

EXETER CITY COUNCIL
SCRUTINY COMMITTEE – COMMUNITY
17 JANUARY 2012

ADDITIONAL LICENSING OF HOUSES IN MULTIPLE OCCUPATION

1. PURPOSE OF THE REPORT

- 1.1 This report follows on from a previous report to this Committee on 18 January 2011, and advises on the merits of the introduction of an additional licensing scheme for Houses in Multiple Occupation (HMOs), in part of the City.

2. BACKGROUND

- 2.1 Any property being occupied by more than one household (where a household could be an individual) falls within the definition of an HMO, as do certain large buildings converted into flats. Under the provisions of the Housing Act 2004 the Council has a legal duty to licence larger HMOs, those being HMOs on three or more stories which are occupied by five or more unrelated tenants. The Council currently licenses in excess of 800 HMOs, the majority of which are student shared houses concentrated in the wards around the University of Exeter.
- 2.2 Because of the limitations of mandatory licensing it is estimated that there is an equal number of HMOs which fall outside the licensing regime, again concentrated in the same wards.
- 2.3 In order for an HMO licence to be granted the Council must be satisfied that the licence holder is a 'fit and proper person' and that the HMO meets certain standards relating to its repair, level of facilities and adequacy of means of escape from fire. In addition conditions are attached to licences which provide for the proper management of the HMO.
- 2.4 As the Council has a mandatory duty to inspect licensed HMOs the majority of the resources of the Private Sector Housing Section of the Environmental Health Unit are necessarily put into these inspections rather than the proactive regulation of standards in non-licensed HMOs; although all properties are inspected in the event of complaints being made, for example by tenants or neighbours. Since the report in January 2011 only 21 complaints about conditions have been received from tenants of HMOs, which compares to 25 from non-HMO tenants; in the previous year these figures were 18 and 72 respectively. Over the same two year period 35 complaints have been received alleging harassment or illegal eviction. Whilst low levels of complaints alone do not demonstrate that HMOs are being well managed they do suggest that poor management is not commonplace, although it is recognised that many tenants may not approach the City Council in respect of issues with their accommodation for a variety of reasons.
- 2.5 The Housing Act 2004 enables a local authority to designate either the whole of its area or an area within it district as subject to additional licensing in relation to specified descriptions of HMOs as long as the requirements of the Act are met. In order to designate an area for additional licensing the local authority must be satisfied that a significant proportion of HMOs of the type to be designated within the area specified are being poorly managed with the result there is, or is likely to be one or more particular problem arising either for the occupiers of the HMOs or for members of the public; the particular problems envisaged by the Act are homelessness, empty properties and anti-social behaviour.
- 2.6 Since the initial committee report an area of high density of HMO's in the wards surrounding Exeter University (St. James, St. Davids, Polsloe, Newtown and

Pennsylvania), has been the subject of planning controls in the form of an Article 4 Direction to constrain the numbers of HMO's in these areas. This Direction came into force on 1 January 2012.

- 2.7 At the same time the demand for privately rented student housing appears to have substantially reduced. The University of Exeter recently estimated that for the academic year 2012-13 there are in the region of 3000 excess bed spaces in the private sector, partially linked to the extensive building programme by the University and its partners but also as a result of the changing demographic of students, for example overseas students are more likely to remain in halls of residence than move into the private rented sector and there is an increase in the number of students living at home. The unprecedented reduction in demand has resulted in landlords and agents approaching the Council with a view to the Council taking their properties into the private sector leasing scheme to accommodate homeless households, at substantially reduced rents, rather than leaving them empty. To date 18 portfolio landlords have approached the Council
- 2.8 As a direct result of over-supply of student houses landlords and agents are improving and adding value to their properties in order to remain competitive and command a reasonable return. In order to facilitate this improvement further the University of Exeter has recently agreed to endorse a national accreditation scheme run by Accreditation Network UK (ANUK) and UNIPOL Student Homes, a charity working nationally to improve training, standards and professionalism in student housing. The accreditation process requires landlords to undertake training and requires their properties to be inspected by a UNIPOL inspector. Only accredited, landlords can advertise their properties on the UK's largest student accommodation website, www.accommodationforstudents.com.
- 2.9 The University has undertaken that, as of January 2012, the same will be the case with their own property-finding database, Student Pad, which advertises around 100 properties. As a consequence of this endorsement the University of Exeter has disbanded its own, less robust, SHARE accreditation scheme with immediate effect.

3. PROPOSAL

- 3.1 In light of the sparseness of current evidence that indicates a significant problem of poor management in this sector, coupled with the changes to the HMO housing market, and alongside the forthcoming adoption of a nationally recognised and successful accreditation scheme, officers feel that the justification for an additional licensing scheme has reduced. Therefore, it is prudent to judge the impact and relative success of the Article 4 Direction area and new accreditation scheme over the forthcoming year, and to review the relative merits of introducing an additional HMO licensing scheme in 2013.

4. FINANCIAL IMPLICATIONS

- 4.1 The course of action proposed in this report have no financial implications, however, should a future decision be made to introduce an additional licensing scheme, there will clearly be need for additional staff resources (an inspectorate and administrator), which would be self-funded by the licensing fee. In such circumstances, the financial implications will be detailed in a future report.

5. RECOMMENDED that

Scrutiny Committee – Community:

- 1) supports the proposal to review the success of the Article 4 Direction and landlord accreditation scheme in improving HMO conditions throughout the City; and

- 2) requests that officers bring a further report to this committee in 2013, detailing the success or otherwise of these initiatives, and the relative merits of introducing an additional licensing scheme.

HEAD OF ENVIRONMENTAL HEALTH SERVICES

S:PALP/Cttee/112SCC6
5.1.12

COMMUNITY & ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)
Background papers used in compiling this report: