as well as national evidence supporting that poor housing can lead to poorer educational attainment outcomes.
- 7.3 The Council will take a population health approach to improve the stock of good quality homes by integrating Housing and Public Health and addressing the interrelated issues of poor health and housing. The Council will aim to make healthy homes the norm to reduce health inequalities.
- 7.4 The link between poor housing conditions and poor health outcomes is long established. Improving the quality of housing, would have a positive impact on the associated demand for healthcare and social care.

8.0 Environmental and Climate Implications

- 8.1 There is a net medium positive impact to introducing the recommended schemes. The Housing Strategy commits the Council to use the stock condition report to provide information on the energy efficiency rating of dwellings in the Borough to support the delivery (including retrofit of properties) of the Reading Climate Emergency Strategy 2020-25. This will be developed further as part of the Housing Action Plan.
- 8.2 The decisions in this report will impact on climate and environment through improvements in property conditions. The report identifies the number of properties in the private rented sector with poor energy efficiency ratings, a number of the housing hazards referred to

will also relate to excess cold. The inspection programme and compliance actions resulting from a designation of discretionary licensing schemes will result in improved energy efficiency of some properties covered by the scheme.

- 8.3 In relation to waste, HMOs occupied by separate and multiple households, generate more waste and rubbish than single family homes. The Council in its function as the local waste authority can make provision for landlords of HMOs to ensure there are appropriate facilities for storing rubbish their properties generate. All licensed HMOs (including those under additional licensing schemes) will need to comply with the scheme. By providing the correct waste receptacles this enables recycling from these households. A licence holder's failure to comply with the scheme is a breach of the licence and criminal offence.

9.0 Community Engagement

- 9.1 A statutory process must be followed, the local housing authority must consult on the proposed scheme for at least 10 weeks.
- 9.2 Guidance from DLHUC in relation to selective licensing suggests that 'The consultation should be informative, clear and to the point, so the proposal is readily understood. It should inform local residents, landlords, letting agents and businesses about the proposed designation, giving the reasons for proposing it, why alternative remedies are insufficient, demonstrating how it will tackle specific problems together with other specified measures, and describing the proposed outcome of the designation. It should also set out the proposed fee structure and level of fees the authority is minded to charge (if any). Consultees should be invited to give their views, and these should all be considered and responded to.'
- 9.3 The guidance also states that 'Once the consultation has been completed the results should then be published and made available to the local community. This should be in the form of a summary of the responses received and should demonstrate how these have either been acted on or not, giving reasons.'
- 9.4 The Housing Act also requires the Council to seek to adopt a coordinated approach in relation to homelessness, empty properties and anti-social behaviour affecting the private rented sector when designating a scheme. As this must look at combining licensing with other courses of action available to the Council and with measures taken by other persons, it will also be necessary to consult with partner agencies and other interested bodies who interact with and influence the sector. This will include the fire service, police and landlord associations.

10 Equality Implications

- 10.1 The proposals are not expected to have a differential people with protected characteristics (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex (gender) or sexual orientation), beyond the impact described below.
- 10.2 The proposals in the report will have a beneficial impact to residents in the private rented sector subject to the scheme(s), particularly those occupants of certain ages (particularly the very old and very young) who may be impacted more due to the risk of injury or poor health caused by poor housing conditions.
- 10.3 The improved housing conditions resulting from the proposal will support individuals at high risk of poor health outcomes, a priority in the [Berkshire West Health and Wellbeing Strategy 2021-2030](#).

11 Other Relevant Considerations

- 11.1 The Council must ensure that it has robust evidence against relevant criteria for designations and set the Council ambition, prior to scheme design. The data will need to be examined so see which scheme fits with which ward or other designated area. The staffing resource required to set up the scheme and to implement it (which will vary

depending on size) must be identified. A working group will need to be set up of key staff within Public Protection, Legal, Public Health and Communications teams.

- 11.2 It is good practice to run a pre consultation exercise prior to full consultation to identify some of the barriers and provide information to members and officers around the likely challenges.
- 11.3 Statutory Consultation must take place, this 10–12-week consultation engages stakeholders to consult on scheme approach and requires significant effort in particular to reach all affected groups, some of whom are outside the borough. A 12-week standstill period follows and all consultation responses must be considered and responded to. A post consultation report for committee would follow.
- 11.4 In addition to committee approval, any designation proposal covering more than 20% of the geographical area or 20% of the private rented housing stock would then need to be sent to the Secretary of State. This would take at minimum 3 months from being sent and could take up to 12 months.
- 11.5 In order to implement the scheme development of systems (to process applications) and time to recruit capability and capacity must take place. Officer resources may need to be front loaded to the initial implementation stage to deal with initial applications, this may reduce after an initial period.
- 11.6 As noted above, the progression of the Renters Reform Bill may impact on the regulations facing landlords in this sector and may to some extent duplicate provisions of a licensing scheme. The Secretary of State may also review the types of designation which does not require their approval at any time but following enactment of the Bill. The extent of the additional work required to enforce the Renters Reform Bill (if enacted) is not known, if the other options are pursued this may make it more difficult to find additional capacity to cope with these requirements. Some of the proposals in the Bill may have some benefits such as a landlord register, which may duplicate some of the benefits of a licensing scheme. Registration on a national register would identify more landlords that we are currently aware of. If other options in this report are pursued, this may make it more difficult to find additional capacity to cope with any new requirements resulting from the Bill, if enacted.
- 11.7 The publicity surrounding the proposed schemes, including at consultation and designation stage, may raise awareness of the Council's role in enforcing standards in the private rented sector. As well as the benefits of this, increased awareness on compliance may also lead to increased demand on the service responding to enquiries and complaints about property conditions (as well as about the scheme itself). The design and implementation of the schemes, though proposed to be met through existing budgets, are likely to impact on service delivery in day-to-day operations of the private sector housing team. A further assessment will need to be conducted into the impact on other Council services and stakeholders to ensure that capacity exists.
- 11.8 In order to encourage landlord engagement and upskilling, it is proposed to offer a discount to landlords who are accredited, this is in line with current policy for the existing mandatory licensing scheme. Landlord accreditation schemes such as those operated by the NRLA are voluntary schemes which require completion of training.
- 11.9 Caselaw indicates that the planning status of a property may be a relevant consideration when issuing a licence. Consultations with planning and planning enforcement would likely form part of the scheme design and the issues raised from applications and inspections may impact on these services.
- 11.10 Although it is envisaged that most licences issued would be for the full term of the designation (5 years), there is no requirement for the Council to issue a licence for the full length of the scheme. Issuing a shorter licence is an alternative measure where there are issues at the property, this might include poor management, poor property conditions

or issues around planning permission. In these circumstances, it is proposed that the council would generally issue a one-year licence in the first instance to allow sufficient time to regularise the planning position or other issues. Licence holders could then apply for a further licence. This would apply across the mandatory and additional HMO schemes. It may also apply to the selective licence scheme in certain circumstances. For example, before starting any works to satisfy licence conditions to a protected property or inside a conservation area.

12 Legal Implications

- 12.1 The Housing Act 2004 Parts 2 and 3 contains the provisions under which any selective or additional licensing scheme may be made and also the conditions which can be included on a licence. The legal requirements for designation and for the conditions that may be attached to a licence under each type of scheme are set out in Appendix 2. The Council is required to consider whether alternative courses of action would meet its objectives.
- 12.2 The Provision of Services Regulations 2009 will apply. Local Authorities introducing new requirements for businesses, are obliged to comply with the Regulations. This extends to administrative or procedural rules and practices which are part of authorisation processes, and to conditions that are attached to licences where this condition is a part of the authorisation process. Fees charged by a competent authority under an authorisation scheme must be reasonable and proportionate to the cost of the procedures and formalities under the scheme, and must not exceed the cost of those procedures and formalities. [The Department for Business, Energy and Industrial Strategy \(BEIS\) has published guidance](#) Other authorities have faced legal challenges relating to the requirements of these regulations, in particular relating to fees.
- 12.3 The Council must consult persons affected by any designation and consider the representations made by them. A failure to follow this procedure could result in an application for judicial review, or in the Secretary of State not making the designation where approval is required. A failure to apply legally compliant conditions onto a licence may result in successful appeals against licence decisions to the Residential Property Tribunal.
- 12.4 The proposals in the report are likely to result in an increase in formal enforcement action, due to the number of properties proposed to be brought into the scope of the additional regulation.
- 12.5 A person commits an offence if they have control of or manage a house which is required to be licensed but is not, or if they fail to comply with the licence conditions. Such a person is liable on summary conviction to a fine, or a financial penalty may be imposed by the Council (as an alternative to prosecution) of up to £30,000. Any rent paid to the landlord of a property which was required to be licensed but was not, may be liable to repayment by order of the Residential Property Tribunal.
- 12.6 A management order may be made in respect of a property which is required to be licensed but is not. A management order gives the local authority control of the property.

13 Financial Implications

- 13.1 Licensing allows local authorities to recover costs related to the administration and processing of a scheme – but not its enforcement. Scheme design plays a significant role in determining the service provided and therefore the cost to the landlord/business. The significant costs are staffing for a combination of processing and inspecting officers. Supplies and services (including printing, equipment, health and safety costs) form the other running costs. There is no capital expenditure anticipated, the implications of the decision relate to revenue. Illustrative implications are set out in Appendix 7, however these would need to be further developed post consultation. The principle is that the

scheme should be fully self-funding from fees secured from new applications and renewals.

13.2 The proposed fees and charges are set out in Appendix 5, a comparison with other authority's fees in Appendix 6 as well as the predicted income and expenditure is shown in Appendix 7.

13.3 The income from fees has been set at a level for the schemes to operate on a cost neutral basis.

14.0 Value for Money (VFM)

14.1 Cost of using an external contractor to support the consultation process will vary based on the scale and complexity of any proposed designation. Discussions indicate these costs could be between £75-180k. The proposed fees have been benchmarked against similar schemes and are within a comparable range. The proposed options, taking account the public benefit and health benefits and cost recovery element of the scheme, presents value for money.

15.0 Risk Assessment.

15.1 The key financial risks associated with any scheme are:

- Consultation costs can be recovered through the scheme fee but will not be recoverable if the designation is not made. This would include costs incurred from a decision not to proceed following consideration of consultation responses. Consultation and setup costs will also not be met if the scheme cannot proceed due to legal challenge or failure to obtain Secretary of State approval (where required).
- Income does not cover expenditure. Previous models of expected income from the extension of mandatory licensing in 2018 were not met due to a smaller than expected number of applications.
- The licence fee may only be used to recover costs related to the operation of the licensing scheme. Property inspections may identify other deficiencies which require enforcement under different legal provisions, which in most cases do not have cost recovery mechanisms attached for officer time.
- If the services is unsuccessful in recruiting to the posts required to process applications and inspect properties, this may delay the issuing of licences which would impact on a proportion of the fee income. The bulk of the application fee is payable upfront but a proportion is payable once the decision to issue a licence is made.
- At the end of the scheme there is a risk of additional costs relating to redundancies if there is no follow up designation or similar scheme generating licence fee income.

15.2 It is proposed to initially create some of the posts needed to operate the scheme as fixed term contracts, to mitigate the risk of a smaller number of licensable properties or applications coming forwards.

16 Timetable for Implementation

16.1 An indicative timetable is set out in Appendix 4.

17 Background Papers

17.1 There are none.

18 References

1: <https://ukhsa.blog.gov.uk/2015/10/21/bringing-together-housing-and-public-health/>

Appendices

1. Metastreet Stock Condition Survey.
2. Renters Reform Bill Summary of Proposals.
3. Comparison of scheme criteria and conditions which may be attached.
4. Indicative timetable for Consultation and potential approval of a scheme(s).
5. Financial implications – Proposed fees.
6. Financial implications - Fees comparison with other local authorities.
7. Financial implications – Predicted income and expenditure.

Reading Borough Council
Private Rented Sector: Housing Stock Condition and Stressors Report

January 2024



Executive Summary

Metastreet were commissioned by Reading Borough Council to review housing stock in the Town and assess housing stressors related to key tenures, particularly the private rented sector (PRS) and Houses in Multiple Occupation (HMO).

The detailed housing stock information provided in this report will facilitate the development and delivery of Reading's housing strategy and enable a targeted approach to tackling poor housing.

The main aim of this review was 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 or 2 hazard (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 Part 2 and Part 3 of Housing Act 2004

Metastreet has developed a stock-modelling approach based on metadata and machine learning to provide insights about the prevalence and distribution of a range of housing factors. This approach has been used by a wide range of housing authorities to understand their housing stock and relationships with key social, environmental and economic stressors.

The models are developed using unique property reference numbers (UPRN) and a large range of council held and open-source data, which when combined, provide detailed analysis at the property level.

Data records used to form the foundation of this report include but are not limited to:

Council tax	Electoral register	Other council interventions records	Tenancy deposit data
Housing benefit	Private housing complaints and interventions records	ASB complaints and interventions records	Energy Performance data

Key Findings

- Reading's PRS is now calculated to be 39.9% of all housing stock.
- The PRS in Reading is distributed across all 16 wards.
- Reading has a mixture of high and low deprivation wards. 8 of 16 wards have aggregated IMD rankings below the national average.
- Reading has a lower proportion in fuel poverty (10.3%) than the national average.
- Reading has above average rents for England (£1,006).
- Reading has above average rented property possession rate nationally, with 11.5 claims per 10,000 households in 2023
- There are 4,297 private rented properties in Reading that are likely to have at least 1 serious housing hazard distributed across all wards.
- Reading recorded 3,117 complaints and service requests from private tenants and others linked to PRS properties over 5-years.
- 1,084 PRS properties are likely to fail the basic energy efficiency requirement.
- The council has recorded a total of 1,980 ASB incidents related to PRS properties over the past five years.
- Reading's HMO population has been estimated to comprise a total of 3,272 properties.
- Analysis shows that 1,230 HMOs in Reading are predicted to have at least one serious hazard.
- During inspections, officers identified 701 Category 1 and 2 hazards (HHSRS).
- 697 ASB incidents have been linked to all HMOs in Reading distributed across all wards.
- HMOs have by far the highest rates of ASB (21.3 per 100 dwellings), when compared to other tenures.

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Introduction & Project Objectives

Metastreet were commissioned by Reading Borough Council to review its housing stock with a focus on the following key areas:

- Residential property tenure changes
- Distribution of the PRS and HMO
- Condition of housing stock in the PRS
- Housing related stressors, including Noise Anti-Social Behaviour (ASB), regulatory interventions and deprivation.

The report provides the council with the evidence base for developing housing policy and service interventions. The report also helps satisfy the council's responsibility to review its housing stock as set out under Part 1, Section 3 of the Housing Act 2004.

The second section of the report details the findings of the stock and tenure modelling, including an introduction to the methodology. A combination of Reading's data warehouse, machine learning, and modelling techniques have been used to pinpoint tenure and predict property conditions within its PRS housing stock. An advanced property level data warehouse has been developed to underpin the process.

For the purposes of this review, it was decided that a ward-level summary is the most appropriate basis to assess housing conditions across Reading, built up from property level data. Four separate predictive tenure models (Ti) have been developed as part of this project which are unique to Reading, they include:

- Private rented sector (PRS)
- Houses in multiple occupation (HMO)
- Owner occupiers
- Serious PRS housing hazards (Category 1 & high Category 2, HHSRS A-D)

The appendices to the report contain a summary of the data and a more detailed report methodology.

1 Reading overview

Reading is an ancient town in Berkshire, England. Most of its built-up area lies within the Borough of Reading. This report relates only to the areas overseen by Reading Borough Council Housing Authority.

Located in the Thames Valley at the meeting of the rivers Thames and Kennet, Reading is 40 miles (64 km) east of Swindon, 25 miles (40 km) south of Oxford, 40 miles (64 km) west of London and 16 miles (26 km) north of Basingstoke.¹

1.1 Population

The Office of National Statistics (ONS) Census 2021 population estimates for Reading was 174,200². Reading has seen significant population growth over the last 30 years (Figure 1).

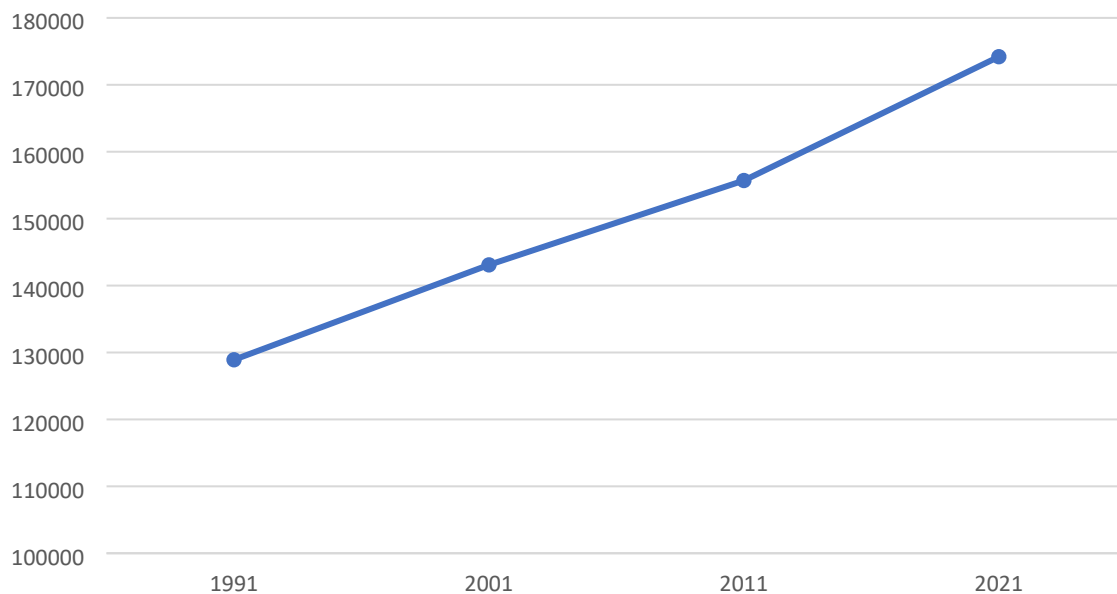


Figure 1. Population estimates, 30 years (Census 1991,2001,2011,2021) (Source: Census ONS).

1.2 Household size

Household size (all tenures) provides an insight into how dwellings are occupied (Figure 2)³.

¹ Wikipedia, November 2023, https://en.wikipedia.org/wiki/Reading_Borough_Council

² Office for National Statistics – Census 2021, <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/populationandhouseholdestimatesenglandandwales/census2021>

³ Office for National Statistics – Census 2021, <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/populationandhouseholdestimatesenglandandwales/census2021>

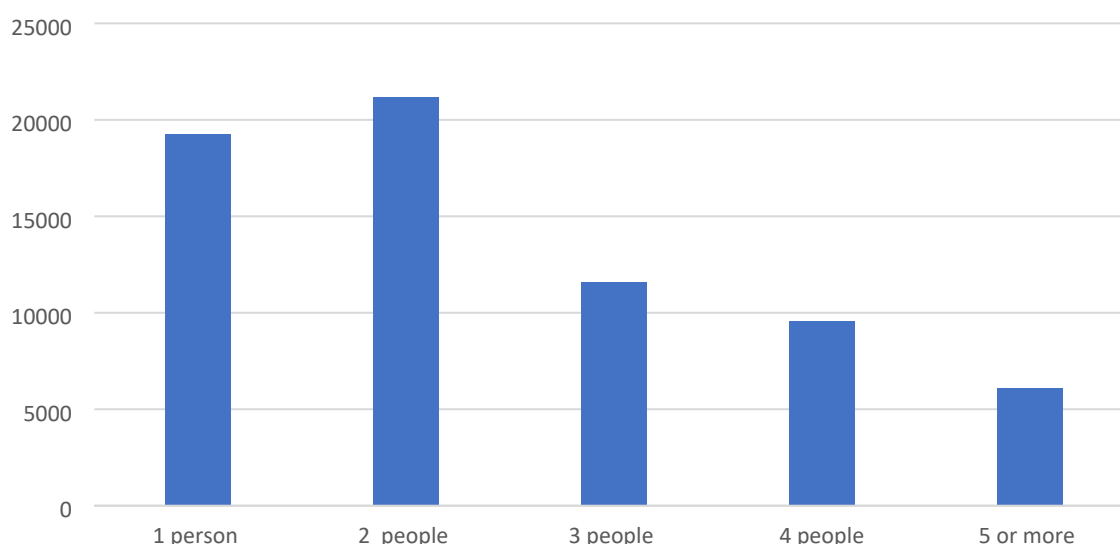


Figure 2. Reading household size (all tenures) (Source: Census 2021).

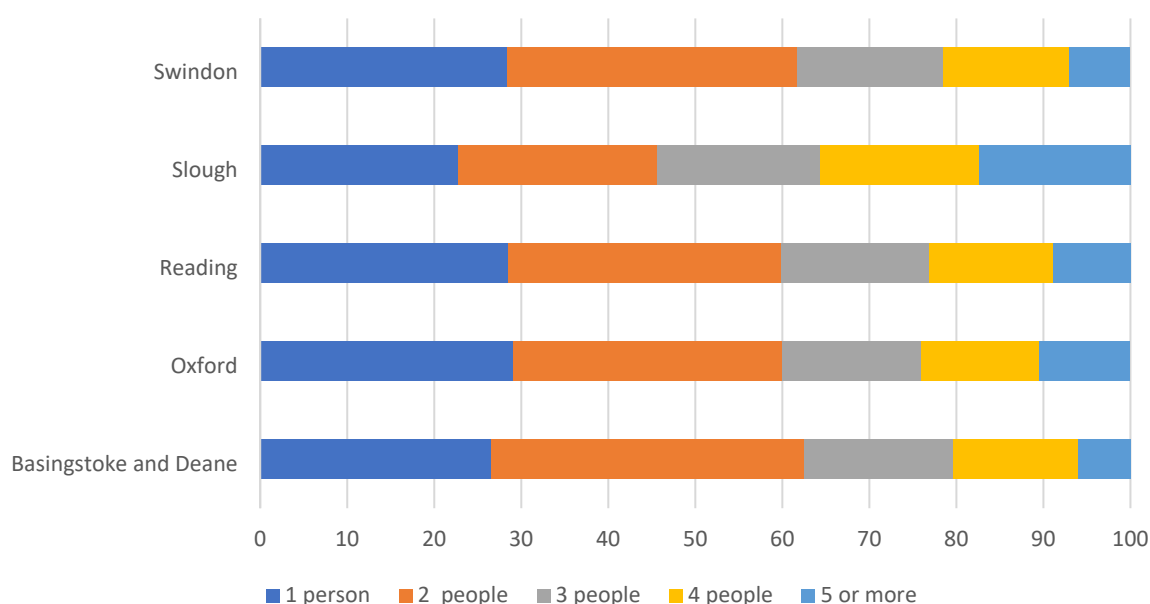


Figure 3. Household size (percent) (all tenures) by selected comparable authorities (Source: Census 2021).

1.3 Deprivation

The Indices of Multiple Deprivation 2019 (IMD 2019) provide a set of relative measures of deprivation for LSOAs (Lower-layer super output areas) across England, based on seven domains of deprivation⁴.

To produce the ward level data, LSOAs have been matched to new wards using an Open Geoportal lookup table. It should be noted that LSOA areas that fit all or part in the new wards have been included in that ward. Therefore, some LSOAs have been included within more than one ward due to the poor match between LSOA and new ward areas. An average decile of LSOAs linked to new wards is then calculated. The ward results have not been weighted for population. Average IMD 2019 decile aggregated at ward level reveals a clear picture of ward level deprivation (Figure 4 & Map 1). 1.0 on the graph represents the most deprived 10% areas and 5.0 represents 50% most deprived.

