

Hackney Council- Additional HMO and Selective Licensing Consultation 2025

Response from Propertymark

July 2025

Background

1. Propertymark is the UK's leading professional body of property agents, with over 19,000 members representing over 12,500 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.¹

Overview

2. Hackney Council are proposing two new five year private property licensing schemes. Firstly, a borough-wide additional House in Multiple Occupation (HMO) licensing scheme that would apply to all HMOs except those that require a mandatory HMO license, and secondly, a selective licensing scheme that would apply to all privately rented homes, excluding HMOs, within 17 wards of Hackney. Hackney Council envisages that these could be approved and implemented by early 2026.
3. Hackney Council has an existing mandatory HMO licensing scheme, and previously had borough-wide additional HMO and pilot selective licensing schemes from 2018 to 2023, which Hackney Council says led to improvements in private rented homes through both collaboration with landlords and agents, and enforcement action.

Summary

4. 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. This is because most schemes fail as they are not adequately resourced to undertake the necessary enforcement activity.

¹ <https://www.propertymark.co.uk/>

5. The licensing regime becomes an administrative exercise, penalising those landlords who comply with the regulations whilst still allowing the landlords that the scheme was designed to target to continue operating under the radar.
6. 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 risk those that require improvements going undetected. We oppose this proposal on several grounds which are set out below; if Hackney Council do insist on introducing a selective licensing scheme, Propertymark would encourage this to be more 'selective', and focus on Brownswood, Cazenove and Stoke Newington.

Selective Licensing Scheme

7. Propertymark would encourage Hackney Council to consider making use of the provisions in the Renters' Rights Bill in respect of the introduction of a PRS Database that will create a national landlord's registration scheme and database of rental properties, as the Council's current licensing proposals risk duplication. Although Hackney Council are correct that the provisions in the Renters' Rights Bill do not seek to replace licensing and the UK Government continue to see a role for selective licensing, on 31 October 2024, Matthew Pennycook MP, Minister for Housing and Planning, stated in the House of Commons that "What is important, and what we are committed to doing, is ensuring that the use of *selective licensing* complements and is aligned with the new private rented sector database. There is some important work to do, which we are already engaged in, to refine the way the two systems will work together once they are both in force."²
8. Propertymark suggests that the current broad scope of the scheme proposed by Hackney Council does risk duplication, and that the provisions of the Renters' Rights Bill support a more targeted approach where local authorities feel selective licensing is appropriate and necessary. By contrast, Hackney Council is proposing to include 17 out of 21 wards in the scheme. Propertymark would urge Hackney Council to consider focussing on key areas of specific concern, rather than applying the scheme on such a wide basis.
9. Propertymark suggests that Hackney Council focuses its efforts on a smaller proportion of wards where the issues of serious hazard prevalence and anti-social behaviour are most acute. In respect

² [https://hansard.parliament.uk/commons/2024-10-31/debates/7daf30f0-459e-4592-b9de-988e35d65eaa/RentersRightsBill\(SixthSitting\)](https://hansard.parliament.uk/commons/2024-10-31/debates/7daf30f0-459e-4592-b9de-988e35d65eaa/RentersRightsBill(SixthSitting))

of serious hazards, on the basis of the data provided in the table on page 13 of the consultation document, Brownswood, Cazenove, and Stoke Newington with predicted rates over 25% would be the most sensible choices. It is noteworthy that these were the wards selected for the pilot selective licensing scheme between 2018 and 2023, and Propertymark would encourage Hackney Council to consider whether the licensing scheme was effective, given that these three wards have the highest predicted rates of serious hazards. If the scheme had been effective, it might be reasonable to expect this issue to have been dealt with over the course of five years. In respect of anti-social behaviour, Cazenove and Springfield, followed by Hackney Central and Hackney Wick, would be clear priorities based on the number of ASB incidents in those wards linked to PRS properties. This would allow limited local authority resources to be targeted in the areas of greatest need.

10. Further evidence of the need to focus a selective licence scheme is found in the data provided by Hackney Council on complaints linked to PRS properties on page 27 of the consultation document. Brownswood, Cazenove and Stoke Newington have significantly higher rates of complaints than other wards, the same three wards which were subject to the selective licensing pilot scheme from 2018 to 2023, and the same three wards with the highest predicted rates of serious hazards.
11. Propertymark would encourage further interrogation of the data on the number of service requests made by private sector housing tenants reporting disrepair issues on page 20 of the consultation document. The table details the number of service requests received, but there is no ward-level data. Ward-level data would allow Hackney Council to target resources more effectively and to identify the right areas where action should be concentrated.
12. Similarly, the consultation document in section 5.3 discusses the link between fly tipping, poor waste management and the PRS. Again, there is no ward-level data presented to suggest which wards in Hackney have a particular problem with this issue, and Propertymark would encourage Hackney Council to collect ward-level data on fly tipping complaints and issues with bin collections.

Additional HMO Licensing Scheme

13. As Hackney Council's consultation document notes, in order to make an additional licensing scheme, the local authority must consider that a significant proportion of the HMOs in the area

are being managed ineffectively, so as to give rise to one or more particular problems, either for those occupying the HMOs or for the public.

14. Propertymark would encourage Hackney Council to target the Additional HMO Licensing Scheme on the wards of greatest need in the first instance, which would allow for effective use of resources, and also provide an evidence base as to whether extending an Additional HMO Licensing Scheme more widely would be effective in raising standards. There was a high proportion of waste notices issued to HMOs in Cazenove, Lea Bridge, Springfield and Stamford Hill West, while Cazenove, Hackney Downs, Lea Bridge, and Springfield have the highest number of ASB incidents. These wards would appear to provide a good starting point. However, it is important to remember that anti-social behaviour emanates from a range of tenures, and that licensing is not likely to be an effective tool in tackling anti-social behaviour. Priority should be given to engaging with the Safer Neighbourhood Board and Community Safety Partnership.

Fees and Costs of the Schemes

15. The fees for the scheme set out in the table in section 10.6 of the consultation are relatively high at £925 when compared to similar schemes, and substantially higher than the £500 which Hackney charged for its previous pilot scheme. Other London local authorities have substantially lower fees, such as Brent (£640), Lewisham (£640), and Haringey (£680). Given that three other London boroughs can charge fees which are substantially lower, and that selective licensing schemes cannot be used to make a surplus, Propertymark would encourage Hackney to consider lowering the fee. Ultimately, fees are a cost to landlords which they are likely to pass on to tenants in increased rents, so if Hackney wishes to help private sector tenants, keeping fees as low as possible is highly desirable.
16. Propertymark welcomes the discounts available for properties rated EPC C (despite the legal Minimum Energy Efficiency Standards requirements for private rented property in England and Wales to be EPC E) and above, and also for accredited landlords. We would strongly encourage the accredited landlords component to include instances where a landlord is not accredited, but they make use of an accredited letting agent to let and manage the property. 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 would also recommend discounts for

properties where evidence can be shown that the landlord has taken steps towards EPC C where the property is unlikely to be able to meet EPC C due to its age.

17. When Liverpool City Council introduced the first city-wide licensing scheme of rented properties in 2015, it formed a partnership with industry bodies such as Propertymark. This meant that landlords whose properties are managed by an Propertymark agent received a 50% discount on licensing fees. It also meant that Liverpool City Council recognised the importance of distinguishing between the professional market and those who the scheme was designed to remove from Liverpool's rental market.
18. On introduction of the London Borough of Merton's Selective Licensing scheme, the London Borough offered a series of discounts including an early bird scheme, discounts for those landlords and agents who are members of an accredited membership scheme such as Propertymark, and discounts for landlords who have more than one property. While the recent London Borough of Barking and Dagenham scheme offer a high fee, they also provide significant discounts for those properties that are free of any hazards from the Fitness for Human Habitation Standards.

Impact of cost-of-living and landlords

19. 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. These costs are especially high for landlords operating in London boroughs.

Impact on supply of homes

20. 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 PRS 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 a borough-wide additional licensing scheme and a selective licensing scheme across

Hackney 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 local authority areas or exit the market altogether. This could result in fewer housing options for people living in Hackney, and some people might be forced to find housing options outside the area, change employment or break social ties within the community.

Unintended Consequences

21. Rents in Hackney are higher than the London average, and the median rent in Hackney as of May 2025 was £2550 per month.³ We are concerned that landlords may increase rent due to the added and significant costs of licenses. Consequently, some renters living within the Borough will 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.

Enforcement Action

22. Propertymark notes Hackney Council's concerns about enforcement action arising from the provisions in the Housing Act 2004. However, in Case Study 1 cited by Hackney Council in the consultation document, Prohibition Orders were successfully issued under the Housing Act 2004 which prevented the use of both flats until the hazards were fully addressed. It is therefore the case that this case could have been dealt with under the provisions of the Housing Act 2004, without the need to rely on a selective licensing scheme.

Engagement

23. Propertymark welcomes the engagement and educational approach Hackney has taken alongside its previous licensing schemes, and particularly the emphasis on accreditation and professionalism. Propertymark would encourage Hackney Council to engage with letting agents

³ <https://www.ons.gov.uk/visualisations/housingpriceslocal/E09000012/>

to encourage a similar approach, and to advise anyone approaching Hackney Council for assistance in accessing the PRS to use a Propertymark letting agent.

24. 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.
25. In many cases of substandard accommodation, it is often down to landlord's lack of understanding rather than any intent to provide poor standards. Propertymark would be very happy to support Hackney Council to engage 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. Propertymark raised a Freedom of Information request with every local authority in England and asked them how many landlord forums they had held since 2021. Half (50%) of local authorities in England had not held a single landlord forum since 2021. However, Barnsley Metropolitan Borough had held 16 landlord forums. Furthermore, local authorities should communicate better with licensed landlords and agents who have provided contact details as part of the scheme. For instance, Manchester City Council, as part of their licensing schemes, communicate with landlords to highlight grant funding and the sign posting of other key information.
26. Propertymark is pleased that Hackney now holds landlord forums, and was pleased to read of some of the measures which Hackney is taking or plans to take in order to encourage private sector landlords to remain in or enter the sector, including offering council tax holidays when properties are empty, loans to undertake improvement work secured against future rent, rent guarantees over and above LHA levels through considered and effective use of Discretionary Housing Payments and the council acting as property guarantor.⁴

⁴ <https://www.landlordzone.co.uk/news/hackney-sets-out-five-year-plan-for-new-and-improved-prs>

Conclusions and alternatives

27. 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.

28. If the scheme is approved, Hackney 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 Hackney 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.