

Reading Borough Council – Selective and Additional Licensing Consultation 2024
Consultation on a proposal to introduce a borough-wide additional licensing scheme and a
Selective Licensing scheme in Park, Redlands, and Battle.

Response from Propertymark

August 2024

Background

1. Propertymark is the UK’s leading professional body for estate and letting agents, property inventory service providers, commercial agents, auctioneers and valuers, comprising over 18,000 members representing over 12,800 branches. We are member-led with a Board which is made up of practicing agents and we work closely with our members to set professional standards through regulation, accredited and recognised qualifications, an industry-leading training programme and mandatory Continuing Professional Development.

Overview

2. Reading Borough Council is consulting on proposals to introduce the following property licenses for private rented sector property:
 - All HMOs across the borough – extending the existing scheme to include those HMOs with 3 – 4 occupants. Reading is also exploring licensing buildings converted to flats which are HMOs as part of this consultation (known as section 257 HMOs)
 - All rented properties (including those let to a single person or family) in 3 wards: Park, Redlands, and Battle.
3. In addition to these proposals, Reading Borough Council have already implemented an Article 4 directions in parts of Reading which remove permitted development rights for small HMO creation. We have [previously raised concerns over the impact these Article 4 directions could have on student accommodation and affordable housing.

Summary

4. Thank you for the opportunity to respond to the consultation on reintroducing and extending selective and additional licensing in Reading. Propertymark is supportive of efforts made by local authorities to improve housing stock within the private rented sector (PRS). However, we do not think that licensing is the best method to achieve this aim. Accordingly, we object to your proposal. Propertymark would prefer a regulatory framework, which seeks to educate landlords in improving their stock rather than punitive measures that are difficult to enforce and only punish compliant landlords and letting agents, letting those that require improvements to go undetected. We oppose this proposal on several grounds which are set out below.

Licensing structure

5. **Scope of the scheme** – We think that any consideration of the borough-wide additional licensing scheme and selective licensing scheme should be taken in context of other measures undertaken by the authority to control the quality and numbers of Houses of Multiple Occupation. As we noted in our overview, Reading Council has implemented Article 4 directions. We think an assessment should be carried out in the impact Article 4 directions have had in the borough, the impact they have had on improving standards and whether they have had an impact on the supply of housing especially for the most vulnerable and low paid tenants. Additionally, we would like clarity on the proportion of the proposed areas that are made up of housing from the Private Rented Sector (PRS), as it is likely that any social problems within this area are contributed by other housing tenures. While other areas have larger percentages of PRS stock, the level of social housing is also significant. We are also concerned that in targeting the whole of Reading in a borough-wide scheme, Reading may become less desirable for landlords to invest in and will result in less housing supply in the area.

6. **Costs of the scheme** – We hope that Reading Borough Council can clarify how much the scheme will cost. Many additional and selective licensing schemes are a significant investment for local authorities, and we would ask that Councillors consider carefully if such a scheme offers value for money for their residents and is the most cost-effective method to improve the quality of the PRS. We note that the scheme is being reintroduced and increased, accordingly what has been the overall cost for the council in implementing licensing. The costs should include the total costs for the council in administering property licensing.

7. **Fees** – At £750 for a selective licence and £950 for an additional licensee, the fee is high given the economic challenges and costs faced by landlords and property agents operating in the area. It is also high when compared to other local authority selective licensing schemes including £650 in Newcastle¹ and £550 in Liverpool.² The fee is also higher compared to fees for selective licenses schemes in London Boroughs where costs are typically high including £640 in Brent³ and £652 in Merton⁴ (before discounts.) We would like clarity why an additional license is £200 more expensive when surely the administrative procedure would be similar. We welcome the inclusion of an early bird discount. However, we would recommend that the council considers further discounts for members of accredited membership organisations such as Propertymark. We are disappointed that no consideration has been given for members of such bodies as being a member of Propertymark demonstrates that the letting agent is suitably qualified, has access to regular training and meets compliance and regulatory standards, so encourage the council to consider discounts for Propertymark member letting agents. We also note that there is no discount for additional licensed properties which specifically disadvantages landlords with large portfolios. We would welcome clarity on how agents can pay fees and would recommend that in some instances agents may wish to pay by invoice especially if they are administering many property licenses.

¹ [Fees and Charges.pdf \(newcastle.gov.uk\)](#)

² [Fees, discounts and exemptions - Liverpool City Council](#)

³ [Appendix 3 Proposed Schedule of Fees and Charges \(1\).pdf](#)

⁴ [London Borough of Merton Landlord Licensing and HMO Planning Controls Consultation](#)

8. **Impact of cost-of-living and landlords** - Regardless of the fee level, we are concerned these charges will come at a time when landlords are impacted by ongoing mortgage costs, the cost-of-living crisis and the impact fees could have on the ability of landlords to improve standards. Our members have also told us that a common concern from landlords on licensing schemes is that the costs can be extremely high for landlords especially those, as we have just highlighted, as having larger portfolios of properties.

