

REPORT TO: EXECUTIVE
DATE OF MEETING: 9 OCTOBER 2018

REPORT TO: COUNCIL
DATE OF MEETING: 16 OCTOBER 2018

REPORT OF: Environmental Health and Licensing Manager

TITLE: Additional Staffing to deal with changed in Mandatory Houses in Multiple Occupation (HMO) Licensing

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1. What is the report about?

- 1.1 The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 extends mandatory licensing of Houses in Multiple Occupation (HMOs) to cover all properties with 5 or more occupiers living in 2 or more households and sharing amenities, regardless of the number of storeys. The revised regulations come into effect from 1 October 2018.
- 1.2 The change in legislation will bring smaller privately rented properties into the HMO licensing regime e.g. two storey shared terraced housing, as well as some purpose built flats.
- 1.3 It is estimated that this will increase the number of properties requiring a HMO licence from the current figure of 900 to approximately 1600.
- 1.4 Additional resources will be required to administer the scheme. Staffing will be funded on a cost recovery basis through the HMO licence fee.

2. Recommendations:

- 2.1 That Executive recommend that Council:-
 - Note the proposals for the implementation of the extension to mandatory HMO licensing, effective from 1 October 2018.
 - Approves pump-priming funding for the recruitment of one permanent Environmental Health Officer and one temporary Environmental Health Technician.
 - That the cost of this proposal is £77,879 per annum which will be funded from the licence fees levied.

3. Reasons for the recommendation:

- 3.1 The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 brings about an extension of the current licensing regime for Houses in Multiple Occupation (HMOs). The report details these changes and the implications for the City Council

3.2 The Private Sector Housing Team is currently working at full capacity to deliver the current licensing regime and additional resources will be necessary to deliver the extended licensing scheme. Therefore we need to recruit two additional full time staff to identify relevant HMO properties, process applications and undertake any necessary enforcement activities. The new posts team will be funded on a cost recovery basis through the HMO licence fee.

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

4.1 Determining the actual number of properties that will require a licence is challenging due to a limited availability of data. However using the data that is available the following estimates provide a basis from which to plan the implementation of extended mandatory HMO licensing.

4.2 The Council's latest Housing Stock Model, undertaken by the Building Research Establishment (BRE) in 2017, estimates that there are 4,412 HMOs in Exeter. Around 1,000 of these are currently licensed under the existing mandatory and additional schemes but the BRE model estimates that an additional 1,407 would be covered by the current proposals.

4.3 That figure is an estimate derived from modelled data and is by no means definitive and by applying local intelligence and information gathered from the previous implementation of HMO licensing, an estimate of 700 additional affected properties is the working assumption being used.

4.5 The cost of a 5 year HMO licence is currently £760. Based upon an estimate of an additional 700 properties that will require a licence from 1 October 2018 this would give an additional income of £532,000 over a 5 year licence period (or £106,400 per annum) to cover the cost of the additional work.

4.6 The HMO license fee is aimed at ensuring we have a self- funding scheme, and take into account current up to date charge out costs.

4.7 This report seeks approval to increase the Private Sector Housing Team by two full time equivalent staff in the form of one permanent Environmental Health Officer and one Environmental Health Technician.

4.8 Work is already underway to provide an online application and payment system for HMO applications. This will allow landlords to apply and pay for applications online, with applications integrating automatically with case management systems helping to reduce back office requirements.

5. Section 151 Officer comments:

5.1 The additional expenditure requirements and associated income are noted. There is always a risk that the income will not materialise, however there is a set amount of houses and therefore a known amount of income and the risk of non-recovery should be low.

5.1

6. What are the legal aspects?

- 6.1 The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 brings about a revision to the definition of a licensable HMO as set out originally under the Housing Act 2004.
 - 6.2 Local Housing Authorities have a statutory duty to enforce these provisions and therefore has no choice in whether to implement the changes brought about by the The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018.
 - 6.2 Failure to ensure compliance with legislation and relevant standards may compromise the health, safety and welfare of the residents of and visitors to Exeter who access private sector residential properties and potentially inhibit the Council's ability to collect the income from any penalties imposed.
- 7. Monitoring Officer's comments:**
- 7.2 This report raises no issues for the Monitoring Office.