Reading has a mixture of high and low deprivation wards. 8 of 16 wards have aggregated IMD rankings below the national average (Figure 4).

⁴ ONS 2019 <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>.

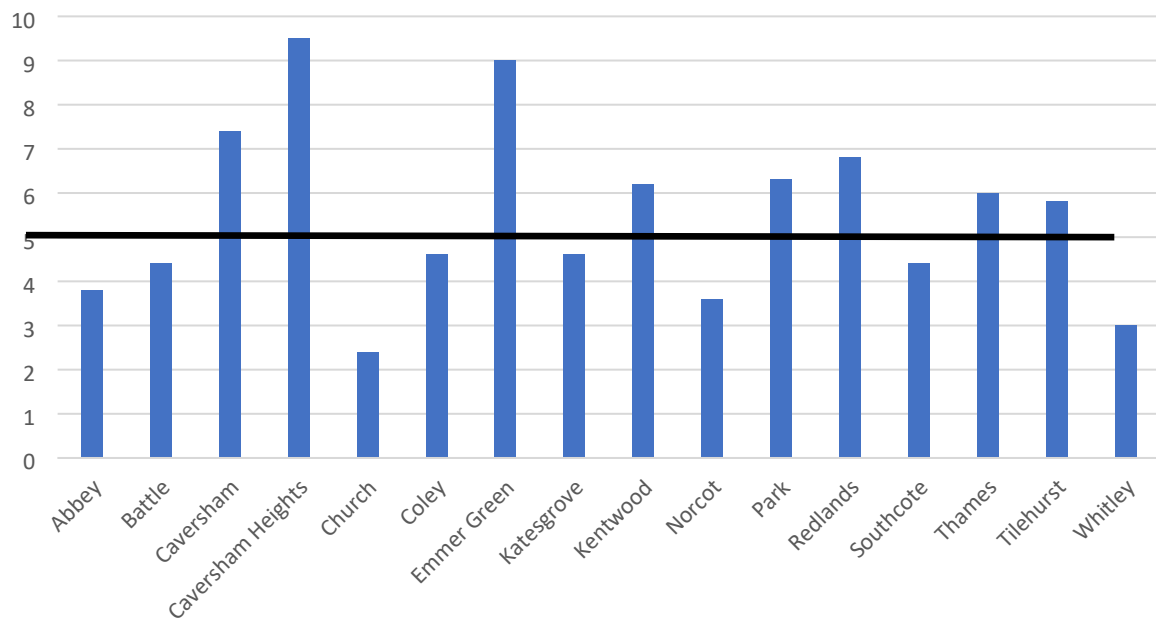
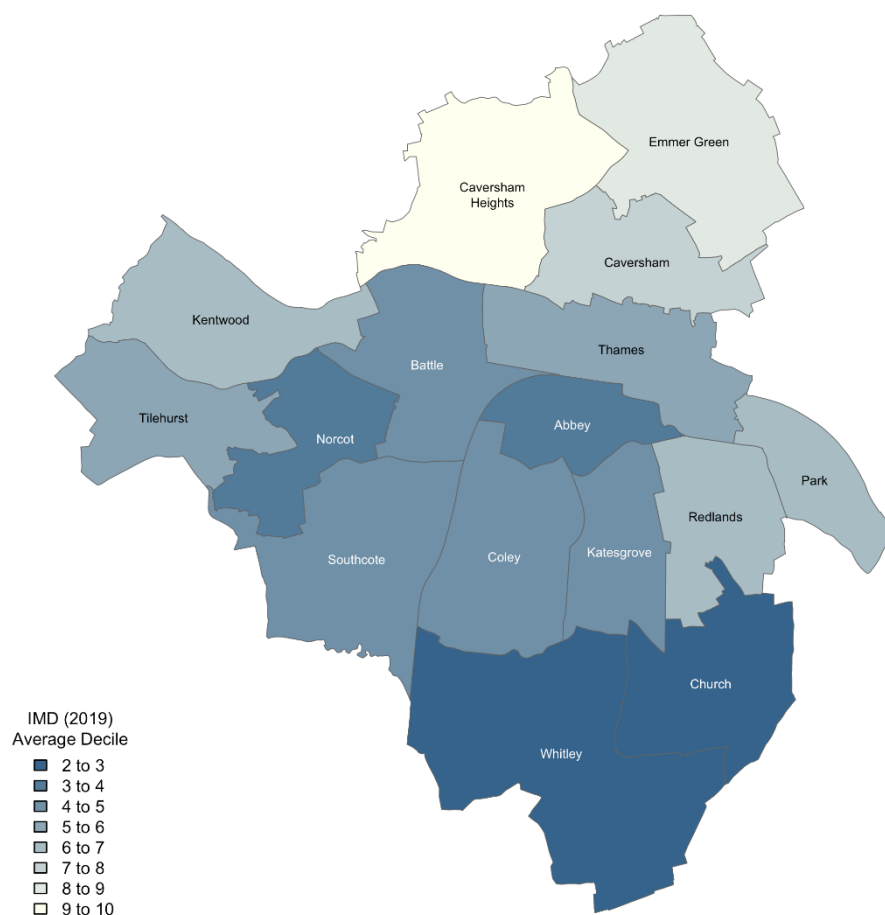


Figure 4. Average IMD (2019) decile by ward (Source: IMD 2019). Horizontal line shows the national average (5). Figures not population weighted.



Map 1. Distribution of Average IMD (2019) decile by ward (Source: ONS 2019, Map by Metastreet).

1.4 Fuel Poverty

Fuel poverty is defined by the Warm Homes and Energy Conservation Act. A household is considered to be fuel poor if they have required fuel costs that are above average (the national median level); and were they to spend that amount, they would be left with a residual income below the official poverty line.

The fuel poverty score was produced by the Department for Business, Energy & Industrial Strategy using 2019 data and published in 2021. Over the next 12 months these figures are likely to change significantly because of acute fuel price increases. Notwithstanding this, Reading has a lower proportion in fuel poverty (10.3%) than the national average (13.4%) (Figure 5) ⁵.

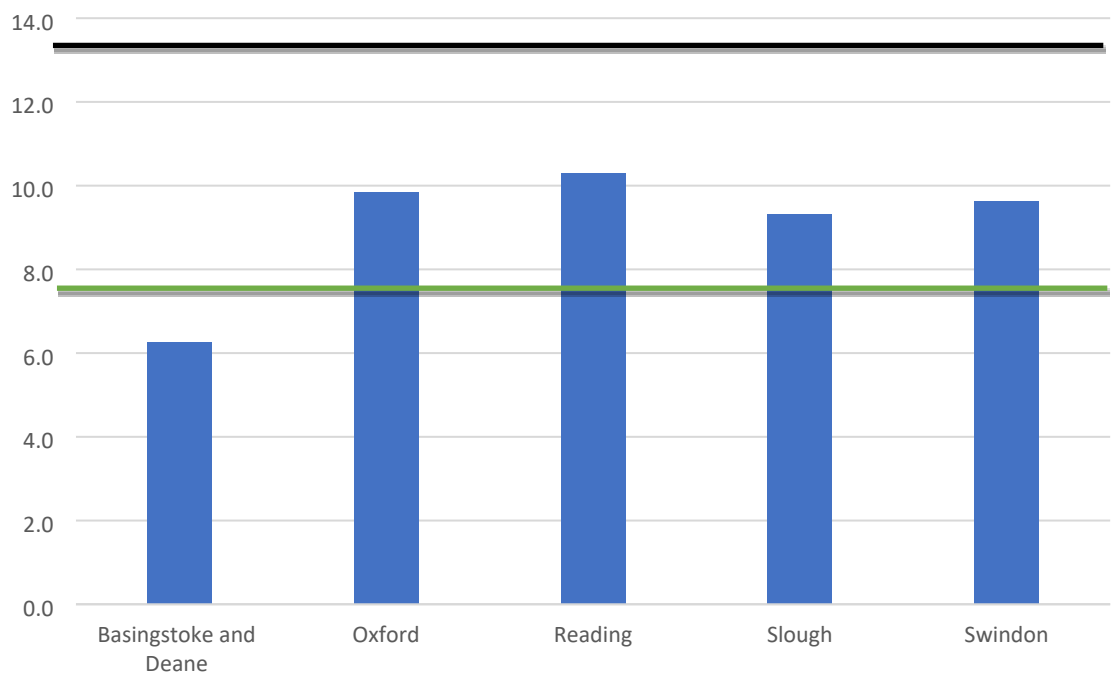


Figure 5. Proportion of households in fuel poverty (%) by selected comparable authorities (BEIS 2019). Horizontal black line shows England average (13.4%), Horizontal red line shows Southeast England average (7.5%).

Reading have been compared to a number of comparable authorities the national and subregional average where appropriate.

1.5 Rented property possession claim rates

Reading has above average rented property possession rate nationally, with 11.5 claims per 10,000 households in 2023⁶ (**Error! Reference source not found.**). The average number of claims for authorities in England was 8.7 per 10,000.

⁵ Department for Business, Energy & Industrial Strategy 2021 <https://www.gov.uk/government/statistics/sub-regional-fuel-poverty-data-2021>

⁶ MOJ Possession claims by local authority (2023) https://lginform.local.gov.uk/reports/lgastandard?mod-metric=3498&mod-area=E06000031&mod-group=AllSingleTierAndCountyLaInCountry_England&mod-type=namedComparisonGroup

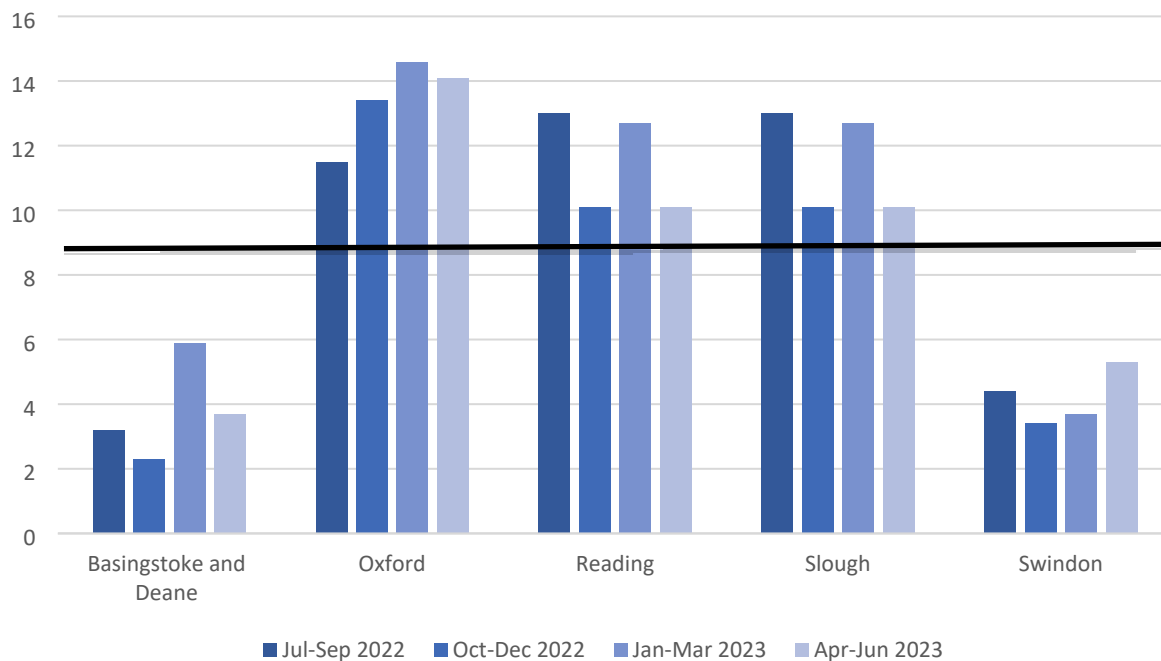


Figure 6. Number of possession claims issued by landlords per 10,000 households (selected comparable authorities) 2022/23 (MOJ 2023) Black line equals English authorities mean average 8.7 per 10,000 households (last 4 quarters).

1.6 Homelessness Duty

Local authorities are required by law to either provide accommodation to homeless households (the main homelessness duty), work to stop households becoming homeless (the homelessness prevention duty) or relieve homelessness when it does occur (the homelessness relief duty). 1,084 households were owed a prevention or relief duty in the financial year 2022/2023 (Figure 7) ⁷.

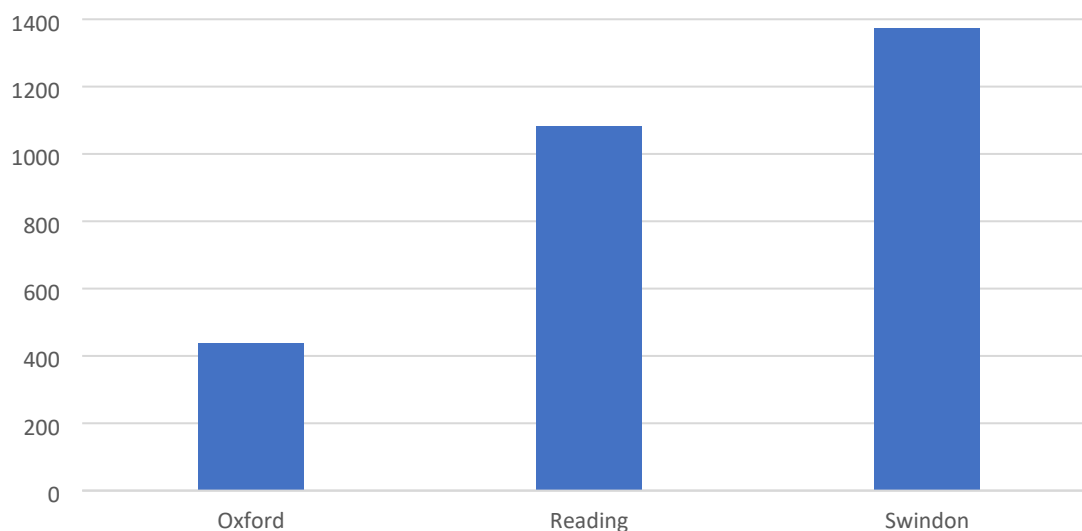


Figure 7. Households owed a prevention or relief duty for financial year 2022/2023 (no data available for Basingstoke and Deane & Slough)

⁷ Department for Levelling Up, Housing and Communities, Homelessness, <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness> <https://data.london.gov.uk/dataset/homelessness>

36.6% homelessness prevention or relief duty result from private rented tenancy ending (assured shorthold tenancies) for financial year 2022/2023. This is slightly below the national average (38.6%)

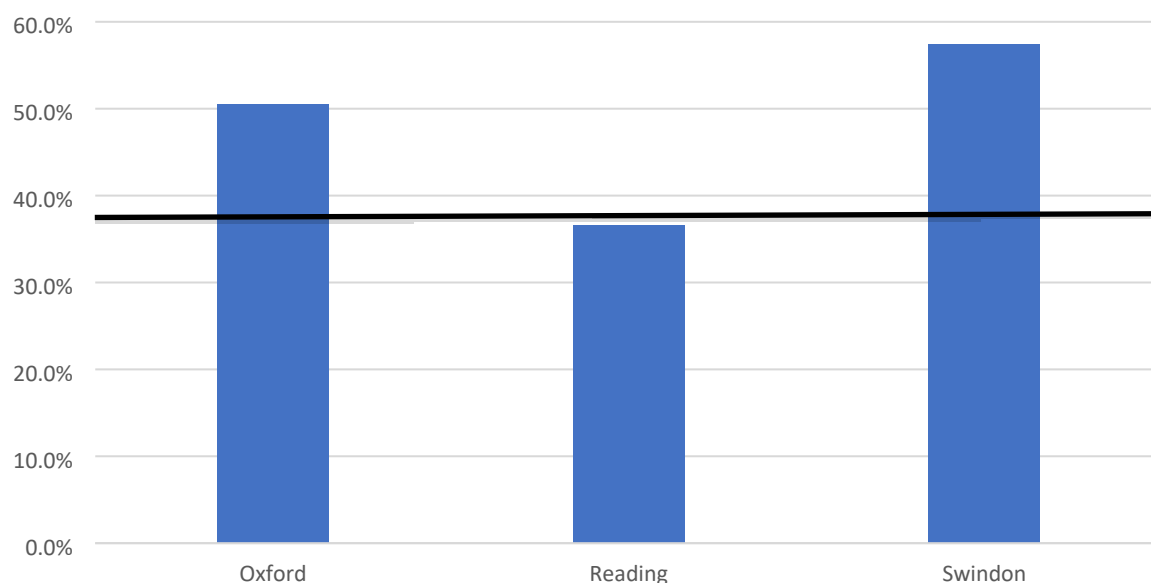


Figure 8. Percent homelessness prevention or relief duty rates as a result private rented tenancy ending - assured shorthold financial year 2022/2023 (no data available for Basingstoke and Deane & Slough)
Black line equals English authorities mean average (38.6%)

1.7 Rents and affordability

Private rents vary by area. As this report is concerned with housing conditions and other housing stressors, we have looked at the average (median) rents for all dwelling types (categories). Reading has above average rents for England (£1,006) (Figure 9)⁸. The national average is £889.

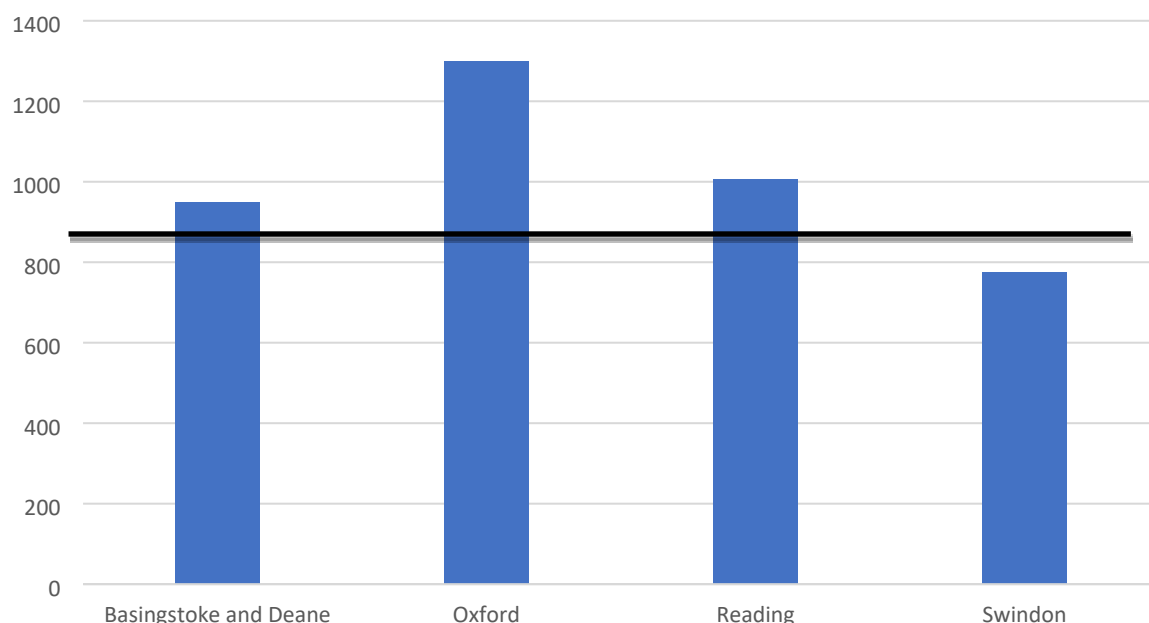


Figure 9. Median monthly rents (1 April 2022 to 31 March 2023) (all categories) (Source: VOA 2023).
Horizontal black line shows national average (£889)

⁸ ONS Private rental market summary statistics in England: April 2022 to March 2023

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/bulletins/privaterentalmarketsummarystatisticsinengland/april2022tomarch2023>

2 Results of housing stock and stressor modelling

2.1 Methodology

Tenure Intelligence (Ti) uses council held and publicly available data to identify tenure and analyse property stressors, including property conditions and ASB.

Data trends at the property level are analysed using machine learning to help predict the tenure of individual properties where they are not already known. Metastreet has worked with the council to create a residential property data warehouse. This has included linking millions of cells of council and externally held data to 77,643 unique property references (UPRN), excluding parent (shell properties) and non-dwellings. Therefore only properties that are dwellings have been included in this study, common parts and ancillary properties have been excluded.

Machine learning is used to make predictions for each tenure and property condition based on a sample of known tenures and outcomes. Results are analysed to produce a summary of housing stock, predictions of Category 1 & 2 hazards (HHSRS) and other stressors. To achieve the maximum accuracy, unique models are built for each council and tenure, incorporating individual authority data and using local known outcomes to train predictive models. Where a tenure or outcome is already known by the authority, this will be added to the final model. Once the data warehouse was created, statistical modelling was used to determine tenure using the methodology outlined below. All specified and requested council held longitudinal data is 5 consecutive years, from April 2018 – March 2023.

Different combinations of risk factors were systematically analysed for their predictive power in terms of key outcomes. Risk factors that duplicated other risk factors but were weaker in their predictive effect were systematically eliminated. Risk factors that were not statistically significant were also excluded through the same processes of elimination.

For each UPRN a risk score was calculated using logistic regression. The selected risk factors have a better or worse than evens chance of being predictive. A decision tree model is then used to allocate properties to predefined outcomes.

Several predictive models have been developed as part of this project which are unique to Reading. Known stressors linked to individual properties have been modelled to calculate population level incidences and rates.

It is important to note that this approach can never be 100% accurate as all large datasets and statistical models include some level of error. A more detailed description of the methodology and the specific factors selected to build predictive models for this project can be found in Appendix 2.

2.2 Results - Private rented sector

2.2.1 Population and distribution

The private rented sector (PRS) in Reading has grown steadily since 2011⁹.

Based on tenure modelling (2023), Reading's PRS is now calculated to be 39.9% of all housing stock (Figure 10). The 2021 Census reports the PRS in Reading to be 32.1%. The difference is likely to be a result of absent student households (national & international) and migrant worker households from the Census data as a result of the March 2021 government-imposed coronavirus lockdown measures^{10&11}. Further details of the differences between the Census 2021 and Ti 2023 results can be found in Appendix 2. It's important to note that Census tenure data is based on reported households, while Ti data is based on known dwellings within a local authority area. Some dwellings have multiple households (Table 9).

⁹Census 2021 <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates>

¹⁰Timeline of UK government coronavirus lockdowns and restrictions, <https://www.instituteforgovernment.org.uk/data-visualisation/timeline-coronavirus-lockdowns>

¹¹Onlondon Article (July 2022) <https://www.onlondon.co.uk/london-councils-briefing-warns-that-census-may-have-significantly-undercounted-capitals-population/>

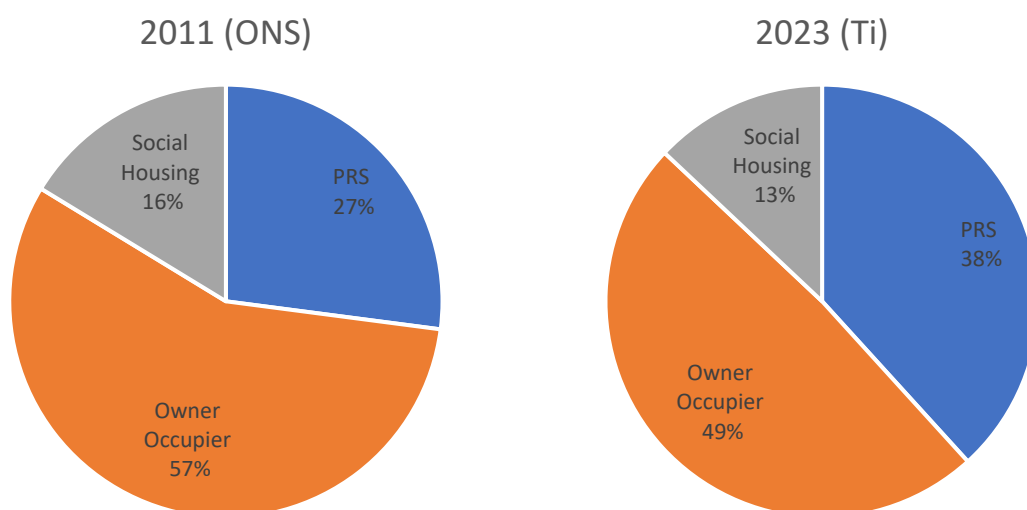


Figure 10. Tenure profile 2011 & 2023 (Source: ONS & Metastreet Ti model).

Tenure percentage change over the last two decades in Reading has been consistent with the national trend (Figure 11), owner occupation as a proportion of housing stock decreasing while private renting increasing. This PRS increase is part of a long term nationwide and regional trend.

The PRS in the UK has grown from 9.4% of housing stock in 2000 ¹² to 19% of households 2021 ¹³. The PRS remains the second largest housing tenure in England. ¹⁴.

In line with the UK average, Reading's PRS stock has continued to grow steadily since 2011. Social rented housing stock has been stable over the last decade (Figure 11).

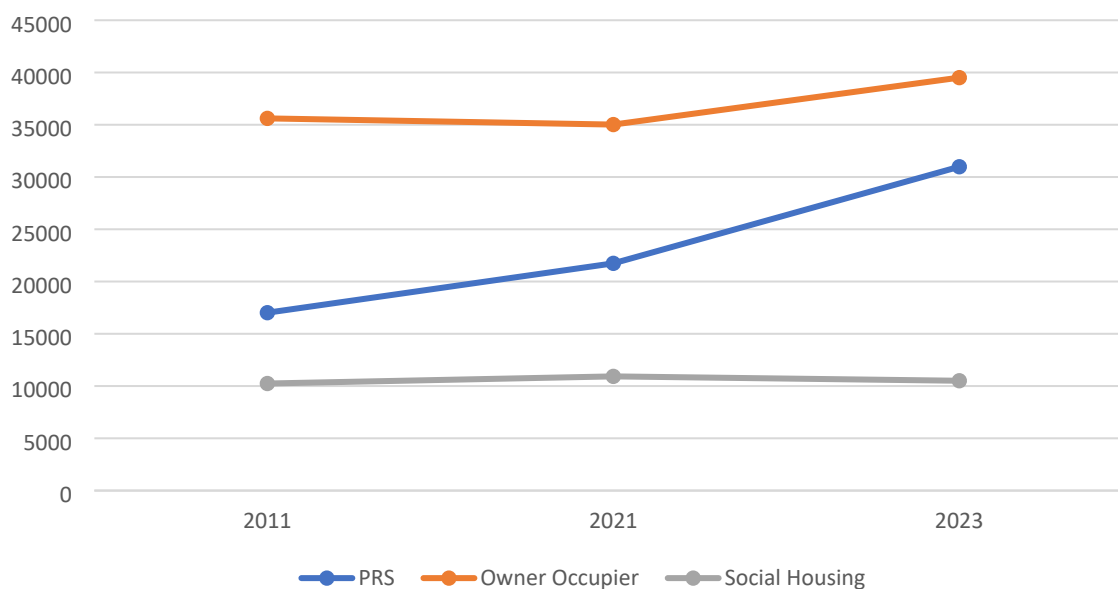


Figure 11. Reading tenure change and total housing stock, 2011, 2021 & 2023 (Source: ONS & 2023 Ti).

¹² The profile of UK private landlords Scanlon K & Woodhead C CML research. LSE London. December 2017 www.cml.org.uk

¹³ EHS Headline 2021-2022, <https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report/english-housing-survey-2021-to-2022-headline-report#section-2-housing-stock>

¹⁴ EHS Headline 2021-2022, <https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report/english-housing-survey-2021-to-2022-headline-report#section-2-housing-stock>

Tenure	2011 (ONS) (households)	2021 (ONS) (households)	2023 (Ti) (properties)
PRS	17,018	21,740	30,982
Owner Occupier	35,609	35,017	36,143
Social Housing	10,242	10,925	10,507
Totals	62,869	67,682	77,632

Table 1. Number of households & dwellings by tenure 2011, 2021 & 2023 by ward (Source: ONS & Ti 2023).

The data in Table 1 shows a clear discrepancy between Census recorded households (2021) and the number of known dwellings (Ti 2023), with at least 9,950 households missing from the Census data.

The PRS in Reading is distributed across all 16 wards (Figure 12). The number of PRS dwellings per ward ranges from 5,014 (Abbey) to 627 (Caversham Heights).

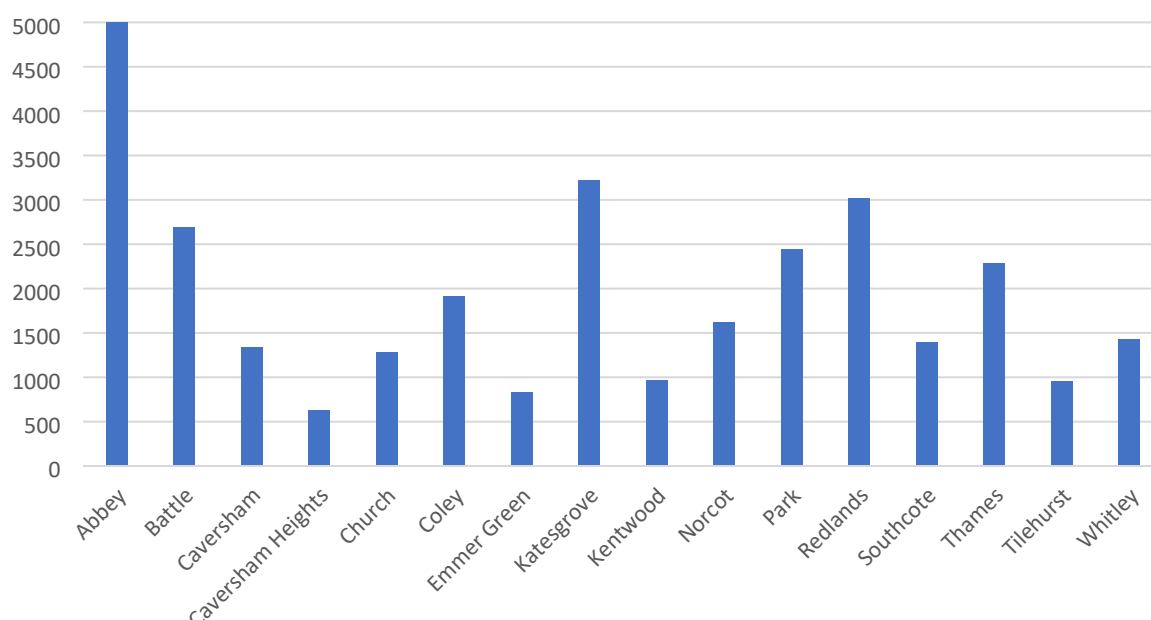


Figure 12. Number of PRS dwellings by ward (Source: Ti 2023).

The percentage of PRS properties in each ward ranges between 69.4% (Abbey) and 16.1% (Caversham Heights) (Figure 13). Therefore, 15 out of 16 Reading wards have an equal or higher percentage PRS than the national average in 2022 (19%)¹⁵.

¹⁵ EHS Headline 2021-2022, <https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report/english-housing-survey-2021-to-2022-headline-report#section-2-housing-stock>

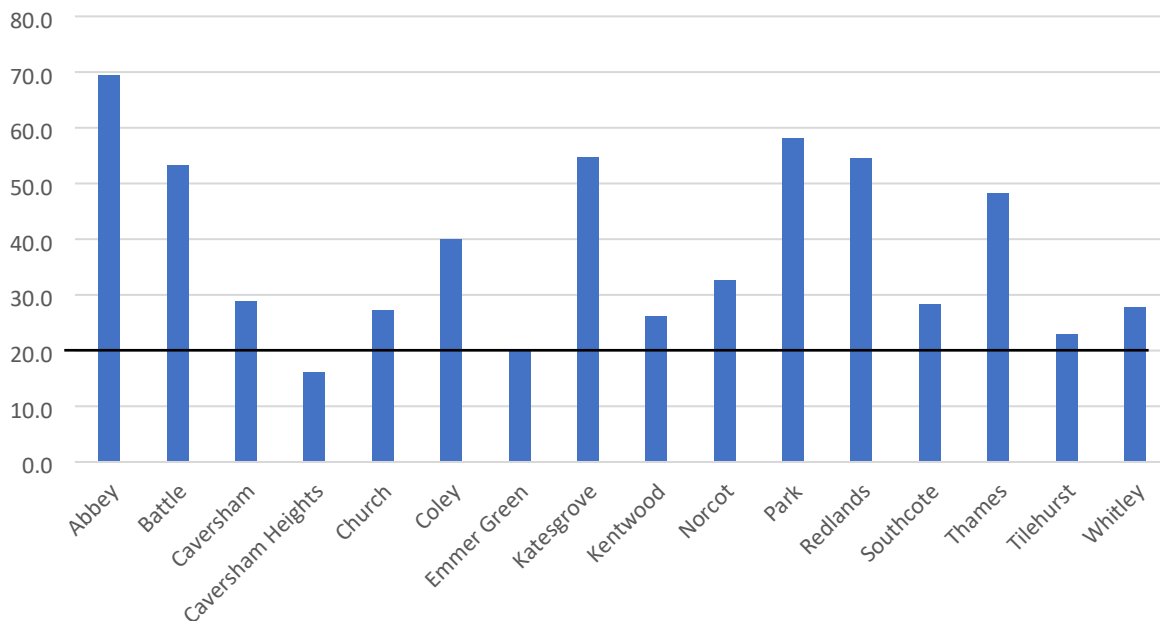


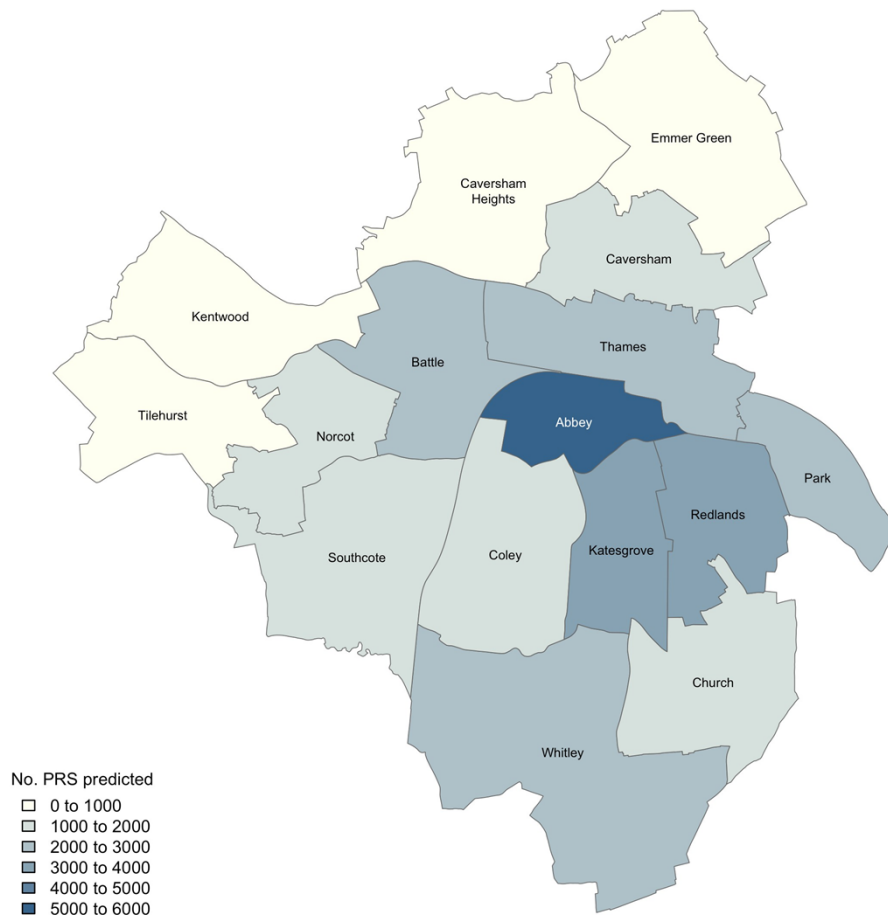
Figure 13. Percentage of PRS dwellings by each ward (Source Ti 2023). Horizontal black line shows national average 2021 (19%)

The table below shows the total PRS dwellings in each ward and the percentage PRS compared to the total housing stock.

Wards	PRS dwellings	% PRS
Abbey	5,014	69.4
Battle	2,694	53.3
Caversham	1,332	28.9
Caversham Heights	627	16.1
Church	1,280	27.2
Coley	1,910	40.0
Emmer Green	828	19.9
Katesgrove	3,213	54.6
Kentwood	968	26.2
Norcot	1,614	32.5
Park	2,439	58.1
Redlands	3,016	54.5
Southcote	1,392	28.2
Thames	2,279	48.2
Tilehurst	955	22.8
Whitley	1,421	27.8

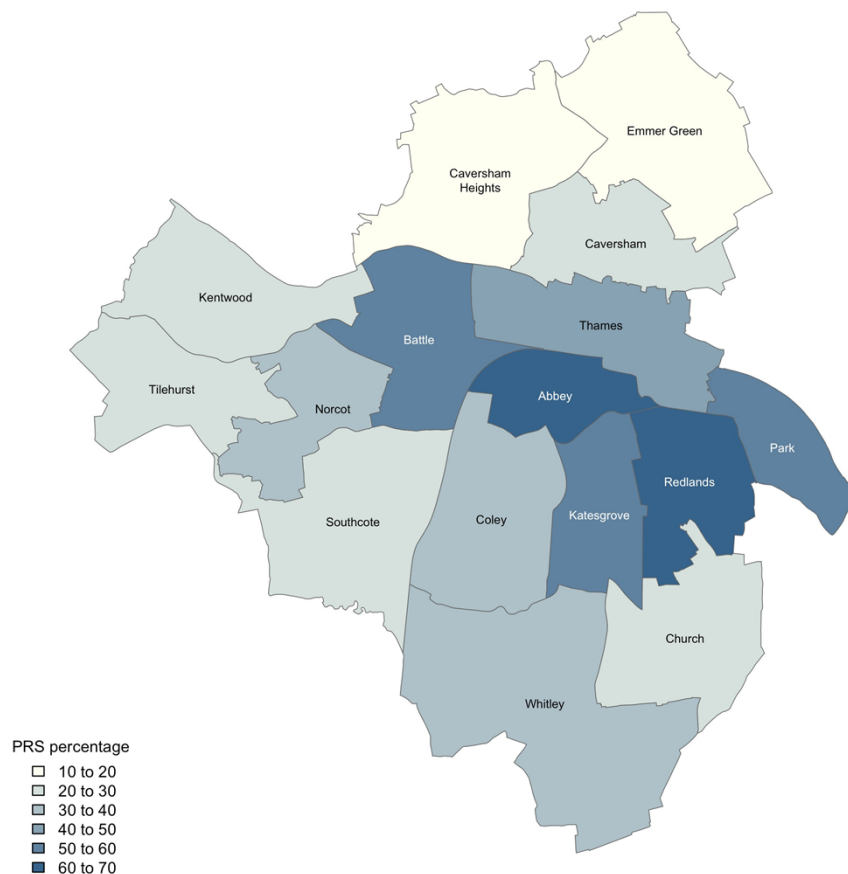
Table 2. Number and percentage of PRS properties by ward (Source Ti 2023).

PRS properties are distributed across Reading (Map 2 & 3). There is a clear concentration of PRS dwellings in some central wards.



Map 2. Number of PRS properties in Reading (Source: Ti 2023, Map by Metastreet).

Abbey has the highest percent PRS (69.4%) and Caversham Heights has the lowest concentration (16.1%) (Map 3).



Map 3. PRS properties as percentage of dwellings in Reading (Source: Ti 2023, Map by Metastreet).

2.2.2 Housing conditions

Housing conditions are affected by the level of maintenance and quality of repair, the age of the property, thermal efficiency, and type of construction. Category 1 (HHSRS) hazards have a physiological or psychological impact on the occupant and may result in medical treatment.¹⁶ There is also serious impact on public services, hazardous conditions in the PRS are estimated to cost the NHS £340 million a year.¹⁷

In 2022, 14% of private rented dwellings in England had at least one Category 1 hazard; this was a higher proportion than the average for the total housing stock (10%). Furthermore, the private rented sector had the highest proportion of non-decent homes (23%)¹⁸. It is notable that there is a gradient of risk with age of the property, the risk being greatest in dwellings built before 1900, and lowest in the more energy efficient dwellings built after 1980¹⁹.

¹⁶ Housing Health and Rating System, Operation Guidance, 2006, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/15810/142631.pdf

¹⁷ House of Commons Committee of Public Accounts: <https://committees.parliament.uk/committee/127/public-accounts-committee/news/165326/pac-private-rented-housing-failing-far-too-often-to-provide-safe-and-secure-homes/>

¹⁸ EHS Headline 2021-2022, <https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report/english-housing-survey-2021-to-2022-headline-report#section-2-housing-stock>

¹⁹ Housing Health and Rating System, Operation Guidance, 2006, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/15810/142631.pdf

A local authority’s property age profile can have an impact on housing conditions. Reading has a high number of residential properties (40.1%) built pre-Second World War ²⁰. The council tax band provides an indication of relative distribution of property value in each ward. (Figure 14).

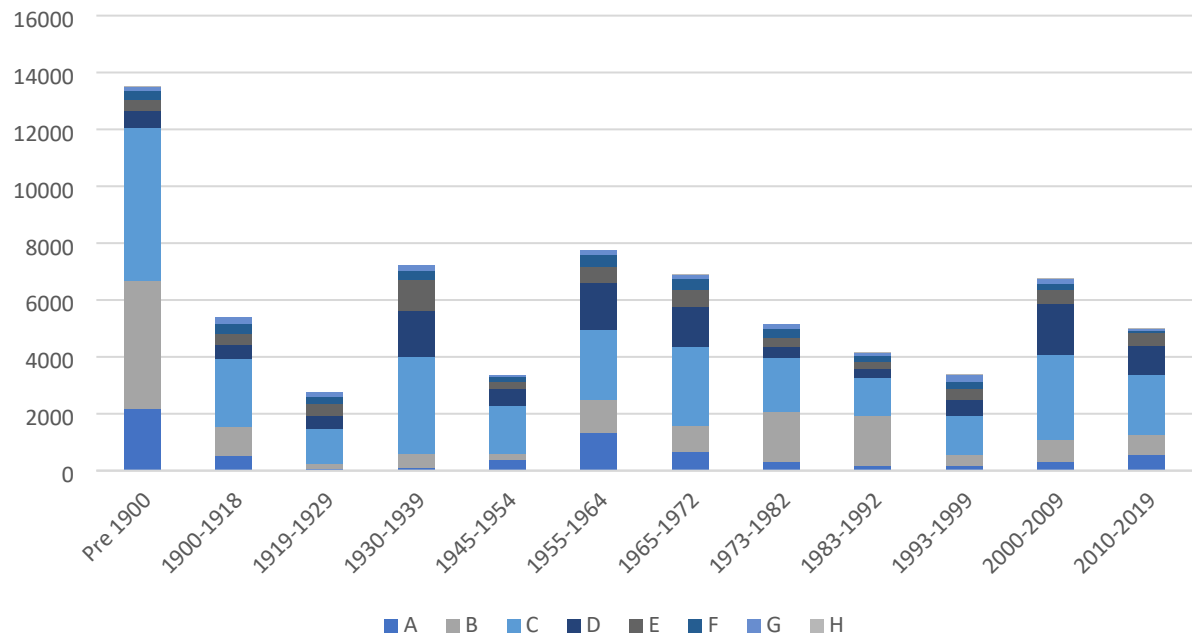


Figure 14. All housing stock age profile and council tax band (Source: VOA 2019).

A local authorities property type profile offers an indication of housing density, construction type and other population factors. The most common private rented property type in Reading are houses (51%), while bungalow is the least common property type (1%) (Figure 15).

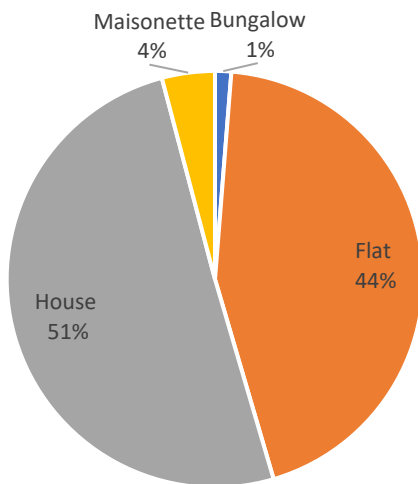


Figure 15. Private rented property type as a percent of total (Source: RBC matched EPC records 2023).

Using a training sample of properties that are known to have at least one serious housing hazard (Category 1 and high scoring Category 2, HHSRS), it is possible to predict the number of PRS

²⁰ VOA 2019 <https://www.gov.uk/government/statistics/council-tax-stock-of-properties-2019>

properties with at least one serious hazard across the area (Figure 16), further details of the methodology can be found in Appendix 2.

There are 4,297 private rented properties in Reading that are likely to have at least 1 serious housing hazard (Category 1 and high scoring Category 2, HHSRS). PRS properties with serious hazards are distributed across all wards. Redlands (605) and Park (490) have the highest number of properties with at least one Category 1 & 2 hazard (Figure 16 & Map 4).

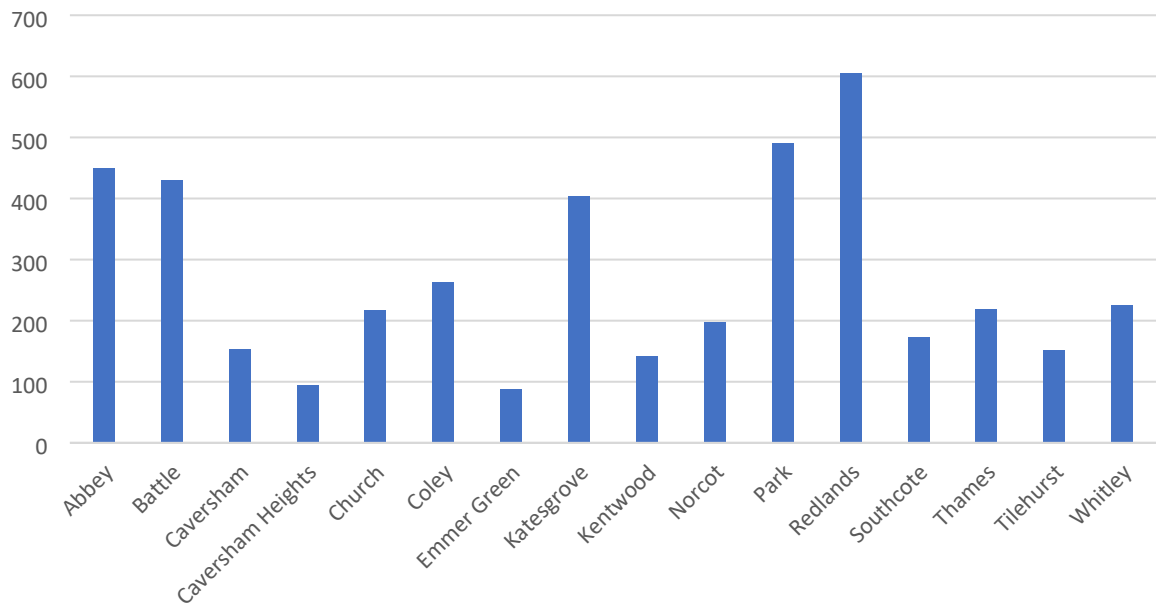
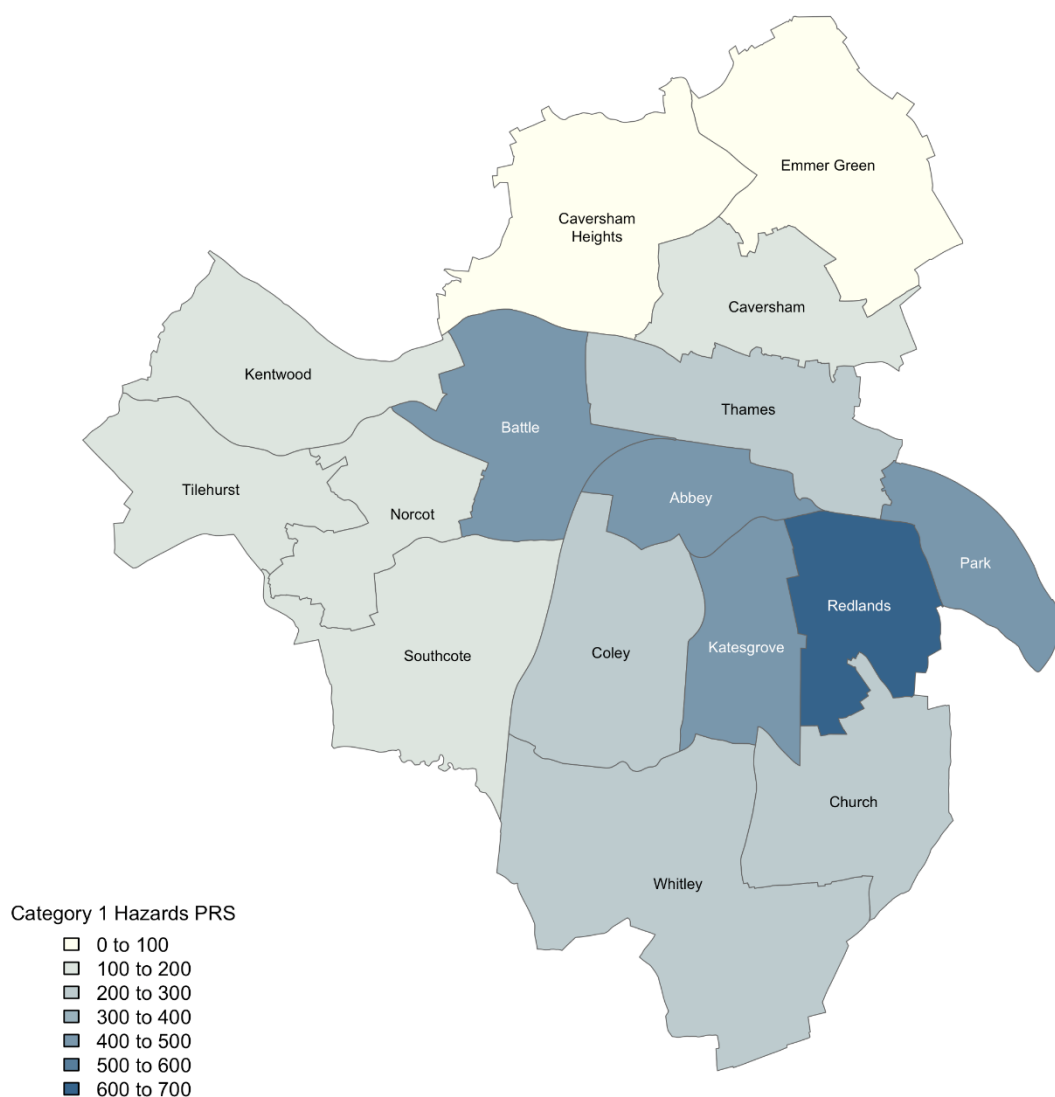


Figure 16. Predicted number of dwellings with serious hazards by ward (Source: Ti 2023).

Category 1 & 2 hazards in the PRS are distributed across Reading with concentrations of hazards in some central wards (Map 4).



Map 4. Distribution of PRS dwellings with predicted Category 1 & 2 hazards (HHSRS) (Source: Ti 2023, map by Metastreet).

The rates of Category 1 & 2, HHSRS hazards per 100 PRS properties reveals a wide distribution across Reading (Figure 16 & Map 4). Whitley (25.8 per 100) & Redlands (21.4 per 100) have the highest rates of predicted PRS properties with Category 1 & 2, HHSRS hazards. The national average for category 1 hazards in the PRS is 14%²¹. It's important to note that rates are significantly impacted by the denominator, in this case total PRS numbers in each ward.

²¹ EHS Headline 2021-2022, <https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report/english-housing-survey-2021-to-2022-headline-report#section-2-housing-stock>

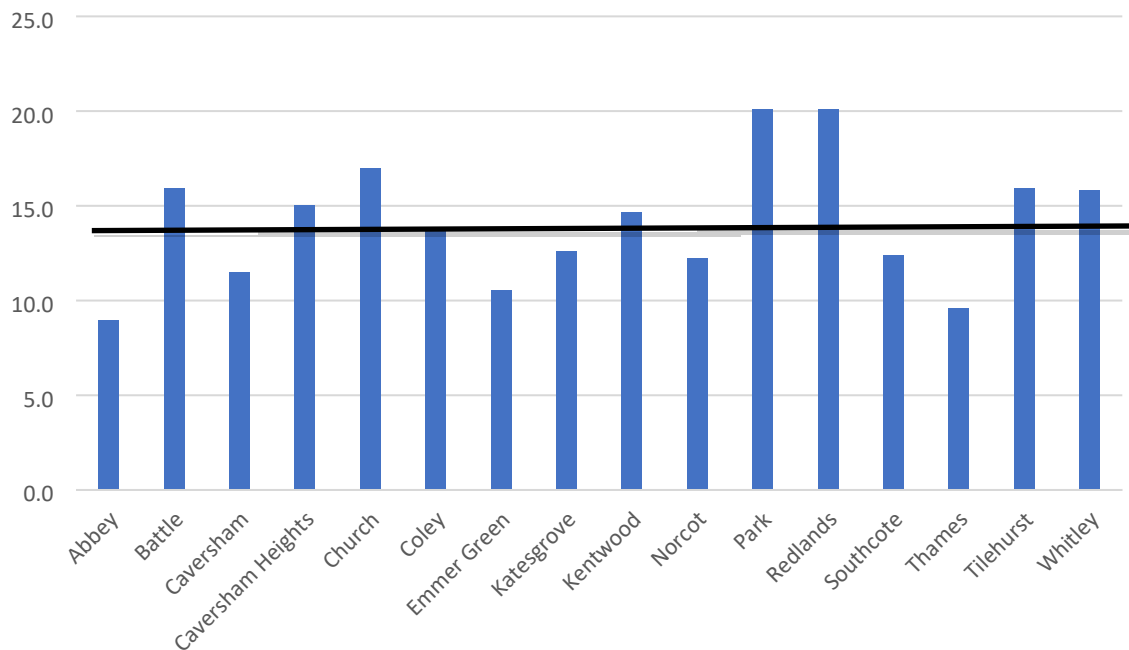


Figure 17 Rates per 100 PRS properties of predicted Category 1 & 2, HHSRS hazards by ward (Source: Ti 2023). Horizontal black line shows national average for Category 1 hazards 2022 (14 per 100)
22

Complaints and service requests made by PRS tenants to the council about poor property conditions and inadequate property management are a direct indicator of low quality PRS. Reading recorded **3,117** complaints and service requests from private tenants and others linked to PRS properties over a 5-year period (Figure 18).

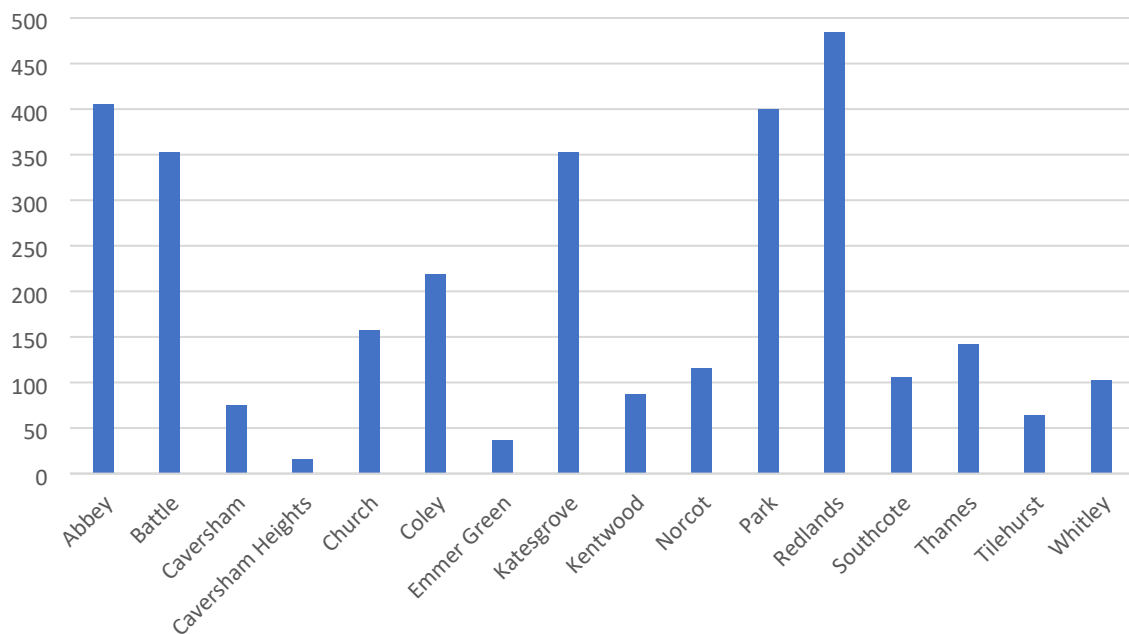
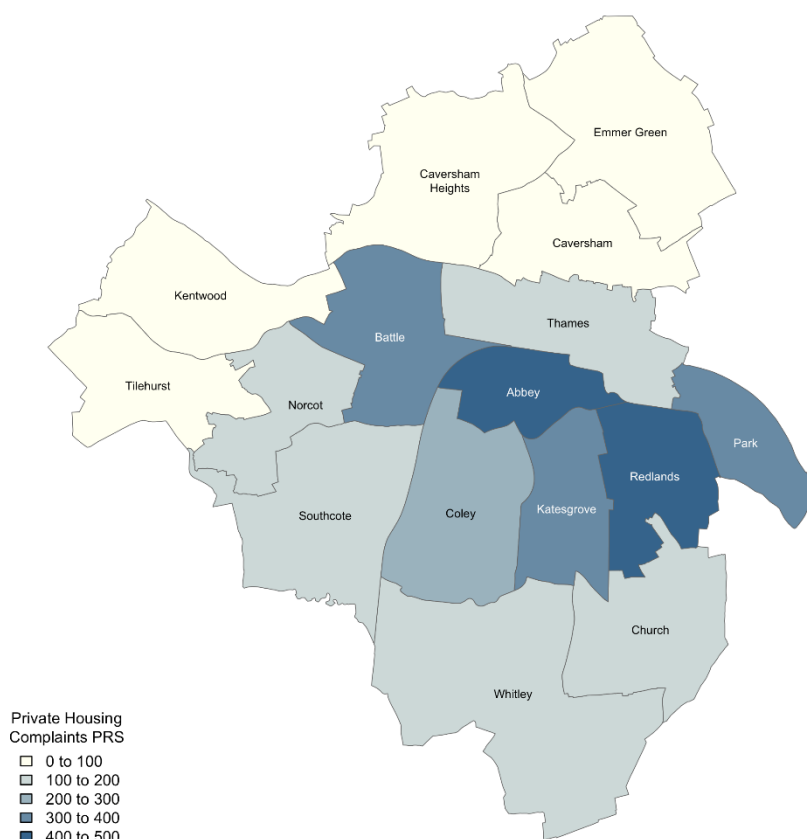


Figure 18. PRS complaints and service requests made by private tenants and others to the Council (Source Ti 2023)

²² EHS Headline 2021-2022, <https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report/english-housing-survey-2021-to-2022-headline-report#section-2-housing-stock>

Redlands (484) and Abbey (405) received most private tenant service requests and complaints by private tenants and others to the Council (Figure 18 & Map 5).



Map 5. Distribution of PRS service requests and tenant complaints (Source: Ti 2023, Map by Metastreet).

An EPC rating is an assessment of a property's energy efficiency. It's primarily used by buyers or renters of residential properties to assess the energy costs associated with heating a house or flat. The rating is from A to G. A indicates a highly efficient property, G indicates low efficiency.

The energy efficiency of a dwelling depends on the thermal insulation of the structure, on the fuel type, and the size and design of the means of heating and ventilation. Any disrepair or dampness to the dwelling and any disrepair to the heating system may affect efficiency. The exposure and orientation of the dwelling are also relevant.

As part of this project **24,779** EPC ratings were matched to PRS properties (Figure 19). All figures have been modelled from this group.

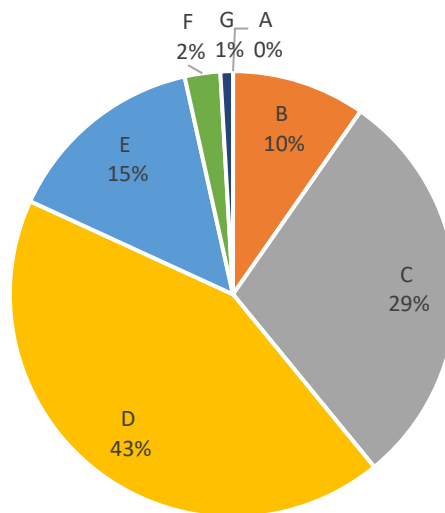


Figure 19. Distribution of Energy Performance Certificate ratings in PRS (Rating A-G) (Source: Ti 2023).

The Minimum Energy Efficiency Standard (MEES) came into force in England and Wales on 1 April 2018. The regulation applies to PRS properties and mandates that all dwellings must have an EPC rating of E and above to be compliant. It has been calculated using the matched addresses that 18.1% of PRS properties in Reading have an E, F, and G rating. 3.5% of PRS properties have an F and G rating (Figure 19). Extrapolated to the entire PRS, 1,084 PRS properties are likely to fail the MEES statutory requirement.

The statistical evidence shows that there is a continuous relationship between indoor temperature and vulnerability to cold-related death²³. The colder the dwelling, the greater the risk. The percentage rise in deaths in winter is greater in dwellings with low energy efficiency ratings. Children in cold homes are twice as likely to suffer from a variety of respiratory problems²⁴. There is a gradient of risk with age of the property, the risk being greatest in dwellings built before 1850, and lowest in the more energy efficient dwellings built after 1980²⁵. Therefore, the F and G properties present a serious risk to the occupants' health, particularly if over the age of 65 (Figure 19 & 20).

²³ Housing Health and Rating System, Operation Guidance, 2006
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/15810/142631.pdf

²⁴ Health Equity in England: The Marmot Review 10 Years On, 2020 <https://www.health.org.uk/publications/reports/the-marmot-review-10-years-on>

²⁵ Housing Health and Rating System, Operation Guidance, 2006
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/15810/142631.pdf

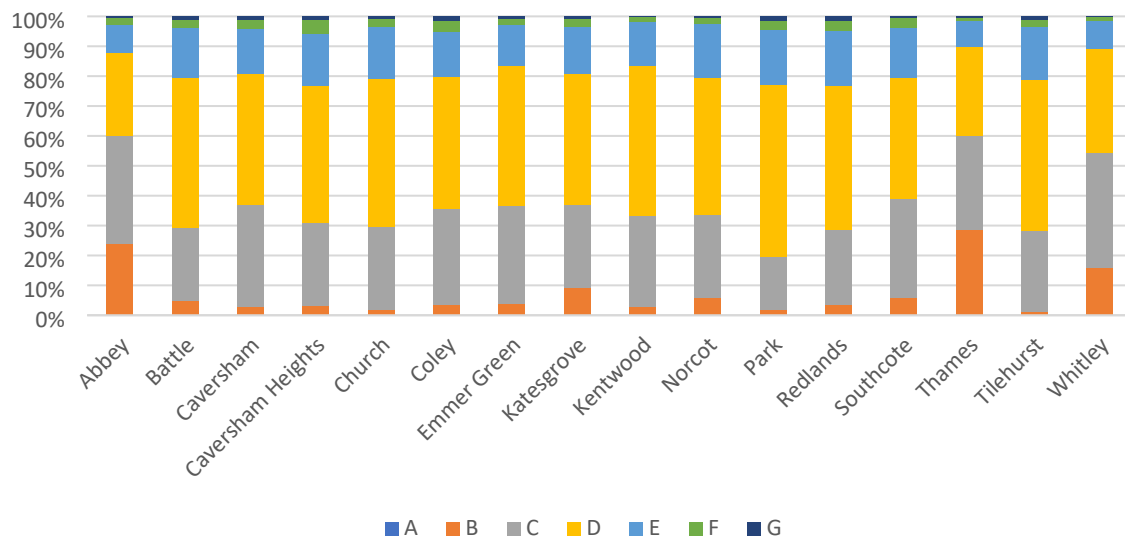


Figure 20. Energy Performance Certificate ratings in PRS by ward (Rating A-G) (Source: Ti 2023).

The difference between the current and potential energy performance score (EPC) helps owners of residential property understand what practicable improvements can be made to improve a properties energy performance. The gap between current and potential EPC scores represents the opportunity to improve energy performance within a reasonable economic envelope (Figure 21 & 22).

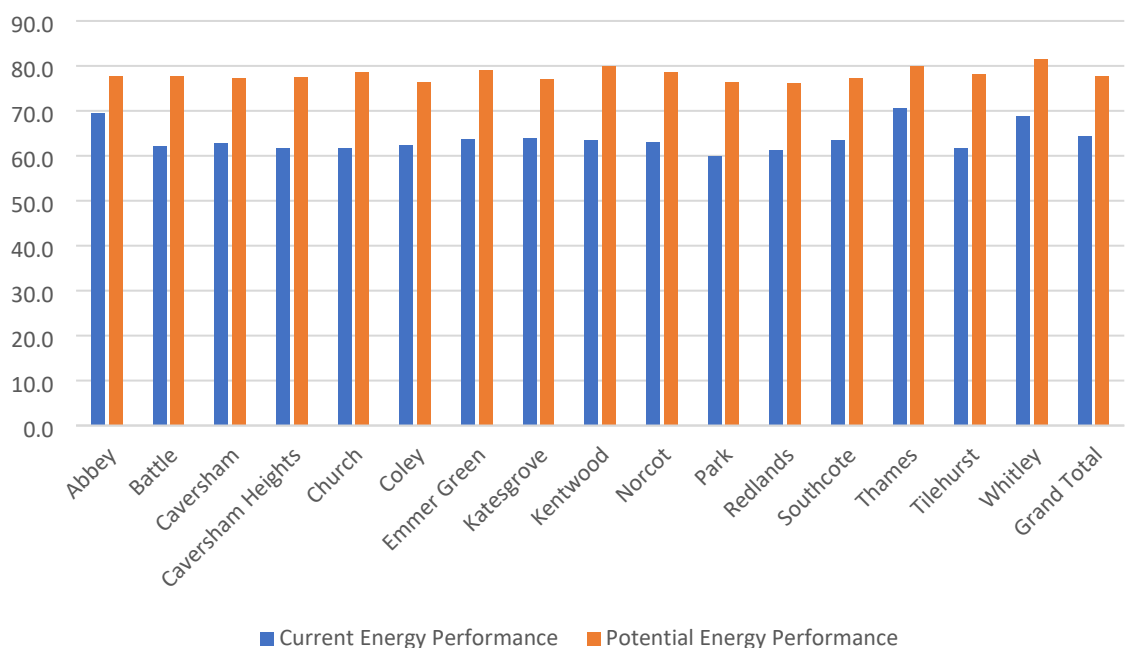


Figure 21. Current and Potential Energy Performance Certificate score (mean average) in PRS by ward (Source: Ti 2023).

Church (16.9) PRS stock has the largest difference between current and potential energy efficiency score (Figure 22).

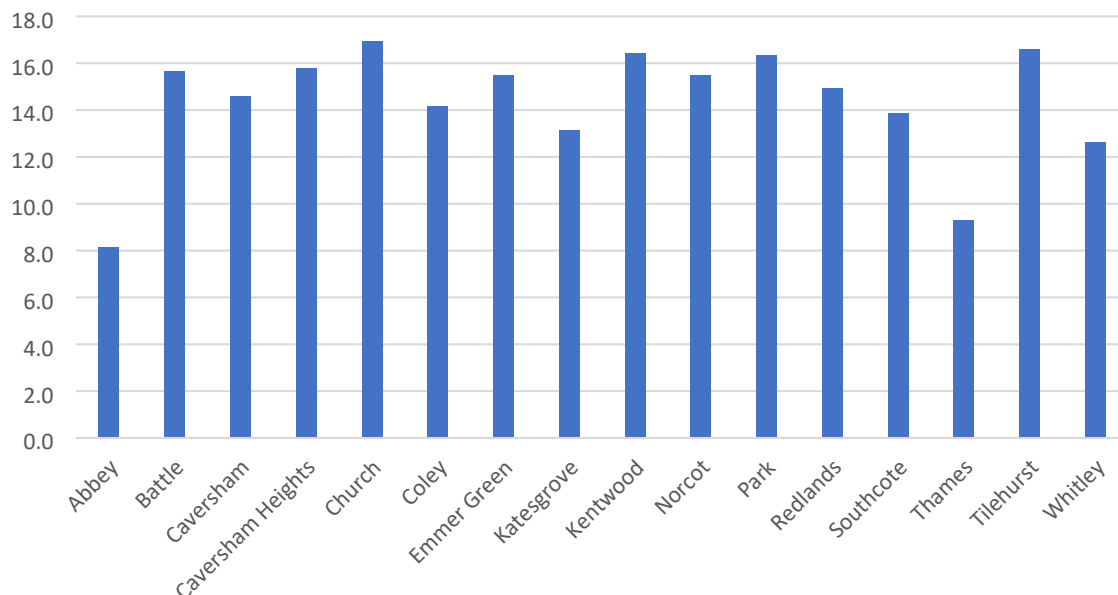


Figure 22. Difference between Current and Potential Energy Performance Certificate score (mean average) in PRS by ward (Source: Ti 2023).

EPC ratings E, F, & G represent properties with the poorest energy efficiency scores. Redlands (479) and Katesgrove (414) have the highest number of EPC ratings E-G (Figure 23).

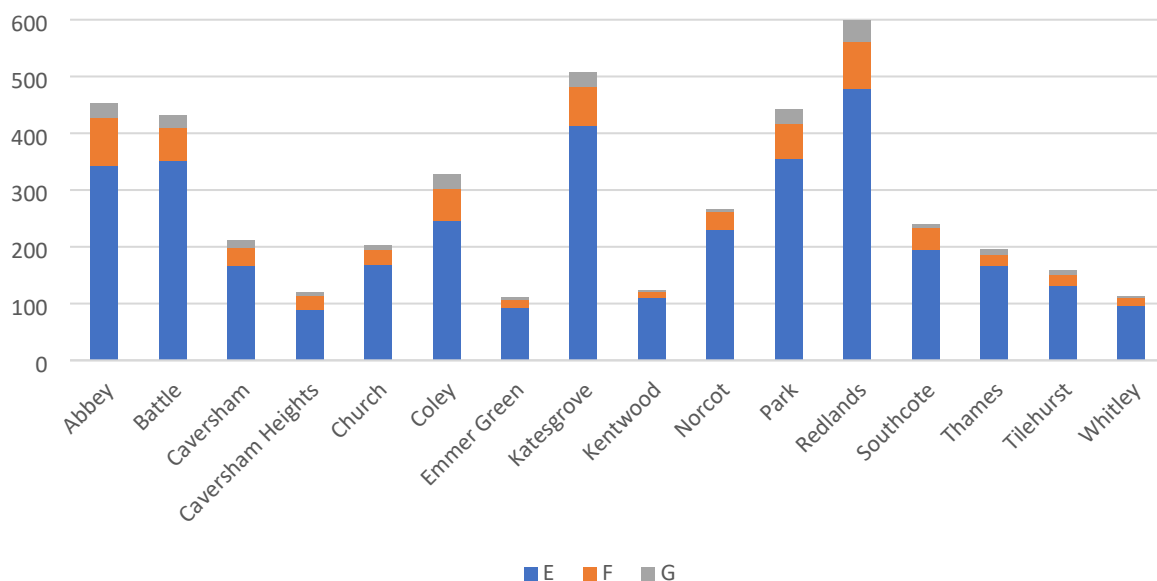


Figure 23. Energy Performance Certificate ratings in PRS by ward (Rating A-E) (Source: Ti 2023).

2.2.3 PRS enforcement and regulation interventions

Reading uses a range of statutory housing and public health notices to address poor housing standards in the PRS. Interventions can be a result of a complaint being made by a tenant about their accommodation or as a result of a proactive inspection. Over a 5-year period (2018-23) Reading served 273 housing and public health notices (Figure 24).

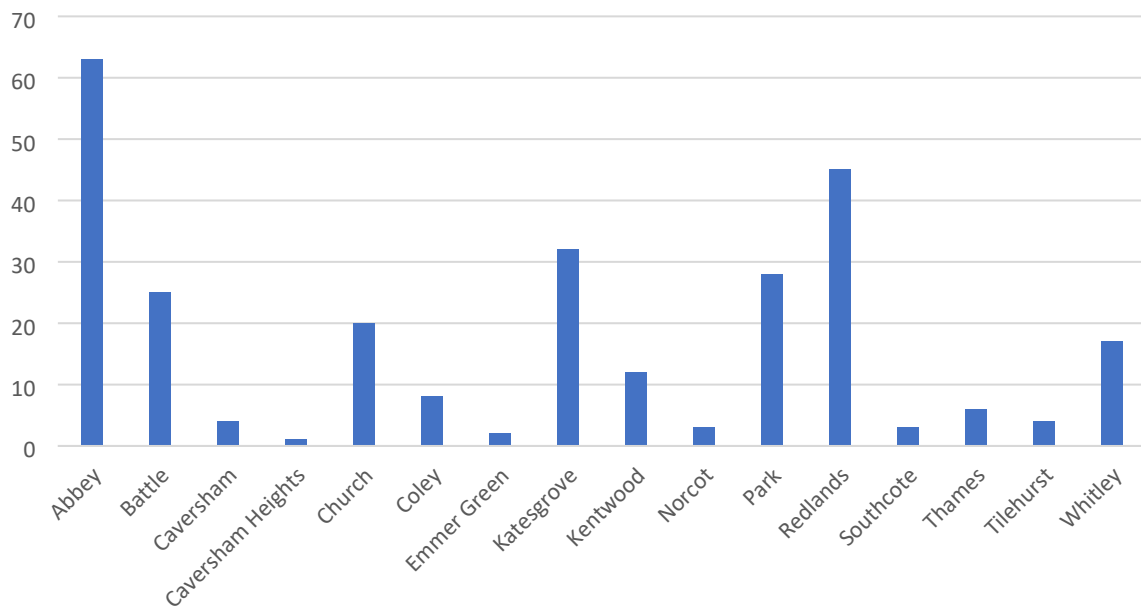
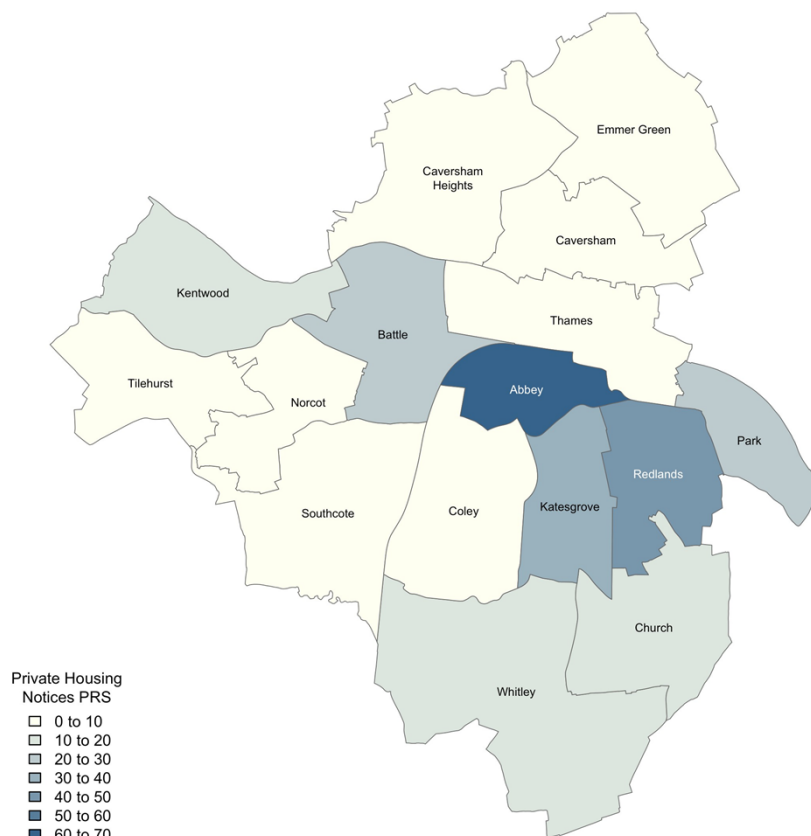


Figure 24. Statutory housing notices served on PRS properties (Source: Ti 2023).

Abbey (63) and Redlands (45) received the highest number of statutory notices for housing and public health related issues (Figure 22 & Map 6).



Map 6. Distribution of statutory housing notices served on PRS properties (Source: Ti 2023, Map by Metastreet).

The local housing authority's enforcement strategy involves taking serious enforcement action against individuals who control rented property to ensure compliance with minimum standards.

The type of action taken depends on the nature of the offense and various factors. Between 2018 – 2023 Reading Borough Council instigated 34 financial penalty notices, prosecutions, or a simple caution to address poor housing conditions. Park (9) and Redlands (9) received the highest number of serious enforcement interventions (Figure 23).

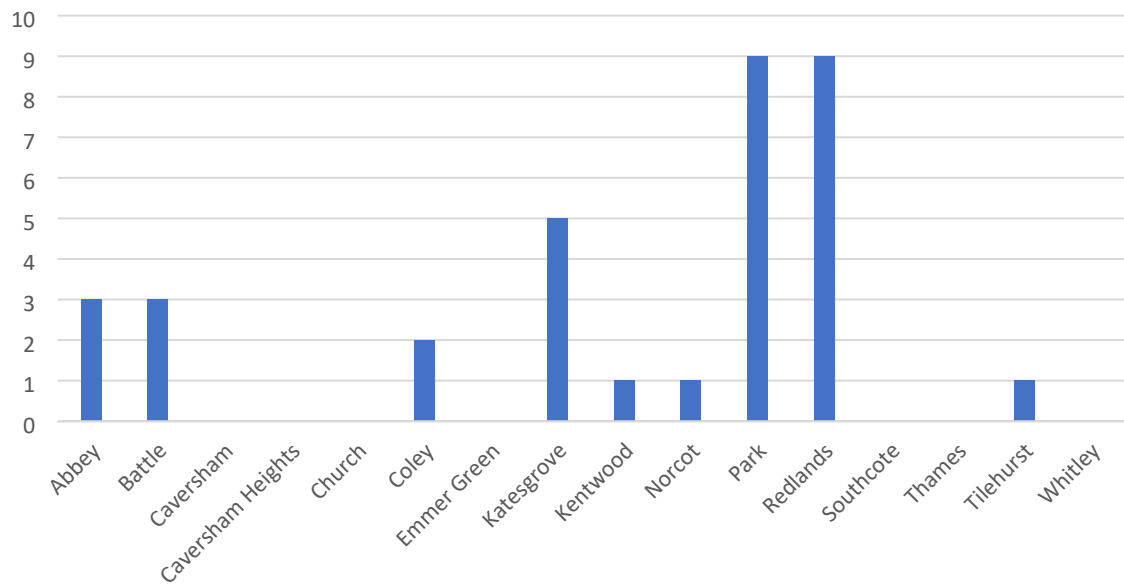


Figure 25. Private housing prosecutions, simple cautions, and Financial Penalty Notices (Source: Ti 2023).

2.2.4 PRS & anti-social behaviour (ASB)

It's important to note that the study focuses exclusively on ASB associated with residential premises. Incidents, such as those investigated on a street corner, which cannot be linked to a residential property, are excluded from the study. ASB incidents (over 5 years) have been linked to all main residential tenures. Across the borough, owner occupiers have the lowest ASB incident rates (1.8 per 100 dwellings). Social housing (10.7 per 100 dwellings) and Private rented housing (6.4 per 100 dwellings) have higher rates. Known and predicted HMOs have by far the highest rates (21.3 per 100 dwellings) (Figure 26).

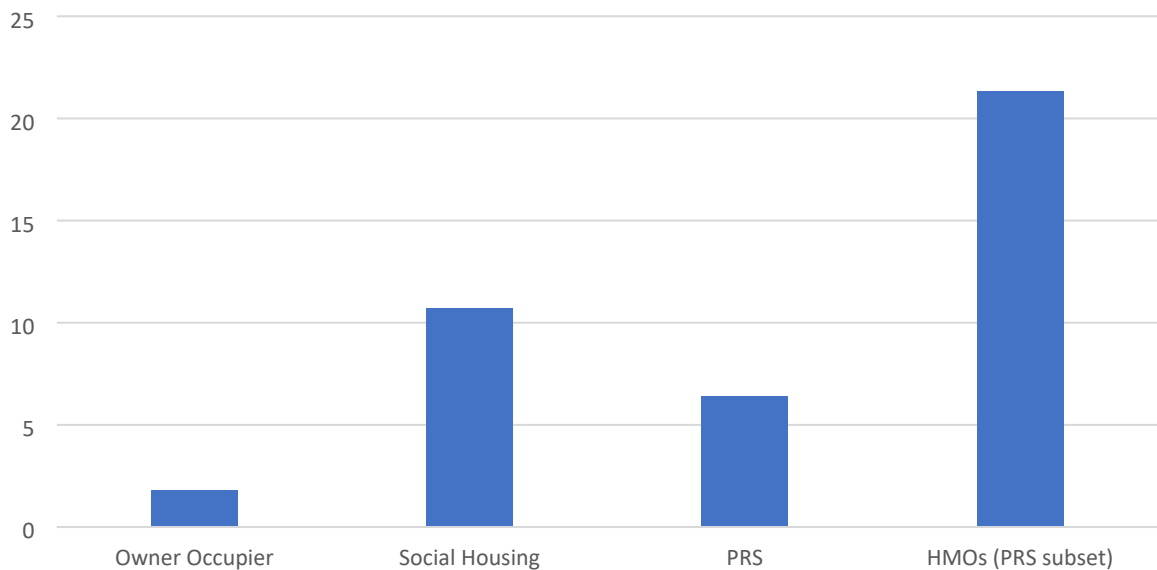


Figure 26. Rates per 100 properties ASB incidents linked to key tenures (Source Ti 2023).

The council has recorded a total of 1,980 incidents related to anti-social behaviour (ASB) and nuisance linked to PRS properties over the past five years. Battle (247) has the highest levels of PRS ASB incidents Emmer Green (33) has the lowest (Figure 24 & Map 7).

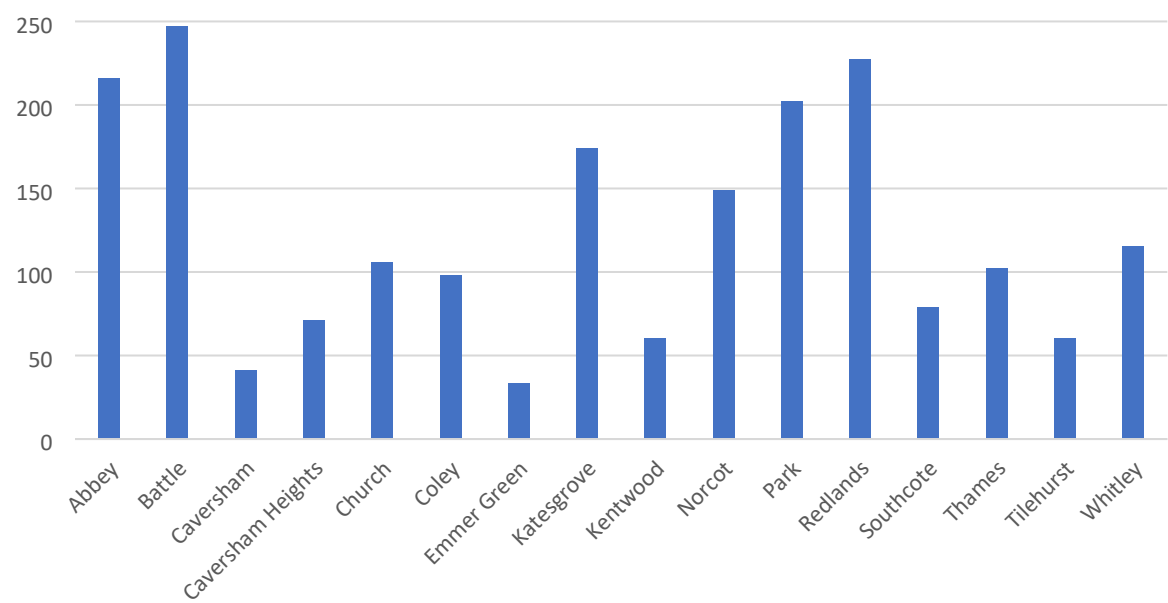
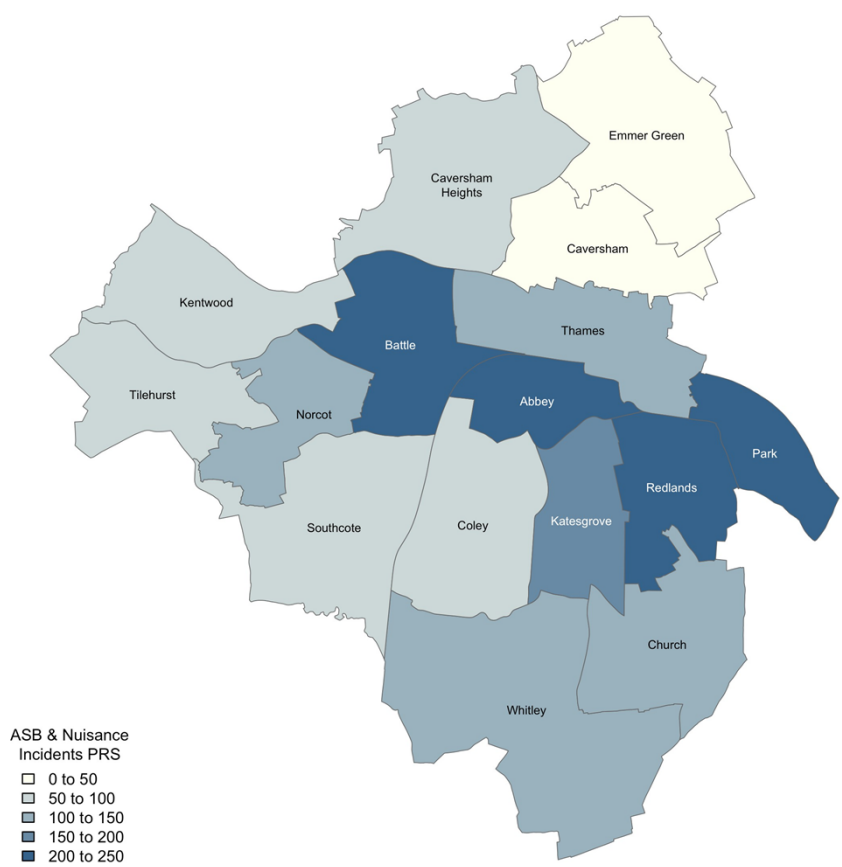


Figure 27. Number of ASB incidents linked to PRS by ward (Source Ti 2023).



Map 7. Distribution of ASB linked to PRS properties (Source: Ti 2023, Map by Metastreet).

Properties subject to repeat ABS incident (2 or more incidents) begin to demonstrate a lack of tenancy management or other underlying issues. Redlands (40) has the highest number of repeat ASB incidents (Figure 25).

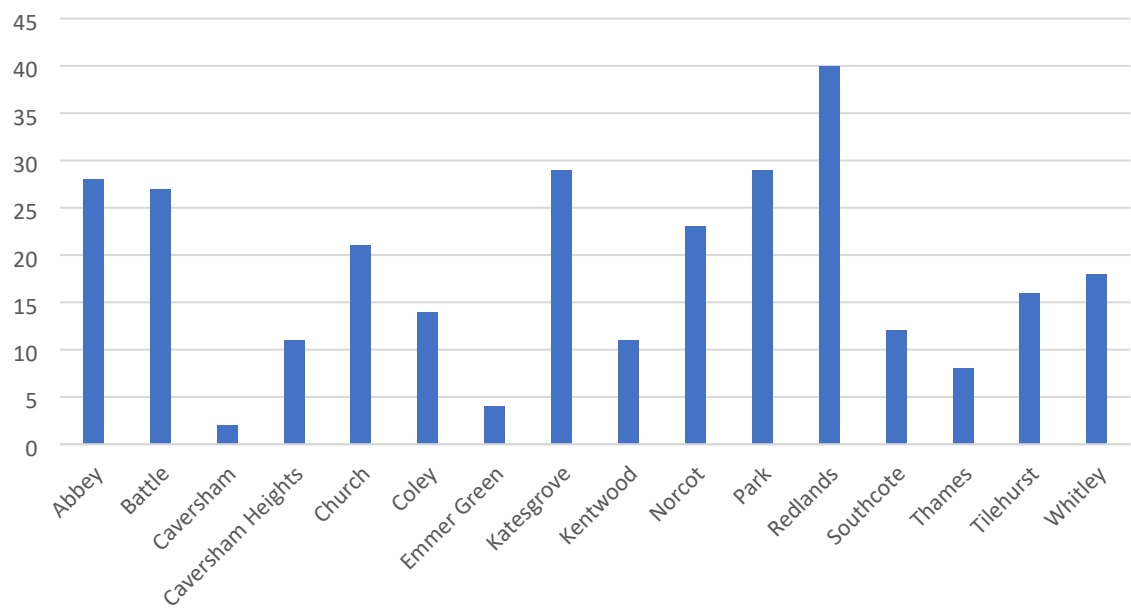


Figure 28. PRS properties with 2 or more ASB incidents by ward (Source Ti 2023).

2.3 Results - Houses in Multiple Occupation (HMO)

For the purposes of this study shared amenities HMO (section 254) are categorised as buildings or flats that are occupied by two or more households and 3 or more persons that share a basic amenity, such as bathroom, toilet, or cooking facilities.

This type of rented property typically represents the cheapest rental accommodation; rented by room with the sharing of amenities (usually kitchen/bathroom). The Housing Act 2004 defines HMOs of this type as a “dwelling of 3 or more persons not forming a single household”²⁶.

2.3.1 Population and distribution

Reading's HMO population has been estimated to comprise a total of 3,272 properties. For this study, the HMO population has been categorised into two distinct groups. The first group consists of known HMOs across 16 wards, which amounts to 1,184 properties. These HMOs have obtained licences from the council in compliance with the mandatory HMO licensing requirements as outlined in the Housing Act 2004, Part 2. The second group is made up of predicted HMOs, which are properties anticipated to meet the standard HMO criteria described above and amounts to 2,088 properties (Figure 26). These are likely to be mainly 3-4 person HMO properties.

Abbey (770) has the highest number of HMOs and Kentwood (40) has the lowest. The known and predicted HMO population is distributed across all wards with concentrations in central and eastern wards (Map 8 & Map 9).

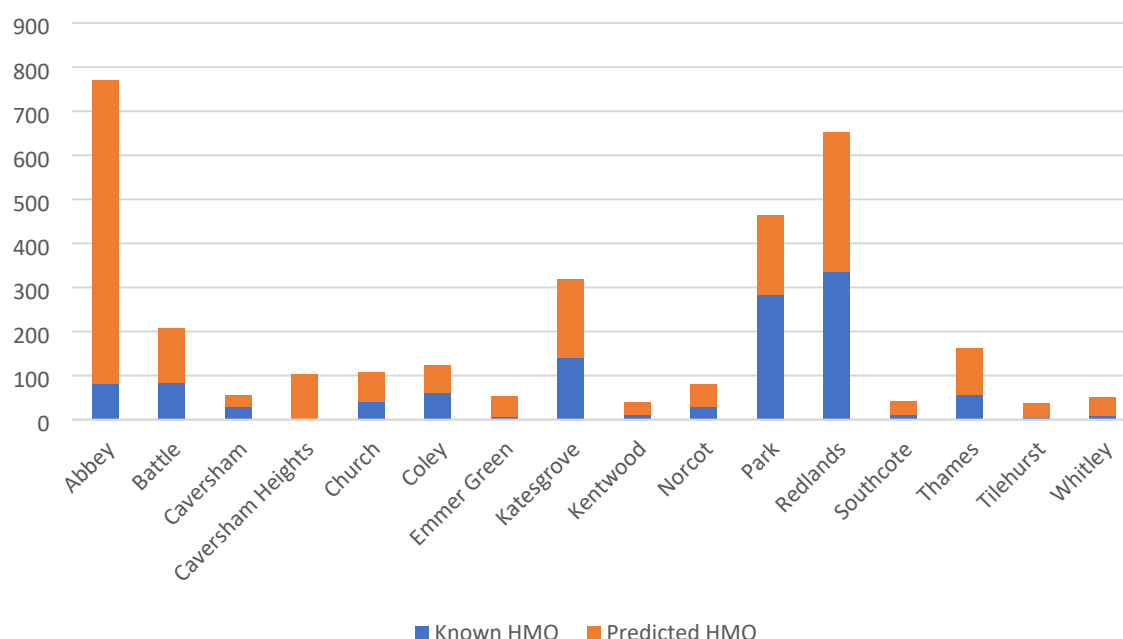
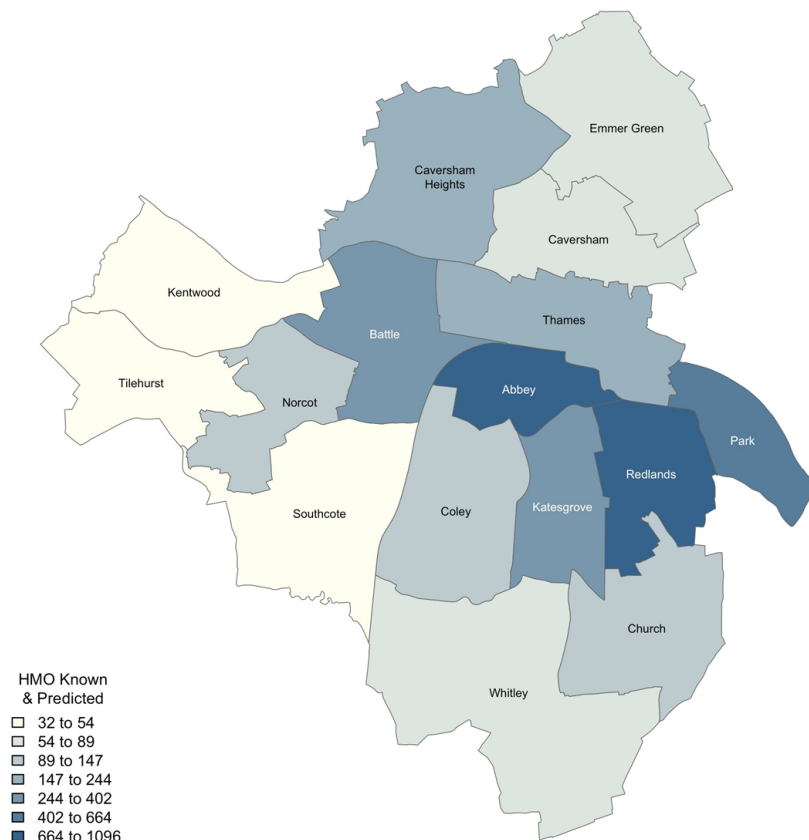


Figure 29. Number of known HMOs by ward (Source Ti 2023)

²⁶ Housing Act 2004

<https://www.legislation.gov.uk/ukpga/2004/34/section/254>



Map 8: Distribution of known and predicted HMOs by ward (Source Ti 2023, Map by Metastreet)



Map 9: Location of known and predicted HMOs (Source Ti 2023, Map by Metastreet)

Shared HMOs tend to be the cheapest form of private housing per unit and have traditionally been occupied by single adults, however in recent years many more couples and children reside in HMOs. Pressure on affordable housing and higher rates of homelessness has driven demand for this type of dwelling.²⁷

2.3.2 HMO & housing conditions

HMOs tend to have some of the poorest housing conditions of any tenure²⁸. Analysis shows that 1,230 of 3,272 HMOs in Reading are predicted to have at least one serious hazard (Category 1 and 2, HHSRS).