9. **Impact on supply of homes** - Exiting the market is especially a concern for smaller landlords who are more likely to sell their properties and further shrink the supply of much sort after PRS properties leaving remaining private tenants with higher rents. Our research on the shrinkage of the PRS⁵ found 53% of buy to let properties sold in March 2022 left the PRS and that there were 49% less PRS properties to let in March 2022 compared with 2019. In addition to these concerns, those landlords who remain in the market, often have less money to improve conditions from increased costs. If the decision to operate an additional and selective licensing scheme across significant parts of Reading is approved in areas that are already low demand, then there is a concern that landlords currently operating within these areas could invest in neighbouring areas outside of the scheme or indeed other local authority areas or exit the market altogether. This could result in fewer housing options for people living in these Reading communities meaning some people might be forced to find housing options outside the area, change employment or break social ties within the community. In addition, Reading is home to a large student population who attend the University of Reading. Many of these students live in HMO's and could be severely impacted by any schemes that could reduce the supply of HMO's and PRS property.

10. **Unintended Consequences** – We are pleased to see that Reading Borough Council acknowledge that the PRS is an important and increasingly growing tenure that is home to many people living within the Borough. Renting in Reading can be expensive with an average rent in the PRS being £1,669 per calendar month (May 2024).⁶ It is likely that many low waged and people in receipt of benefits access the PRS in Reading. We are concerned that landlords may increase rent due to the added and significant costs of licenses. Accordingly, some renters living within the dedicated areas require cheaper accommodation due to being on a low income and the continued challenges in the cost-of-living crisis. We previously outlined the possibility that further legislation could reduce the housing options of the most vulnerable from landlords exiting the market there could be further implications on the rent level for those landlords who remain. As is the general law of supply and demand, if the supply of PRS property reduces, the cost of rent for the remaining properties is likely to rise. With the current demographics of persons accessing the PRS in Reading, there is a very real danger that many low-income families will be priced out of living in the area.

Improving standards

⁵ [A shrinking private rented sector | Propertymark](#)

⁶⁶ https://www.home.co.uk/for_rent/reading/current_rents?location=reading

11. **Property condition** – Large parts of the designated areas are characterised as including significant levels of older housing stock. Areas that have these characteristics are often inner-city communities with large section of pre-1919 built housing. Accordingly, a significant amount of investment is required to improve the condition of stock including the energy efficiency of properties. We would be grateful if Reading Borough Council could clarify if they have any proposed financial grants or loans available for landlords to improve stock.
12. **Energy efficiency** - Since 1 April 2020, landlords can no longer let or continue to let properties covered by the Minimum Energy Efficiency Standards if they have an Energy Performance Certificate (EPC) rating below E, unless they have a valid exemption in place. According to the consultation document ‘1,084 PRS properties are likely to fail the basic energy efficiency requirement.’ However, only a very small number of properties would be below EPC E, and these may be exempt. The Department for Energy Security and Net Zero are due to unveil plans to ensure that properties meet EPC C by 2030. Accordingly, we would be grateful to learn how Reading Borough Council will support landlords and property agents meet these targets.
13. **Empty properties** – There is no discussion within the consultation document on empty properties. However, empty properties are not only a wasted resource, but they can deteriorate standards of neighbouring properties through increased fly tipping and anti-social behaviour. We would welcome clarity on proposals the council would consider increasing housing stock including Empty Management Dwelling Orders or enforced sales to highlight their activity. The council should provide further information into what active steps have been taken to reduce the number of empty properties within the borough to aid the high number of people waiting on the housing list for housing.
14. **Current enforcement** – Reading Borough Council is experienced in the implementation of Licensing Schemes with the previous schemes. Reading states that they recorded 3,117 complaints and service requests from private tenants and others linked to PRS properties over 5-years. We would be grateful for some clarity on the performance of previous schemes. For example, how many working days did it take for a typical licence application to be processed and issued? The council also highlight some of the key statistics on their enforcement activity including warning letters, prosecutions, and civil penalties issues. We would be grateful if this data could be broken down by years and whether the action was within a selective licensing scheme area or from general enforcement. We would also be grateful for clarity on the reasons for issuing civil penalties for example, how many were for over-crowding, banning orders or for simply not obtaining the correct license.
15. In addition, the number of civil penalties given to property owners and landlords for previous schemes is relatively low. We would welcome clarity on what the council’s enforcement policy will entail. How will the council educate landlords to ensure they are complaint, and for those landlords who struggling with the management of properties, will the council recommend landlords discharge their duties to Propertymark registered agents?