8. Report details:

Background

- 8.1 The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 extends mandatory licensing of Houses in Multiple Occupation (HMOs) to cover all properties with 5 or more occupiers living in 2 or more households and sharing amenities, regardless of the number of storeys. The new regulations come into effect from 1 October 2018.
- 8.2 This new legislation will provide a valuable tool to ensure that landlords carry out their roles professionally. It will also help the Council to continue to improve conditions in the local housing market which is particularly important as the size of the private rented sector in the city continues to grow.
- 8.3 The legislation will bring smaller privately rented properties into the licensing regime e.g. two storey shared terraced housing, as well as purpose built flats where there are up to two flats in the block and one or both of the flats are occupied by 5 or more persons in 2 or more separate households. This means some shared flats above shops will need a licence as well as some small blocks of flats not connected to commercial premises.
- 8.4 It will be the individual HMO that needs a licence and not the building within which the HMO is situated e.g. where a building has two flats and each is occupied by 5 persons living in 2 or more households, each flat will require a separate HMO licence.
- 8.5 Currently around 900 properties are licenced, each of which must be inspected within the 5 year term of the licence. Licenses are renewable every 5 years
- 8.6 A communication strategy has been developed with assistance from the Communications and Marketing Team to inform landlords and managing agents of the changes to legislation and what will be required of them. This includes contact with landlords associations as well as landlords already known to the council, engagement events for landlords, information on the Council's website and use of social media.

- 8.7 For those landlords who may already own property in a Selective Licensing area, it is anticipated that any Selective Licence already granted will transfer over to the mandatory HMO licensing scheme at no additional charge.
- 8.8 The costs of implementing mandatory licensing will be covered by the licence fee. Work has been undertaken to determine the additional resources required to administer the scheme which is set out in Appendix A. These calculations have been reviewed by the Technical Accounting Manager.
- 8.9 The model is based on a proposed fee of £760 for a new HMO licence application. These fees are reviewed on an annual basis by the Environmental Health and Licensing Manager, to take into account cost changes such as wages, IT and other costs associated with the licensing regime.

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

- 9.1 The importance of decent homes that people can afford to live in is one of the six key objectives within the Council Plan. Addressing poor housing conditions contributes not only to the housing objective within the Council Plan but also more widely as:-

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

- 10.1 There are no significant risks arising out of the implementation of the new legislation providing the additional staffing resources are in place.
- 10.2 There is a risk that the estimation of 700 additional properties is an over-estimate, however given that this is a 50% reduction on the estimate given at the last Housing Conditions Survey it is more likely to be that staffing resource will have to be reviewed as a result of the estimate being too cautious.

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 The improvement of housing conditions in Exeter will have a positive impact on those groups and individuals who suffer multiple disadvantages associated with poor quality and inadequate housing.

12. Are there any other options?

- 12.1 The Council has no option but to implement the change in legislation and to license properties that meet the standard and fall under the new definition of a mandatory HMO.

Originating Officers: Simon Lane, Environmental Health and Licensing Manager

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

- The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 <http://www.legislation.gov.uk/uksi/2018/221/made>
- Housing Act 2004 <https://www.legislation.gov.uk/ukpga/2004/34/contents>

- Houses in Multiple Occupation and residential property licensing reforms
Government response.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/670536/HMO_licensing_reforms_response.pdf

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Appendix A – Budgetary Calculations

Extension of Mandatory Licensing (700 properties)

Account code	Description	Estimate (£)	Notes
Incremental additional costs **			
11001	Full-time Grade 9 Salary (permanent)	33,136	Top of grade
11004	NI	3,347	10.10%
11005	Super	5,235	15.80%
11001	Full-time Grade 7 Salary (18 month contract)	25,463	Top of grade
11004	NI	2,343	9.20%
11005	Super	4,023	15.80%
43037	PPE	500	
55031	Essential user allowance x 2	2,432	
45059	Mobile tariff & access charges	400	
48201	Ipad x 2	1,000	Estimate (procured via Strata)
	Sub Total	77,879	
Forecast additional income @ 700 licences			
92019	Licence fees	(106,400)	£760 x 500 additional licences (1/5th - as income spread over respective 5 year duration of licence) *
	Sub Total	(106,400)	
NET TOTAL		(28,521)	