The number of predicted serious hazards is highest in HMOs in Redlands (312) & Park (207) wards (Figure 30 & Map 10). All wards have HMOs with Category 1 & 2 hazards.

²⁷ Regulating the Privately Rented Housing Sector, Evidence into Practice, Jill Stewart, Russell Moffatt (2022)

²⁸ Regulating the Privately Rented Housing Sector, Evidence into Practice, Jill Stewart, Russell Moffatt (2022)

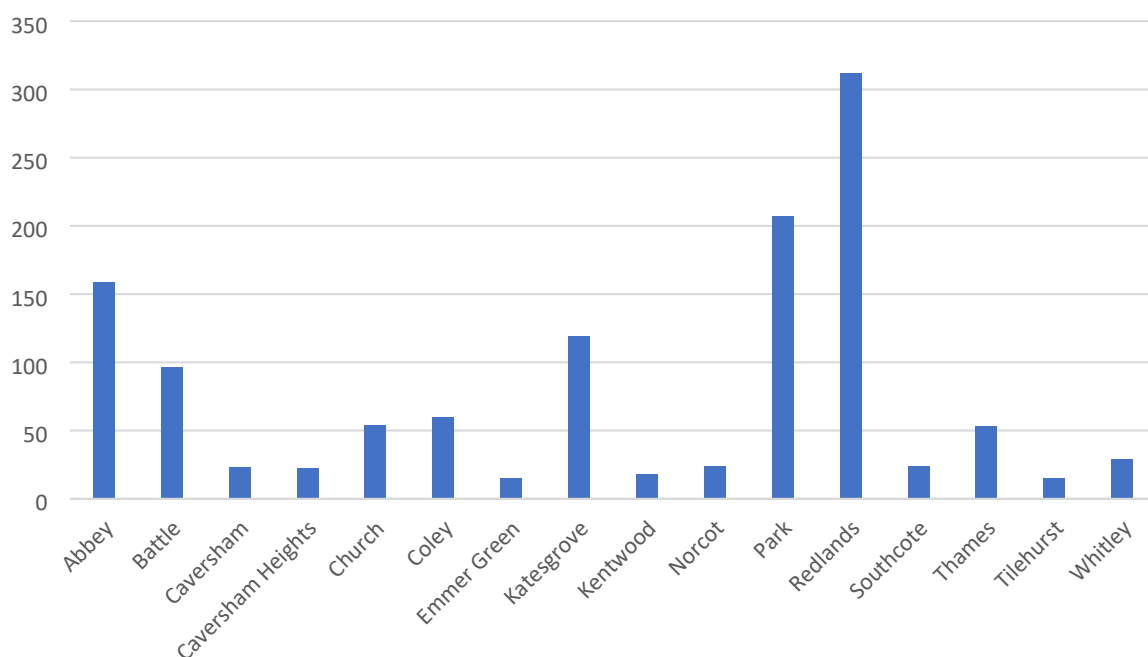


Figure 30. Number of HMOs with Category 1& 2 hazards by ward (Source Ti 2023).

The rates of Category 1 & 2, HHSRS hazards per 100 HMO properties reveals a wide distribution across Reading (Figure 30). Whitley (58% per 100) & Southcote (51.7% per 100) have the highest rates of predicted HMO properties with Category 1 & 2, HHSRS hazards. The national average for Category 1 hazards in the PRS is 14%²⁹. Hazards in HMOs are distributed across all wards (Map 10).

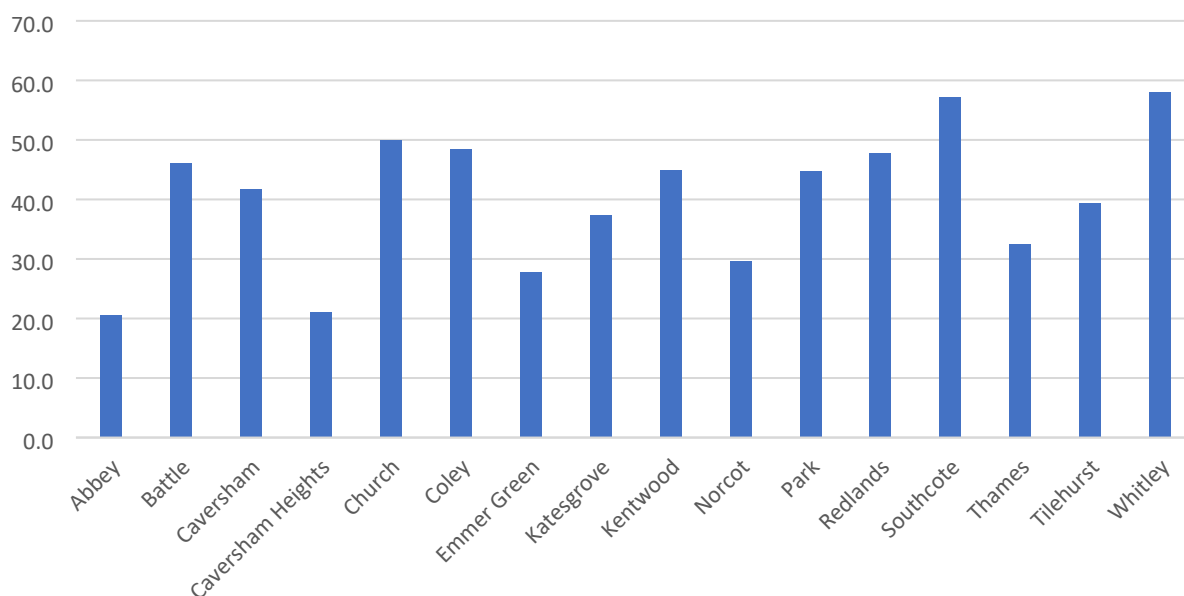
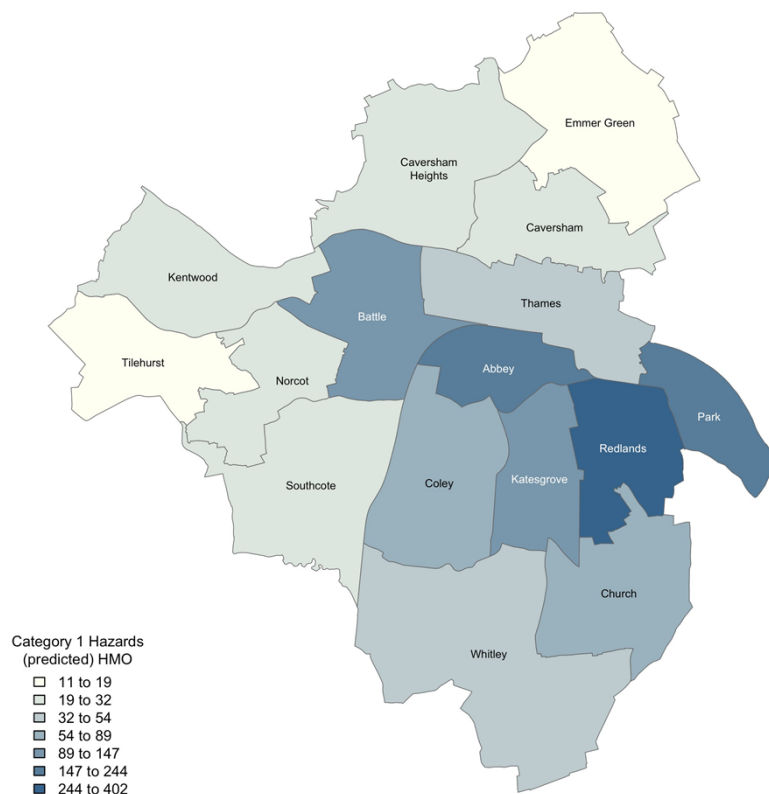


Figure 31. HMOs with Category 1& 2 hazards rate per 100 by ward (Source Ti 2023).

²⁹ EHS Headline 2021-2022, <https://www.gov.uk/government/statistics/english-housing-survey-2021-to-2022-headline-report/english-housing-survey-2021-to-2022-headline-report#section-2-housing-stock>



Map 10: Distribution of HMOs with Category 1 & 2 hazards by ward (Source Ti 2023, Map by Metastreet).

Complaints and service requests made by HMO tenants and others to the council about poor property conditions and inadequate property management are a direct indicator of low-quality HMOs. Reading recorded 1,421 complaints and service requests from tenants and others linked to HMO properties over a 5-year period (Figure 28).

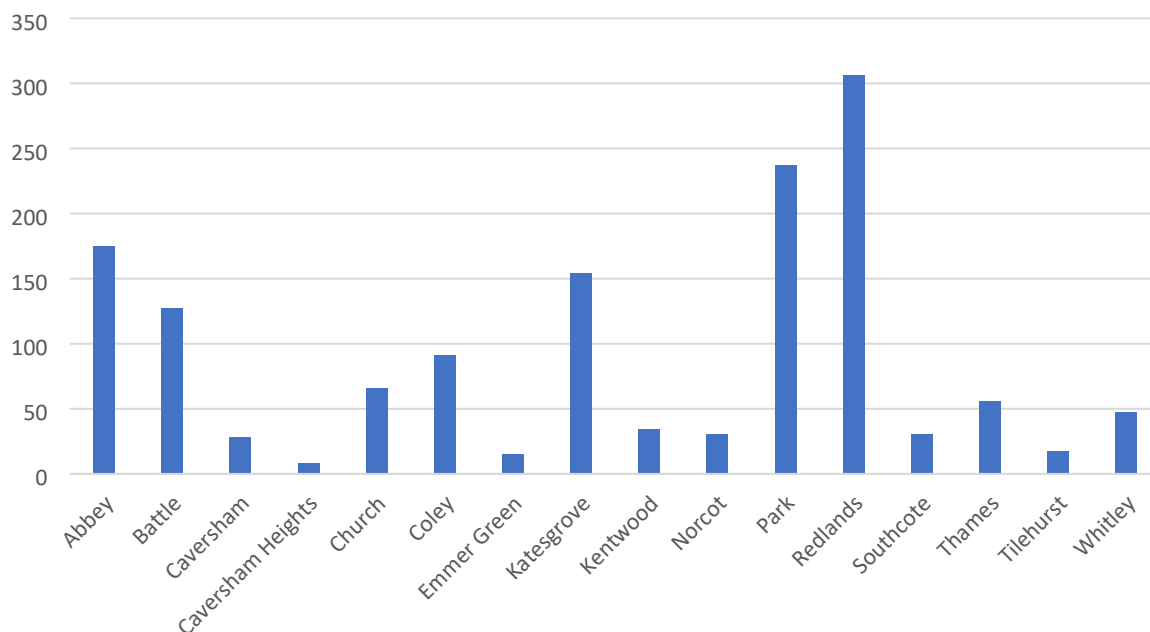
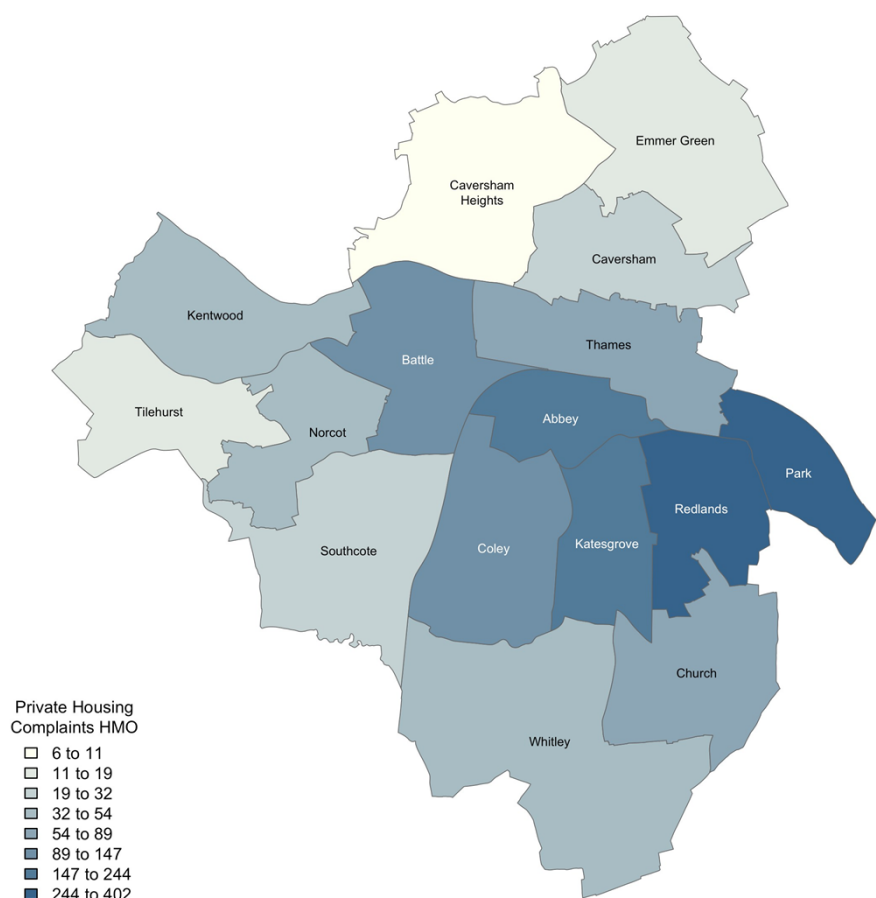


Figure 32. Number of HMOs service requests and complaints by ward (Source Ti 2023).

Redlands (306) and Park (237) received most service requests and complaints by HMO tenants and others to the Council (Figure 28). Complaints and service requests were received from all wards (Map 10).



Map 11: Distribution of HMOs service requests and complaints by ward (Source Ti 2023, Map by Metastreet).

Reading has a proactive and reactive HMO inspection programme. During those inspections (375), officers identified 701 Category 1 and 2 hazards (HHSRS). HMOs in Redlands were found to have the highest number of hazards (225) followed by Park (152) (Figure 29).

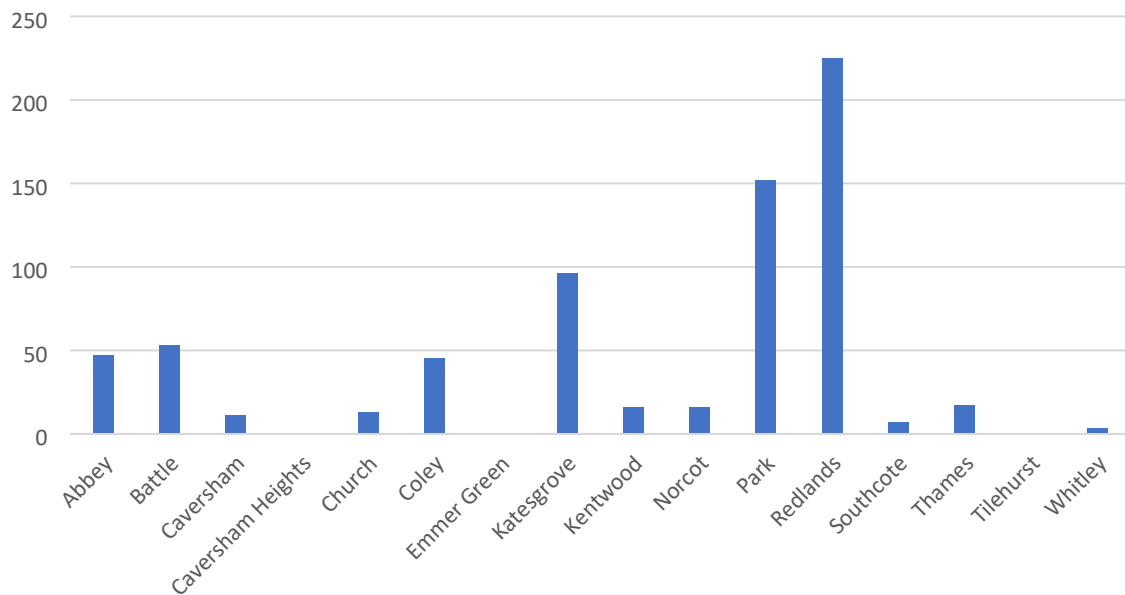
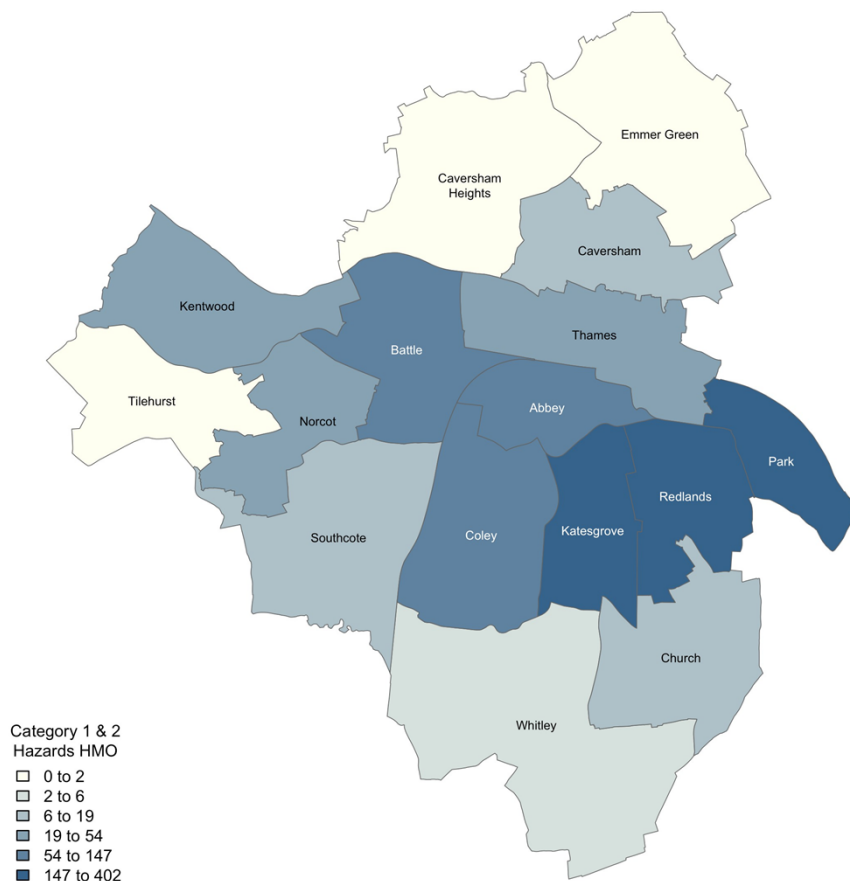


Figure 33. Inspected HMOs with Category 1 & 2 hazards (Source: Ti 2023).



Map 12. Distribution of inspected HMOs with Category 1 & 2 hazards (Source: Ti 2023, Map by Metastreet).

2.3.3 HMO enforcement and regulation interventions

Reading uses a range of statutory housing and public health notices to address poor housing standards in the HMO. Over a 5-year period (2018-23) Reading served 150 housing and public health notices (Figure 34 & Map 13).

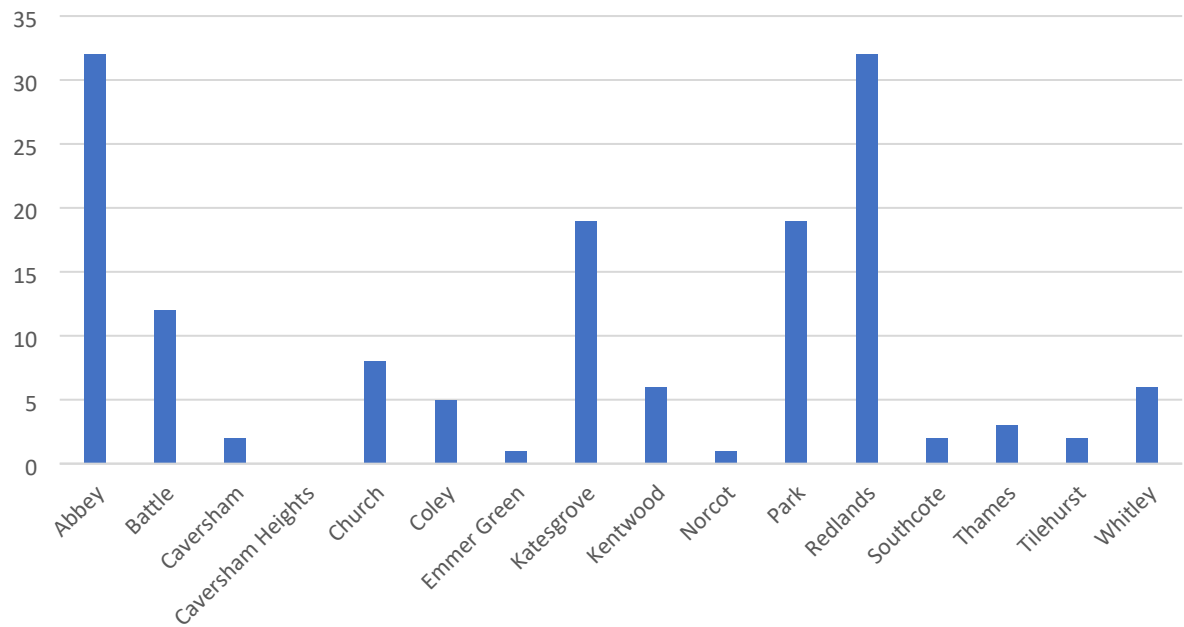
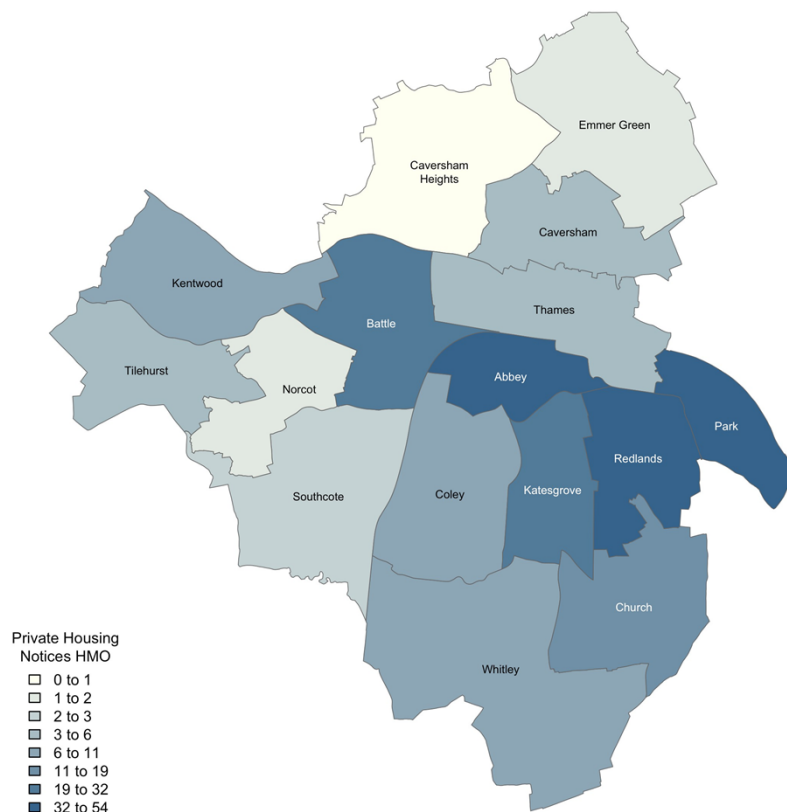


Figure 34. Statutory housing notices served on HMO properties (Source: Ti 2023).

