

## **REPORT TO SCRUTINY- COMMUNITY AND EXECUTIVE**

**Date of Meeting: 16 and 23 June 2015**

**Report of: ASSISTANT DIRECTOR HOUSING**

**Title: PROPOSED AMENDMENT TO THE MANDATORY LICENSING SCHEME FOR HOUSES IN MULTIPLE OCCUPATION (HMOs)**

### **Is this a Key Decision?**

No

### **Is this an Executive or Council Function?**

Executive

#### **1. What is the report about?**

1.1 The report is seeking authority to introduce a £125 discount on the licence fee charged for Houses in Multiple Occupation (HMOs) covered by mandatory HMO licensing where the landlord of the HMO is accredited under a nationally recognised accreditation scheme, and the property has been subject to an inspection by an inspector employed by the accrediting organisation. Such a discount is already offered to the landlords of HMOs licensed under the recently introduced additional HMO licensing scheme, and the proposal in this report would remove the inconsistency between the two schemes.

#### **2. Recommendations:**

2.1 To introduce a £125 discount on mandatory HMO licensing fee where landlords are accredited under a nationally recognised accreditation scheme, and the property has been subject to an inspection by an inspector employed by the accrediting organisation.

#### **3. Reasons for the recommendation:**

3.1 The University of Exeter has, over a number of years, invested considerable resources into improving the professionalism of landlords letting property to students to improve the quality of accommodation offered, with limited success.

3.2 The discount will apply to landlords accredited under a nationally recognised accreditation scheme, thus supporting the University in their aim.

3.2 Discounting the licensing fee is one means of encouraging landlords to invest in accreditation whilst at the same time reducing the Council's costs associated with licensing by reducing the number of licensing inspections.

#### **4. What are the resource implications including non financial resources.**

4.1 There are currently 858 HMOs covered by mandatory HMO licensing with around 20 new licences being issued each year. Each licence, currently £720, requires renewal every 5 years. Of these 858 a large proportion are student shared houses.

4.2 There are 60 licences due for renewal in the financial year 2015-16, not all of which are student houses. These alone, without accounting for new licences, will bring in an income

of £43,200. None of the landlords of these houses are currently accredited by Afs/Unipol, the University's preferred accreditation scheme.

- 4.3 The income is accounted for over the five year period of the licence so for accounting purposes the £43,200 is , in effect, £8460 per year
- 4.4 If a discount were to be given that too would be spread over 5 years and amount to £25 per year. The income for each newly issued licence would cover the discount on licences for 5 accredited properties but would save the costs involved in an officer undertaking a licensing inspection.

## **5. Section 151 Officer comments:**

- 5.1 Income set out in this report has already been included in the budget for 2015/16

## **6. What are the legal aspects?**

- 6.1 Accreditation schemes are voluntary, with the majority being run by landlord organisations. As such there are no legal issues associated with this report

## **7. Monitoring Officer's comments:**

- 7.2 There are no issues of concern for the Monitoring Officer

## **8. Report details:**

- 8.1 Around 15000 students studying at the University of Exeter rely upon private sector lettings, usually in student shared house HMOs, after their first year of study.

8.2 The University of Exeter authorities are aware of their duty of care to their students living off campus and have, for some years, with the backing and encouragement of the Students Guild, been trying to encourage landlords to become accredited. Initially the University set up their own, in-house, accreditation scheme but recently the University has gone into partnership with Afs/Unipol, a nationally recognised accreditation scheme for student housing. It is the University's intention to change the way in which they advertise houses to students once accreditation has got traction.

8.3 Accreditation with Afs Unipol, which is voluntary, has two elements. Firstly landlords undergo online training in six modules, and are tested, on the ins and outs of their roles and responsibilities. They are not accredited if they do not pass the tests for each module. This is followed by inspections of a proportion of their property portfolio by one of Afs/Unipol's team of highly trained and experienced inspectors. Other accreditation schemes are available to landlords but few, if any, currently include the inspection element.

8.4 In order to encourage student landlords to sign-up to the Accreditation Scheme, in an effort to drive up standards, it was agreed, at the time that the additional HMO licensing scheme was introduced, to offer a £125 discount off the cost of the licence fee for HMOs covered by the Scheme. This creates an anomaly with the fees charged for licenses for HMOs covered by mandatory licences, currently £720.

8.5 One of the obstacles to the take up of accreditation is that landlords with licensed HMOs feel that they are paying twice for the same thing. The licensing fee, followed by a 5 yearly inspection undertaken by the City Council and an accreditation fee followed, in the case of the Afs/Unipol Scheme, by a 3 yearly inspection by Afs/Unipol inspectors.

8.6 The Afs/Unipol inspection takes into account Exeter's HMO standards and has been tailored to reflect an inspection by a Council officer. This being the case Afs/Unipol have agreed to share their inspection reports, photographs, schedules of work etc with the City Council, thus negating the need for a full licensing inspection by Council officers every 5 years, freeing them up to inspect higher risk HMOs.

8.6 The other main advantage to the City Council of supporting accreditation is that the standards of smaller HMOs, not covered by either of the HMO licensing schemes, will be improved. If Accreditation does get traction, becoming an important selling point for landlords as it has in other cities, HMOs which would otherwise not be inspected will become subject to inspection by inspectors employed by the accrediting organisation.

8.7 Currently only 13 of the 40 landlords in Exeter accredited by Afs/Unipol own licensable HMOs, owning 34 licensable HMOs between them. Of these 34 HMOs only 7 have been inspected and accredited. The other 66 accredited properties are non licensable HMOs.

8.8 In total accredited landlords let out 489 bed spaces

## **9. How does the decision contribute to the Council's Corporate Plan?**

9.1 Encouraging landlords to become accredited directly relates to the key actions of 'Help me find somewhere suitable to live' and is wholly consistent with the overall direction of the Council's housing strategies.

## **10. What risks are there and how can they be reduced?**

10.1 There is the risk that large numbers of landlords apply for accreditation to qualify for a discount on the licence. In reality this is unlikely to happen given the costs associated with accreditation. By offering a discount the Council can be seen to be actively supporting the University in their endeavour of driving up the standard of student accommodation in the City

## **11. What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?**

11.1 Accredited accommodation of a high standard will have a positive impact on the wellbeing of tenants throughout the city.

## **12. Are there any other options?**

There is an option to limit discounts only to landlords accredited through Afs/Unipol, the University's preferred provider, but this would discriminate against landlords accredited through other schemes.

**Assistant Director Housing**

**Local Government (Access to Information) Act 1972 (as amended)**  
**Background papers used in compiling this report:-**

None

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