Engagement

16. **Engagement with landlords and letting agents** - For most cases of substandard accommodation, it is often down to landlord's lack of understanding rather than any intent to provide poor standards. Reading have made significant efforts to engage with landlords in the local area and outside the borough through advertising methods. We would welcome clarity on how you engage with local landlords via landlord forums, and training opportunities. In addition, we would welcome clarity on how the council encourages landlords and agents to be members of an accredited membership scheme such as Propertymark.
17. To strengthen this engagement, we would be very happy to support the council in engaging with our members and local property agents. A licensing scheme is a very reactive mechanism, and it is far more beneficial to have a programme of education to engage with landlords on helping them improve before a situation gets worse. We would welcome clarity on what training opportunities the council will provide to landlords and agents to help them understand their responsibilities and improve standards. We recognise the council have made strong efforts in this in the past with engagement via the council's Landlord Forum and an accreditation scheme for local landlords. However, engagement is more credible over a longer more embedded period. Propertymark has a network of Regional Executives and a series of Regional Conferences that take place throughout the year.⁷ We would be very happy to work with the council to engage with local agents over a virtual roundtable discussion on how standards can be improved.

Tackling Anti-Social Behaviour (ASB)

18. The consultation concedes that '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.' Some of the proposed licensing areas are integral to the night-time economy in Reading. Accordingly, it is likely that ASB is contributed from a variety of sources outside private tenants. The consultation document also states that the owner-occupied sector has the least anti-social behaviour associated to it. However, social housing has 10.7 incidents per 100 houses compared to 6.4 incidents per 100 properties in the PRS. We would like clarity on what plans the council has to limit ASB in social housing areas. While some of the proposed selective licensing areas have high levels of ASB, it is not clear if this originates from the PRS or social housing.
19. Furthermore, landlords and property agents are not the best equipped to deal with anti-social behaviour and certainly do not have the skills or capacity to deal with some tenants' problems such as mental health or drug and alcohol misuse. As one example, if a landlord or their agent had a tenant that was causing anti-social behaviour, the only tool that the landlord or agent could use would be to seek possession from the tenant under a Section 8 notice. While this

⁷ <https://www.propertymark.co.uk/about-us/board-and-governance.html>

would remedy the problem in the short-term, the tenant is likely to still occupy this behaviour and all that has been achieved is that the anti-social behaviour has moved from one part of Reading to another or another local authority area. In this context, it should be noted that with regards to reducing anti-social behaviour, landlords and their agents can only tackle behaviour within their properties. Effectively, they are managing a contract and not behaviour. Landlords and their agents are not responsible in any form for anti-social behaviour occurring outside the property. Nevertheless, we would be interested to learn about any partnership work the council are proposing with stakeholders such as the Thames Valley Police in reducing anti-social behaviour within communities including outcomes from the Home Office funded Safer Streets Programme.

Selective Licensing and Section 21

20. Propertymark would like clarification on the council's policy concerning helping a landlord when a section 21 notice is served, the property is overcrowded, or the tenant is causing antisocial behaviour, as per the council's consultation. What steps will the council take to support the landlord? It would be useful if the council were to put a guidance document before introducing the scheme to outline its position regarding helping landlords remove tenants who are manifesting antisocial behaviour. The recent proposed changes to section 21 legislation and how tenancies if implemented could mean landlords will become more risk-averse to taking tenants with a perfect reference and history. We would be willing to work with the council and develop a dispute resolution service with other local authorities.

Conclusions and alternatives

21. Propertymark thinks that local authorities need a healthy private rented sector to complement the other housing in an area. This provides a variety of housing types that can meet the needs of both residents and landlords in the area. Appropriate regulation and enforcement are essential for improving standards and removing criminals from the sector who exploit landlords and tenants. An active enforcement policy that supports good landlords and letting agents is crucial as it will remove those who exploit others and help create a level playing field. It is essential to understand how the sector operates as landlords and letting agents can often be victims of criminal activity and antisocial behaviour with their properties being exploited.
22. If the scheme is approved, the council should consider providing an annual summary of outcomes to demonstrate to tenants, landlords and letting agents' behaviour improvements and the impact of licensing on the designated area over the scheme's lifetime. This would improve transparency overall. Propertymark has a shared interest with Reading Borough Council in ensuring a high-quality private rented sector but strongly disagrees that the introduction of the proposed measures is the most effective approach to achieve this aim both in the short term and long term.
23. We would welcome the opportunity to work with Reading Borough Council to further engage with our members and property agents in the local area.