HMOs in Abbey (32) and Redlands (32) received the most housing notices. Notices were served on HMOs in all wards except for Caversham Heights.



Map 13. Distribution of statutory housing notices served on PRS properties (Source: Ti 2023, Map by Metastreet).

2.3.4 HMO & anti-social behaviour (ASB)

Different types of ASB incidents recorded by the council over a 5-year period (April 2018 – March 2023) have been linked to known and predicted HMO properties and analysed. 697 ASB incidents have been linked to all HMOs in Reading (Figure 31).

Please note, this study focuses exclusively on ASB associated with residential premises.

Incidents, such as those recorded on a street corner or adjacent to a park, which cannot be linked to a residential property, are excluded from the study. For the purposes of this study, ASB includes noise and other nuisances identified or reported to the council.

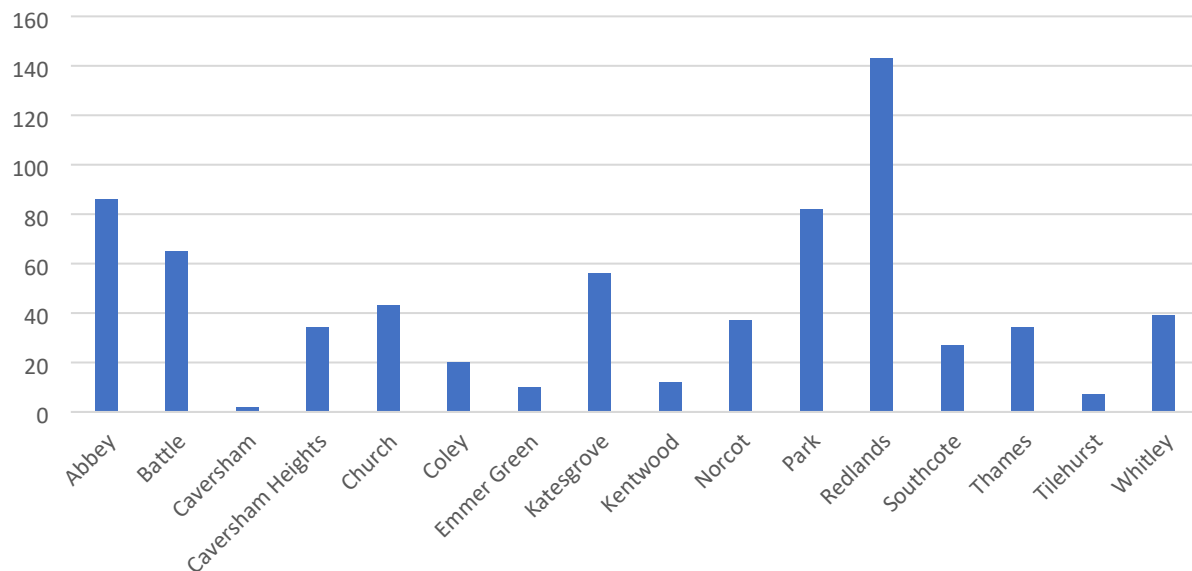
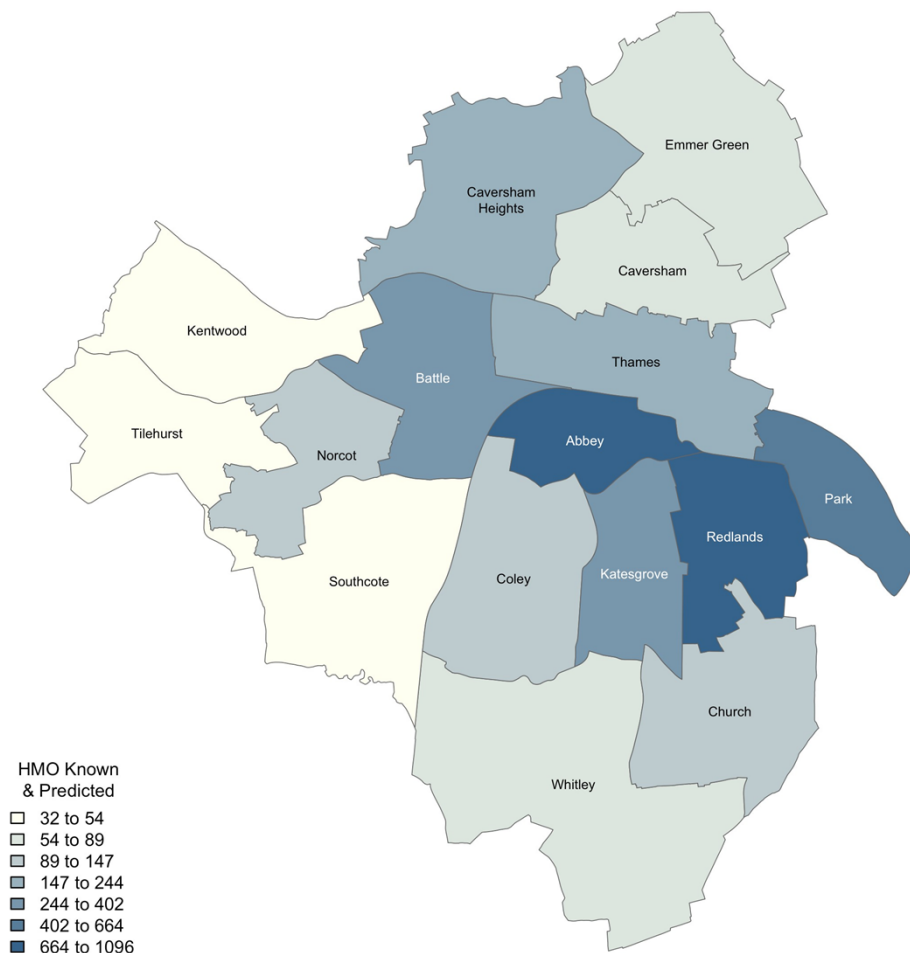


Figure 35. Number of ASB incidents linked to HMOs by ward (Source Ti 2023).

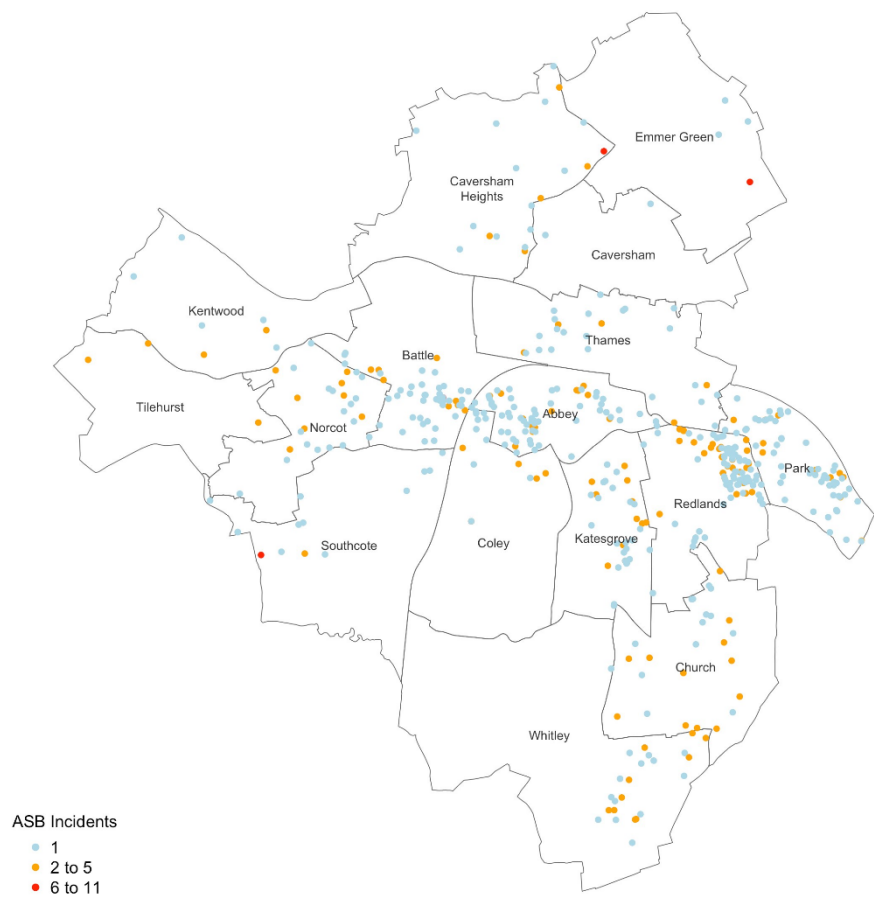


Map 14: Distribution of ASB linked to HMOs (Source Ti 2023, Map by Metastreet)

Elevated levels of ASB can be an indicator of poor property management. HMO properties often have higher levels of transience which can result in higher waste production and ASB. ³⁰ ASB

³⁰ Regulating the Privately Rented Housing Sector, Evidence into Practice, Jill Stewart, Russell Moffatt (2022)

linked to HMOs is distributed across all wards. Redlands (143) and Abbey (86) have the highest recorded ASB incidents linked to known HMOs (Figure 35 and Map 14 & 15).



Map 15: Location of ASB linked to HMOs (Source Ti 2023, Map by Metastreet)

ASB rates per 100 HMOs reveals a wide range across all wards. Whitley (78 per 100 HMOs) and Southcote (64.3 per 100 HMOs) have the highest ASB rates (Figure 36).

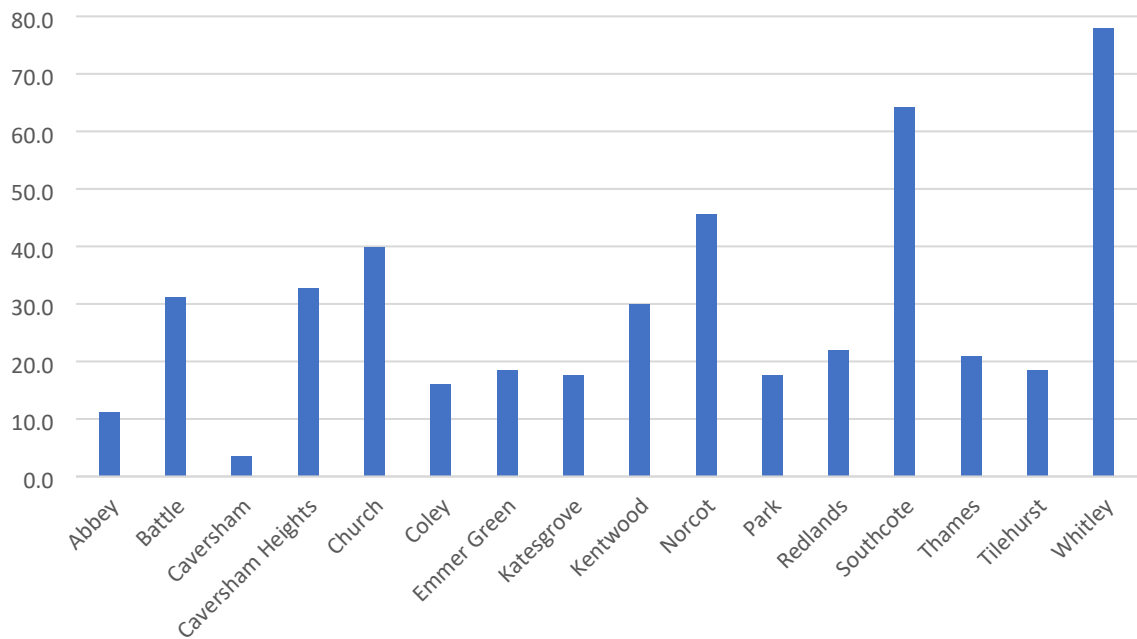


Figure 36. ASB incidents rate per 100 HMOs by ward (Source Ti 2023).

Properties subject to repeat ASB incidents (2 or more incidents) demonstrates poor property management. Redlands (30) has the highest number of repeat ASB incidents (Figure 37).

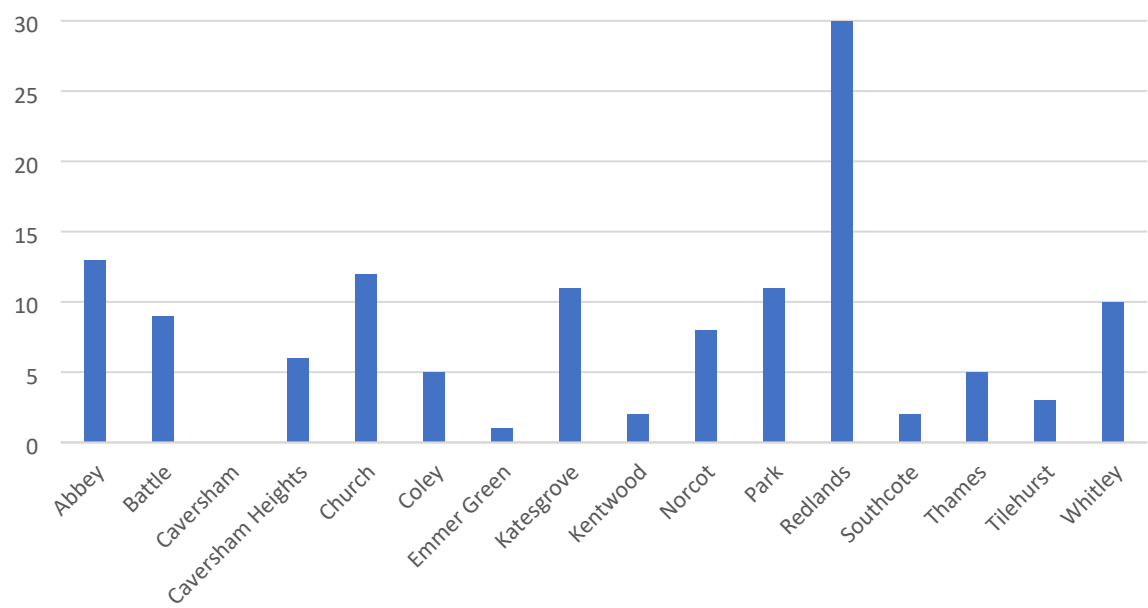


Figure 37. Two or more ASB incidents linked to HMO by ward (Source Ti 2023).

3 Conclusions

The private rented sector (PRS) in Reading has grown steadily since 2011. Based on tenure modelling (2023), Reading's PRS is now calculated to be 39.9% of all housing stock (Figure 10).

The PRS in Reading is distributed across all 16 wards (Figure 12). The number of PRS dwellings per ward ranges from 5,014 (Abbey) to 627 (Caversham Heights). The percentage of PRS properties in each ward ranges between 69.4% (Abbey) and 16.1% (Caversham Heights) (Figure 13 & Map 3). Therefore, 15 out of 16 Reading wards have an equal or higher percentage PRS than the national average in 2022 (19%).

Reading has a mixture of high and low deprivation wards. 8 of 16 wards have aggregated IMD rankings below the national average (Figure 4).

Reading has a lower proportion in fuel poverty (10.3%) than the national average (13.4%) (Figure 5). Reading has above average rents for England (£1,006) (Figure 9).

Reading has above average rented property possession rate nationally, with 11.5 claims per 10,000 households in 2023 (Figure 6). 1,084 households were owed a prevention or relief duty in the financial year 2022/2023 (Figure 7). 36.6% homelessness prevention or relief duty result from private rented tenancy ending (assured shorthold tenancies) for financial year 2022/2023. This is slightly below the national average (38.6%)

Reading has a high number of residential properties (40.1%) built pre-Second World War (Figure 14). The most common private rented property type in Reading are houses (51%), while bungalow is the least common property type (1%) (Figure 15).

There are 4,297 private rented properties in Reading that are likely to have at least 1 serious housing hazard (Category 1 and high scoring Category 2, HHSRS). PRS properties with serious hazards are distributed across all wards. Redlands (605) and Park (490) have the highest number of properties with at least one Category 1 & 2 hazard (Figure 16 & Map 4).

Reading recorded 3,117 complaints and service requests from private tenants and others linked to PRS properties over a 5-year period (not including ASB) (Figure 18). Redlands (484) and Abbey (405) received most private tenant service requests and complaints by private tenants and others to the Council (Figure 18 & Map 5).

It has been calculated using the matched addresses that 18.1% of PRS properties in Reading have an E, F, and G rating. 3.5% of PRS properties have an F and G rating (Figure 19).

Extrapolated to the entire PRS, 1,084 PRS properties are likely to fail the MEES statutory requirement. Church (16.9) PRS stock has the largest difference between current and potential energy efficiency score (Figure 21).

Over a 5-year period (2018-23) Reading served 273 housing and public health notices. Abbey (63) and Redlands (45) received the highest number of statutory notices for housing and public health related issues (Figure 24 & Map 6). Between 2018 – 2023 Reading Borough Council instigated 34 financial penalty notices, prosecutions, or a simple caution to address poor housing conditions. Park (9) and Redlands (9) received the highest number of serious enforcement interventions (Figure 25).

Across the borough, owner occupiers have the lowest ASB incident rates (1.8 per 100 dwellings). Social housing (10.7 per 100 dwellings) and Private rented housing (6.4 per 100 dwellings) have higher rates. Known and predicted HMOs have by far the highest rates (21.3 per 100 dwellings) (Figure 26). The council has recorded a total of 1,980 incidents related to anti-social behaviour (ASB) and nuisance in the PRS over the past five years. Battle (247) has the highest levels of PRS ASB incidents Emmer Green (33) has the lowest (Figure 24 & Map 7). Redlands (40) has the highest number of repeat ASB incidents (Figure 25).

Reading's HMO population has been estimated to comprise a total of 3,272 properties (Figure 29). Abbey (770) has the highest number of HMOs and Kentwood (40) has the lowest. The known and predicted HMO population is distributed across all wards with concentrations in central and eastern wards (Map 8 & Map 9).

Analysis shows that 1,230 of 3,272 HMOs in Reading are predicted to have at least one serious hazard (Category 1 and 2, HHSRS).

The number of predicted serious hazards is highest in HMOs in Redlands (312) & Park (207) wards (Figure 30 & Map 10). All wards have HMOs with Category 1 & 2 hazards. Reading recorded 1,421 complaints and service requests from tenants and others linked to HMO properties over a 5-year period (Figure 32).

Redlands (306) and Park (237) received most service requests and complaints by HMO tenants and others to the Council (Figure 32). Complaints and service requests were received from all wards (Map 11). During inspections, officers identified 701 Category 1 and 2 hazards (HHSRS). HMOs in Redlands were found to have the highest number of hazards (225) followed by Park (152) (Figure 33). Over a 5-year period (2018-23)

Reading served 150 housing and public health notices (Figure 34 & Map 13). HMOs in Abbey (32) and Redlands (32) received the most housing notices. Notices were served on HMOs in all wards except for Caversham Heights.

697 ASB incidents have been linked to all HMOs in Reading (Figure 35). ASB linked to HMOs is distributed across all wards. Redlands (143) and Abbey (86) have the highest recorded ASB incidents linked to known HMOs. Redlands (30) has the highest number of repeat ASB incidents (Figure 35 and Map 15 & 16).

Appendix 1 – Ward summaries

Wards	PRS dwellings	% PRS	Category 1 hazards (predicted)
Abbey	5,014	69.4	374
Battle	2,694	53.3	420
Caversham	1,332	28.9	193
Caversham Heights	627	16.1	107
Church	1,280	27.2	245
Coley	1,910	40.0	258
Emmer Green	828	19.9	167
Katesgrove	3,213	54.6	395
Kentwood	968	26.2	173
Norcot	1,614	32.5	297
Park	2,439	58.1	480
Redlands	3,016	54.5	644
Southcote	1,392	28.2	269
Thames	2,279	48.2	305
Tilehurst	955	22.8	168
Whitley	1,421	27.8	367

Table 3. Ward PRS summary overview (Source Ti 2023)

Wards	HMO (known & predicted)	Category 1 hazards (Predicted)	ASB & nuisance incidents
Abbey	770	159	86
Battle	208	96	65
Caversham	55	23	2
Caversham Heights	104	22	34
Church	108	54	43
Coley	124	60	20
Emmer Green	54	15	10
Katesgrove	319	119	56
Kentwood	40	18	12
Norcot	81	24	37
Park	463	207	82
Redlands	653	312	143
Southcote	42	24	27
Thames	163	53	34
Tilehurst	38	15	7
Whitley	50	29	39

Table 4. HMO summary overview (Source Ti 2023).

Appendix 2 - Tenure Intelligence (Ti) – stock modelling methodology

This Appendix explains at a summary level Metastreet's Tenure Intelligence (Ti) methodology (Figure 38).

Ti uses big data and machine learning in combination with expert housing knowledge to accurately predict a defined outcome at the property level.

Council and external data have been assembled as set out in Metastreet's data specification to create a property data warehouse comprising millions of cells of data.

Machine learning is used to make predictions of defined outcomes for each residential property where the outcome is not already known, using known outcome data provided by the council.

Results are analysed by skilled practitioners to produce a summary of housing stock, predictions of levels of property hazards and other property stressors. The results of the analysis can be found in the report findings chapter.

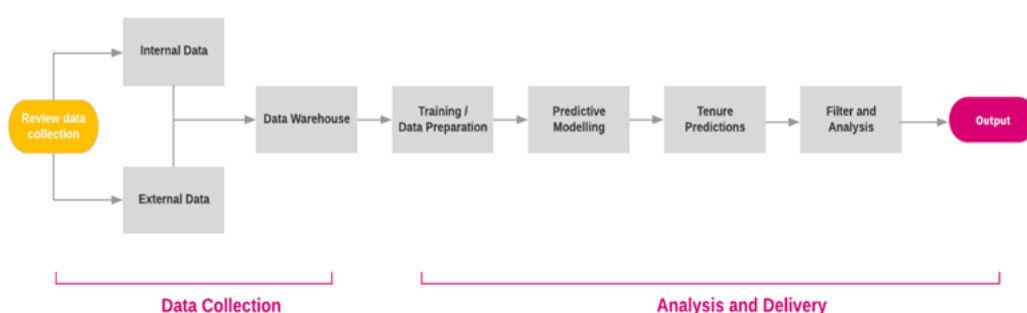


Figure 38. Summary of Metastreet Tenure Intelligence methodology.

Methodology

Metastreet has worked with Reading Borough Council to create a residential property data warehouse based on a detailed specification. This has included linking millions of cells of data to 77,643 unique property references, including council and externally sourced data. All longitudinal data requested from council departments is 5 consecutive years, from April 2018 – March 2023

Once the property data warehouse was created, the Ti model was used to predict tenure and stock condition using the methodology outlined below.

Machine learning was utilised to develop predictive models using training data provided by the council. Predictive models were tested against all residential properties to calculate risk scores for each outcome. Scores were integrated back into the property data warehouse for analysis. Many combinations of risk factors were systematically analysed for their predictive power using logistic regression. Risk factors that duplicated other risk factors but were weaker in their predictive effect were eliminated. Risk factors with low data volume or higher error are also eliminated. Risk factors that were not statistically significant are excluded through the same processes of elimination. The top 5 risk factors for each model are utilised to produce the strongest predictive combination of factors.

Four predictive models have been developed as part of this project. Each model is unique to Reading, they include:

- Owner occupiers
- Private rented sector (PRS)

- PRS housing hazards (HHSRS, Category 1 and high scoring Category 2 A-D).
- HMO

Using a D² constant calculation it is possible to measure the theoretical quality of the model fit to the training data sample. This calculation has been completed for each model. The D² is a measure of “predictive capacity”, with higher values indicating a better model.

Based on the modelling each residential property is allocated a probability score between 0-1. A probability score of 0 indicates a strong likelihood that the property tenure type is *not* present, whilst a score of 1 indicates a strong likelihood the tenure type *is* present.

Predictive scores are used in combination to sort, organise and allocate each property to one of 3 categories described above. Practitioner skill and experience with the data and subject matter is used to achieve the most accurate tenure split possible.

It is important to note that this approach cannot be 100% accurate because mathematical models can include error for a range of reasons. The D² value is one measure of model “effectiveness”.

The true test of predictions is field trials by the private housing service. However, error is kept to a minimum through detailed post analysis filtering and checking to keep errors to a minimum.

A continuous process of field testing and model development is the most effective way to develop accurate tenure predictions.

The following tables include detail of each selected risk factors for each model. Results of the null hypothesis test are also presented as shown by the Pr(>Chi) results. Values of <0.05 are generally considered to be statistically significant. All the models show values much smaller, indicating much stronger significance.

Owner occupier model

The owner occupier model shows each of the 5 model terms to be statistically significant, with the overall model showing a “predictive capacity” of around 91% (Table 5).

Table 5. Owner occupier predictive factors.

Risk factors selected	<u>Pr (>Chi)*</u>
Accounts.over.5.years	2.2e-16
Account.balances.for.all.liabilities	3.503e-08
Bens.Flag	2.2e-16
Council.Tax.band	2.2e-16
Ten.Sum	2.2e-16
Training data, n= 502	
D ² test = 0.91**	

* Pr(>Chi) = Probability value/null hypothesis test, ** D² test = Measure of model fit

PRS predictive model

The PRS model shows that each of the 5 model terms is statistically significant, with the overall model having a “predictive capacity” of around 90% (Table 6).

Table 6. PRS predictive factors.

Risk factors selected	Pr(>Chi)
------------------------------	--------------------

Accounts.over.5.years.	0.003949
Length.of.current.liability.account	2.2e-16
Historical.HB	2.2e-16
TDS	2.2e-16
Total.service.requests	0.0004034
Training data, n= 502	
D ² test = 0.90	

HMO (House in Multiple Occupation) model

This model predicts the likelihood that a UPRN will be a HMO (**Table 7**). Each of the 5 model terms is statistically significant and the overall model has a “predictive capacity” of around 69%.

Table 7. HMO predictive factors.

Risk factors selected	Pr(>Chi)
TOTAL_FLOOR_AREA	2.2e-16
Student.exemption	2.2e-16
ASB.count	0.03926
Total.service.requests	2.2e-16
Private.Housing.complaint.count	2.2e-16
Training data, n= 579	
D ² test = 0.69	

Category 1 (HHSRS) hazards model

Numerous properties where the local housing authority has recently taken action to address serious hazards were sampled for training data. Specifically, this included Housing Act 2004 Notices served on properties to address Category 1 hazards. It’s important to note that due to the complex risk-based approach to HHSRS scoring model and assessment, predictions are likely to include both properties with Category 1 hazards and properties with high scoring Category 2 hazards. It is reasonable to conclude that properties identified are likely to include hazards that would be scored A-D, using HHSRS scoring matrix and therefore be considered serious. The model results show that each of the model terms is statistically significant, with the overall model having a “predictive capacity” of around 76% (Table 8).

Table 8. Category 1 (HHSRS) hazard predictive factors.

Risk factors selected	<u>Pr (>Chi)</u>
CURRENT_ENERGY_EFFICIENCY	2.2e-16

Accounts.over.5.years.	1.624e-10
ASB.count	0.0005042
Private.Housing.complaint.count	2.2e-16
Account.balances.for.all.liabilities	1.187e-05
Training data, n= 861	
D ² test = 0.76	

Ti 2023 – Census 2021 data comparison

Reading	Ti April 2015 – March 2022		Census 2021		Diff (Ti vs Census 2021)	
	No. dwellings	%	No. households	%	No. (dwellings - households)	Percentage difference (% Ti - % Census)
Social Housing	10,507	13.5%	10925	16.1%	-418	-2.6%
Owner occupiers	36,143	46.6%	35017	51.7%	1,126	-5.2%
PRS	30,982	39.9%	21740	32.1%	9,242	7.8%
ToT	77,632		67682		9,950	12.8%

Table 9. Ti dwelling data compared to Census household data.

Version, Final

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Appendix 2 – Renters Reform Bill Summary of Proposals

The Government published a White paper and introduced some of their proposals in the Renters Reform Bill. The Renters Reform Bill includes some provisions around the end of fixed term tenancies and also:-

- Rent increases
- Right to keep a pet
- Financial penalties
- Penalties for unlawful eviction
- Landlord redress schemes
- Private rented sector database
- General duties on enforcement authorities
- Apply the Decent Homes Standard to the private rented sector (likely to be similar to the social housing one, possibly without the age of amenities criteria)

There are also quite a few proposals which are not included in the Bill (some of which may get added at a later stage)

- A revised and updated version of the Housing Health and Safety rating System (HHSRS) which has been drafted and consulted on but would need new secondary legislation at least to enact.
- Make it illegal for landlords and agents to have blanket bans on renting to tenants in receipt of benefits.
- A new requirement for councils to report on enforcement activity.

The Bill, if enacted, contains several new powers, including financial penalties in relation to illegal evictions and also into areas where the Council has not previously carried enforcement powers (which might have been considered civil matters before) such as such as tenancy agreements and mis-using ground of possession.

If enacted, the Bill would enable the creation of a landlord database/register. This would be likely to include the following:-

- Details of people who are landlords or who intend to become landlords.
- Details about properties that have been let out.
- Information about banning orders, and convictions/financial penalties that relate to banning order offences.
- Persons convicted of offences or have received a financial penalty or other regulatory action where prescribed by regulation.

There have been proposals to include registration of safety certificates (gas and electric etc) on the register, but it is unclear if this will proceed.

The Bill sets out to create breaches for which a financial penalty could be issued by local authorities in relation to the register.

Appendix 3 – (Legal implications) Table comparing the licensing scheme scope and criteria

Scheme	Mandatory licensing (existing scheme)	Additional licensing.	Selective licensing
What it covers	HMOs with 5 or more occupants	Smaller HMOs 3-4 occupants	All private rented properties let on single tenancies (excluding hmos licenced under other schemes)
Tests to be met to make a designation	Not applicable – statutory scheme applies to England	<p>The authority must consider that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying the HMOs or for members of the public.</p> <p>The authority must have regard to any information regarding the extent to which any codes of practice approved under section 233 have been complied with by persons managing HMOs in the area in question.</p> <p>The authority must ensure that any exercise of the power is consistent with the authority's overall housing strategy.</p> <p>The authority must also seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour affecting the private rented sector (including, combining licensing with other</p>	<p>That the area is, or is likely to become, an area of low housing demand</p> <p>OR</p> <p>That the area is experiencing a significant and persistent problem caused by anti-social behaviour;</p> <p>That some or all of the private sector landlords who have let premises in the area are failing to take action to combat the problem that it would be appropriate for them to take; and</p> <p>That making a designation will, when combined with other measures taken in the area by the local housing authority, or by other persons together with the local housing authority, lead to a reduction in, or the elimination of, the problem.</p> <p>That the area contains a high proportion of properties in the private rented sector, in relation to the total number of properties in the area, which are occupied either under assured tenancies or licences to occupy</p> <p>Conditions in relation to housing conditions</p> <p>That having carried out a review of housing conditions it would be appropriate for a significant number of the properties in the area to be inspected, with a view to determining whether any category 1 or category 2 hazards exist on the premises</p>

courses of action available to them, and with measures taken by other persons.)

The authority must consider whether there are any other courses of action available to them (of whatever nature) that might provide an effective method of dealing with the problem or problems in question, and

- that making the designation will significantly assist them to deal with the problem or problems (whether or not they take any other course of action as well).

That the local housing authority intends to carry out such inspections, with a view to carrying out any necessary enforcement action; and

That making a designation will, when combined with other measures taken in the area by the local housing authority, or by other persons together with the local housing authority, contribute to an improvement in general housing conditions in the area.

Conditions in relation to migration

That the area has recently experienced or is experiencing an influx of migration into it and a significant number of the properties in the area are occupied by those migrants referred to in paragraph

That making a designation will, when combined with other measures taken in the area by the local housing authority, or by other persons together with the local housing authority, contribute to—

(i) the preservation or improvement of the social or economic conditions in the area; and

(ii) ensuring that the properties in the area are properly managed, and in particular, that overcrowding is prevented.

Conditions in relation to deprivation

That the area is suffering from a high level of deprivation, which affects a significant number of the occupiers of properties in the area and

That making a designation will, when combined with other measures taken in the area by the local housing authority, or by other persons together with the local housing authority, contribute to a reduction in the level of deprivation in the area.

Conditions in relation to crime

That the area suffers from high levels of crime that affects those living in the area, or other households and businesses in the area; and

That making a designation will, when combined with other measures taken in the area by the local housing authority, other persons together with the local housing authority or by the police, contribute to a reduction in the levels of crime in the area, for the benefit of those living in the area.

Scheme

Tests to be met by applicant

Mandatory licensing (existing scheme) and Additional licensing

That the proposed licence holder is a fit and proper person to be the licence holder, and is the most appropriate person to be the licence holder;

That no banning order is in force against a person who—

- (i) owns an estate or interest in the house or part of it, and
- (ii) is a lessor or licensor of the house or part;

That the proposed manager of the house is either—

- (i) the person having control of the house, or
- (ii) a person who is an agent or employee of the person having control of the house;

Selective licensing

That the proposed licence holder is a fit and proper person to be the licence holder, and is the most appropriate person to be the licence holder;

That no banning order is in force against a person who—

- (i) owns an estate or interest in the house or part of it, and
- (ii) is a lessor or licensor of the house or part;

That the proposed manager of the house is either—

- (i) the person having control of the house, or
- (ii) a person who is an agent or employee of the person having control of the house;

That the proposed manager of the house is a fit and proper person to be the manager of the house; and

That the proposed management arrangements for the house are otherwise satisfactory.

That the proposed manager of the house is a fit and proper person to be the manager of the house; and

That the proposed management arrangements for the house are otherwise satisfactory.

That the house is reasonably suitable for occupation by not more than the maximum number of households or persons to be specified on the licence, or that it can be made so suitable by the imposition of conditions;

Scheme

Mandatory licensing (existing scheme) and Additional licensing

Conditions
that may be
included on a
licence

A licence may include such conditions as the local housing authority consider appropriate for regulating :

- (a) the management, use and occupation of the house concerned, and
- (b) its condition and contents.

Including:

Conditions imposing restrictions or prohibitions on the use or occupation of particular parts of the house by persons occupying it;

Conditions requiring the taking of reasonable and practicable steps to prevent or reduce anti-social behaviour by persons occupying or visiting the house;

Selective licensing

A licence may include such conditions as the local housing authority consider appropriate for regulating the management, use or occupation of the house concerned including:

Conditions imposing restrictions or prohibitions on the use or occupation of particular parts of the house by persons occupying it;

Conditions requiring the taking of reasonable and practicable steps to prevent or reduce anti-social behaviour by persons occupying or visiting the house.

Conditions requiring facilities and equipment to be made available in the house

Conditions requiring such facilities and equipment to be kept in repair and proper working order;

Conditions requiring facilities and equipment to be made available in the house;

Conditions may that the works are carried out within timescales specified in the licence.

Conditions requiring such facilities and equipment to be kept in repair and proper working order;

Conditions may that the works are carried out within timescales specified in the licence.

Conditions requiring the licence holder or the manager of the house to attend training courses .

Conditions that must be included on a licence

A licence under Part 2 must include conditions requiring the licence holder to comply with any scheme which is provided by the local housing authority to the licence holder and which relates to the storage and disposal of household waste at the HMO pending collection.

A licence under Part 3 must include conditions requiring the licence holder to demand references from persons who wish to occupy the house.

Conditions that must be included (applies to all licence types)

A licence under Part 2 must include conditions relating to the prescribed minimum room size standards

Conditions requiring the licence holder, to annually produce a gas safety certificate obtained within the last 12 months.

Conditions requiring the licence holder—

(a)to keep electrical appliances and furniture made available by him in the house in a safe condition;

(b)to supply a declaration as to the safety of such appliances and furniture on demand;

Conditions requiring the licence holder—

(i)to ensure that every electrical installation in the house is in proper working order and safe for continued use; and

(ii)to supply the authority, on demand, with a declaration by him as to the safety of such installations;

Conditions requiring the licence holder—

- (i) to ensure that a smoke alarm is installed on each storey of the house on which there is a room used wholly or partly as living accommodation, and
- (ii) to keep each such alarm in proper working order;
- (b) to supply the authority, on demand, with a declaration by him as to the condition and positioning of such alarms.

Conditions requiring the licence holder—

- (a) to ensure that a carbon monoxide alarm is installed in any room in the house which is used wholly or partly as living accommodation and contains a fixed combustion appliance other than a gas cooker;
- (b) to keep any such alarm in proper working order; and
- (c) to supply the authority, on demand, with a declaration by him as to the condition and positioning of any such alarm.

Conditions requiring the licence holder to supply to the occupiers of the house a written statement of the terms on which they occupy it.

Appendix 4 - Indicative timeline for additional or selective scheme designation

October 2023	•Bring on board Project team and PR
November 2023	•Draft Meta Street report •Analysis of report/data •Scheme design for preferred option •Draft report for LCB w/c 13th November •LCB 23rd November
December 2023	•Work on HNL Committee Report •Final Meta Street Report TBC
January 2024	•Incorporate into Team Service Plan •Statutory Officer Sign off for Committee Report 9th January
February 2024	•HNL Committee 21st February •Pre Consultation 26th February
March 2024	•Pre consultation
April 2024	•Pre Consultation ends 8th April
May 2024	•Findings of pre Consultation May LCB •Full Consultation follows LCB for 10 Weeks
June-July 2024	•Full Consultation
August - October 2024	•Standstill Period 12 weeks
September - October 2024	•Business Case proposal
November 2024	•HNL Committee update on Consultation and next steps
March 2025	•If Scheme does not need SOS approval - implementation could be March 2025
December 2024	•If SOS approval required 3 to 12 months required to seek approval
December 2025	•Followed by statutory Notice Period
March 2026	•HNL Committee Designation of Additional Licensing Scheme

Appendix 5 - Financial implications – Indicative fees

Additional HMO licensing

Description	Licence fee
Standard fee	£950.00
A reduced rate is proposed for those applicants who are members of a landlord accreditation scheme, such as accredited members of the National Residential Landlords Association (NRLA) and to landlords who are members of the Reading Rent with Confidence Scheme (RRWC). The property must be accredited at the time the application is made.	£800.00
An increased fee is proposed for late applications, where the property has been licensable for 12 weeks prior to the application being made. This is to offset the costs of chasing applications from non-compliant landlords.	£1,200

Selective licensing fee

Description	Licence fee
Standard fee	£750.00
A reduced rate is proposed for those applicants who are members of a landlord accreditation scheme, such as accredited members of the National Residential Landlords Association (NRLA) and to landlords who are members of the Reading Rent with Confidence Scheme (RRWC). The property must be accredited at the time the application is made.	£650.00
An increased fee is proposed for late applications, where the property has been licensable for 12 weeks prior to the application being made. This is to offset the costs of chasing applications from non-compliant landlords.	£1,000

Appendix 6 – Financial implications - Comparison with other local authority property licensing fees

LHA	Type of scheme	Application fee £
BCP (Bournemouth, Christchurch & Poole)	Mandatory hmo	764
	Additional hmo	NA
	Selective	NA
Birmingham	Mandatory hmo	1125
	Additional hmo	755
	Selective	700
Bristol	Mandatory hmo	1420
	Additional hmo	1300
	Selective	799
Coventry	Mandatory hmo	790-1220
	Additional hmo	As above
	Selective	Proposed 380 did not proceed
Ealing	Mandatory hmo	1550
	Additional hmo	1100
	Selective	750
Guildford	Mandatory hmo	939.40
	Additional hmo	NA
	Selective	NA
Islington	Mandatory hmo	1440 (288/room)
	Additional hmo	As above
	Selective	500
Manchester	Mandatory hmo	1321
	Additional hmo	NA
	Selective	798=936
Nottingham	Mandatory hmo	1330-1720
	Additional hmo	As above
	Selective	887-1233
Oxford	Mandatory hmo	465-2330
	Additional hmo	266-557
	Selective	530
Preston	Mandatory hmo	575
	Additional hmo	NA
	Selective	NA
Richmond	Mandatory hmo	1611
	Additional hmo	NA
	Selective	NA
Slough	Mandatory hmo	750
	Additional hmo	As above
	Selective	500
Southampton	Mandatory hmo	716-1211
	Additional hmo	NA
	Selective	NA
Woking	Mandatory hmo	725
	Additional hmo	NA
	Selective	NA

Appendix 7 – Financial implications income and expenditure

Additional licensing – whole borough

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	All years
Employee costs (see note1)	50	189	333	375	262	182	1,392
Other running costs		12	20	18	10	9	70
Capital financings costs							
Expenditure	50	202	352	392	272	191	1,462
Income from: Fees and charges (see note2)	NIL	584	584	97	97	97	1,460
Total Income	NIL	584	584	97	97	97	1,460
Net Cost(+)/saving (-)	50	-382	-231	295	175	93	-2

Note 1: Year 1 incurs costs in the consultation and designation stage, there is no corresponding income in this period. Year 2 and 3 indicates higher costs relating to the resources required to process the applications and complete inspections for the applications that come in predominantly at the earlier part of the designation. Staffing costs are expected to reduce as fewer applications are expected after year 2. HMO Licensing fees are modelled over the 5 years, which allows a spreading of income to ensure that the scheme is cost neutral. Surpluses are re-invested in the scheme.

Note 2: In relation to the fee income, the figures above assume a predicted 80% application rate, and with 25% of applicants being eligible for a discount due to being an accredited landlord. The figures also assume 80% of applications will be made in the first 2 years with a subsequent reduction in income. A range of potential income must also be considered depending on the actual number of applicants:

		Fee	Number of applications	Over 5 years	Yearly average
2,000 licences	Accredited	£800	500	£400,000	£80,000
100%	Non accredited	£950	1500	£1,425,000	£285,000
			Total	£1,825,000	£365,000
1,600 licences	Accredited	£800	400	£320,000	£64,000
80%	Non accredited	£950	1200	£1,140,000	£228,000
			Total	£1,460,000	£292,000
1,000 licences	Accredited	£800	250	£200,000	£40,000
50%	Non accredited	£950	750	£712,500	£142,500
			Total	£912,500	£182,500

Selective licensing (1 ward, representative example)

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	
Employee costs (see note1)	50	202	232	176	176	139	976
Other running costs		17	13	8	8	6	50
Capital financings costs							
Expenditure	50	219	244	184	184	145	1,026
Income from: Fees and charges (see note2)	NIL	410	410	68	68	68	
Total Income	NIL	-410	-410	-68	-68	-68	1,024
Net Cost(+)/saving (-)	50	-191	-165	115	115	76	-2

Note 1: Year 1 incurs costs in the consultation and designation stage, there is no corresponding income in this period. Year 2 and 3 indicates higher costs relating to the resources required to process the applications and complete inspections for the applications that come in predominantly at the earlier part of the designation. Staffing costs are expected to reduce as fewer applications are expected after year 2.

Note 2: In relation to income the fee income, the figures above assume a predicted 80% application rate, and with 25% of applicants being eligible for a discount due to being an accredited landlord. The figures also assume 80% of applications will be made in the first 2 years with a subsequent reduction in income. A range of potential income must also be considered depending on the actual number of applicants:

Number of licences	Fee type	Fee	Number of applications	Over 5 years	Yearly average
950	Accredited	£750	237.5	£178,125	£35,625
50%	Non accredited	£650	712.5	£463,125	£92,625
			Total	£641,250	£128,250
1520	Accredited	£750	380	£285,000	£57,000
80%	Non accredited	£650	1140	£741,000	£148,200
			Total	£1,026,000	£205,200
1900	Accredited	£750	475	£356,250	£71,250
100%	Non accredited	£650	1425	£926,250	£185,250
			Total	£1,282,500	£256,500

Selective licensing (3 wards with phased introduction)

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31	2031/32	2032/22	2033/34	TOTAL
Employee costs	50	248	339	458	488	573	489	414	295	172	3,529
Other running costs		19	13	22	21	23	21	15	8	6	147
Capital financings costs											
Expenditure	50	267	353	480	509	596	510	429	303	179	3,676
Income from: Fees and charges	NIL	534	534	516	516	670	581	156	85	85	3,678
Total Income	NIL	534	534	516	516	670	581	156	85	85	3,678
Net Cost(+)/saving (-)	50	-267	-181	-35	-6	-74	-71	273	218	94	-2

Year 1 incurs costs in the consultation and designation stage, there is no corresponding income in this period.

Following a phased introduction gradually higher costs are incurred relating to the resources required to process the applications that come in predominantly at the earlier part of each designation. As the second and third designations are made work is still taking place to complete inspections for as well as processing a smaller number of applications from the first designation.

Staffing costs are expected to reduce over the final 4 years as the first scheme expires, though if it was renewed then income and expenditure would remain higher.

In relation to income the fee income, the figures above assume a predicted 80% application rate, and with 25% of applicants being eligible for a discount due to being an accredited landlord. The figures also assume 80% of applications will be made in the first 2 years of each designation with a subsequent reduction in income from one scheme offset by the second and third designations. A range of potential income must also be considered depending on the actual number of applicants:

Number of Licences		Proposed Fee	Estimated number	9 years total	9 year average
3420	accredited	£750	855	£641,250	£71,250
50%	Non accredited	£650	2565	£1,667,250	£185,250
			Total	£2,308,500	£256,500
6840	accredited	£750	1710	£1,282,500	£142,500
100%	non accredited	£650	5130	£3,334,500	£370,500
			Total	£4,617,000	£513,000
5450	accredited	£750	1362.5	£1,021,875	£113,542
80%	non accredited	£650	4087.5	£2,656,875	£295,208
			Total	£3,678,750	£408,750