

CABINET

Wednesday, 11 July 2018

HOUSES IN MULTIPLE OCCUPATION – EXTENSION TO LICENSING REQUIREMENTS (REP1570)

EXECUTIVE SUMMARY

1. This report sets out changes introduced by the Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018. The changes bring smaller properties into the scope of licensing with the potential for a significant increase in the number of licences issued by the Council.
2. The report sets out the reasons behind the changes and reviews information pertaining to the local situation.
3. Delegated authority is sought for the signing and service of licences for Houses in Multiple Occupation to the Principal Environmental Health Officer.
4. Delegated authority is sought to reduce the licence period for Landlords that do not meet the initial deadline of 1 October 2018 for submission of applications.
5. The Principal Environmental Health Officer be granted delegated authority to sign and serve Notices in relation to the imposition of Civil penalties that was the subject of the cabinet report in September 2017.

Is the report Open or Exempt?

Open

Wards Affected:

All Wards in the District

Cabinet Member:

Councillor Chris Punt – Cabinet Member for Housing
Councillor Norman Brooks – Assistant Cabinet Member for Housing

Supporting Officer:	Teresa Howarth Principal Environmental Health Officer 01394 444206 teresa.howarth@eastsoffolk.gov.uk
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1 INTRODUCTION

- 1.1 The term House in Multiple Occupation (HMO) is used to describe a dwelling in which several different households, who are not members of the same family, reside. HMOs include shared houses, bedsits, hostels and staff accommodation where there is some sharing of kitchens, bathrooms and in some cases living rooms. Some self contained flats can also be classed as HMO's in certain specific circumstances. HMOs are of concern due to an increased fire risk and overcrowding, both in space and amenity terms. There can also be issues with management.
- 1.2 With rising rents and reform of the welfare system, there has been a growth in HMO accommodation nationally. Landlords can achieve a significantly higher rental return on a property let out by the room, than one occupied as a single family home. For single people particularly, a room rent is also more affordable than a self contained flat or bedsit.
- 1.3 Large HMOs: ones that house five or more people; living as two or more households; in a property that is more than 2 storeys high, have required a licence since 2006.
- 1.4 Following ongoing concerns about standards in HMOs, the government has now introduced the Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018, to extend licensing to include all HMOs, housing people as above but regardless of the number of storeys. The new requirement also extends to purpose built blocks of two or more flats where at least one of these, is multiply occupied again, as above.

2 THE SITUATION IN EAST SUFFOLK

- 2.1 There are currently 25 licenced HMOs in East Suffolk; 17 in Suffolk Coastal and 8 in Waveney. The Government estimate that nationally, there could be as many as 180,000 properties brought into licencing by the changes, but there is very little data at a local level.
- 2.2 Working from historic information, rent deposit guarantee information, Council Tax data and information from landlords and lettings agents, the best estimate at this stage is an increase of between 200 and 300 HMO properties across East Suffolk.
- 2.3 The Councils in Suffolk have been working in partnership to develop a standard approach to licencing with shared documents, letters, schedules of work and training. It will not however, be possible to operate the licensing scheme within existing resources. A request for resources has been prepared, based upon these best estimates, with the extra costs met from the licence fee payable by all applicants. At this stage it is expected the scheme will be cost neutral. The proposal is to have a twelve month pilot period to ascertain the actual level of demand and review resource requirements for the longer term thereafter.
- 2.4 The regulations come into force on 1 October 2018 and applications should have been submitted by this date. Licences last for a maximum of five years and those landlords who come forward voluntarily will, in most cases, be granted a five year licence. Those who come to our attention subsequently will have the term of the licence reduced to between 1 and 3 years based upon a risk assessment. It is hoped this will encourage early applications. The licence fee is £655 with an additional £21 per room, above five rooms.
- 2.5 The situation in Waveney is also slightly more complicated because of the presence of an Article 4 declaration under The Town and Country Planning (General Permitted

Development) Order 1995. This removes the permitted development rights to change use from a single family home to a small HMO. Therefore all of the newly licensable HMOs should already have planning consent or should apply for a certificate of lawfulness.

- 2.6 The policy adopted by the Council in September 2017 allows for civil penalties to be issued for breaches of HMO licensing in addition to other Housing Act offences. This report proposes that the delegation for the signing and service of penalty notices be delegated to the Principal Environmental Health Officer (Private Sector Housing) with review to be carried out by the Head of Service or equivalent.

3 HOW DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?

- 3.1 The proposed action is in line with the East Suffolk Business Plan's planned actions to deliver the adopted Housing and Health Charter.
- 3.2 East Suffolk's Vision embraces improving the quality of life for those living in the District. This proposal supports the Vision by controlling standards in higher risk residential accommodation.

4 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 4.1 Licensing of HMOs is a mandatory requirement under the Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018.
- 4.2 The proposal in relation to Licensing of HMOs is set out to be cost neutral and is based upon a conservative view of the number of likely applications and the resource needed to process them. The additional staffing costs will be met fully from fee income from just 40 applications. If, however, the anticipated 300 new licences materialise, then the fee income in year 1 would be £196,500. This would allow for the additional recruitment of further staff from January 2019 to inspect and process the applications and the extension of the pilot beyond 12 months.
- 4.3 The proposal in relation to the issuing of Civil Penalty Notices will bring a revenue into the Council as under Section 249A of the Housing Act 2004 the financial penalties which may be up to £30,000 per notice are retained by the Council provided that the income is used to further the Council's statutory functions in relation to their private rented sector enforcement activities.

5 OTHER OPTIONS CONSIDERED

- 5.1 In relation to the Licence of HMOs as this is a mandatory licensing scheme, no other option was considered as to whether the Council should have a scheme. The option of having no incentive to apply by the deadline was considered but it was decided that it was appropriate to penalise late applications by reducing the length of the licence rather than by charging an increased fee.

6 REASON FOR RECOMMENDATION

- 6.1 To establish delegated authority, for the issuing of HMO licences under the Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018.
- 6.2 To establish delegated authority for the issuing of Civil Penalty Notices under section 249A of the Housing Act 2004 in pursuance of financial penalties for defined offences,

these financial penalties are retained by the Council. The Council adopted a policy in relation to determining the level of penalty in September 2017.

RECOMMENDATIONS

1. That Cabinet delegate to the Principal Environmental Health Officer (Private Sector Housing) the authority to sign and issue licences under the Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018.
2. That Cabinet delegate to the Principal Environmental Health Officer (Private Sector Housing) the authority to sign and serve Civil Penalty Notices under section 249A of the Housing Act 2004 in pursuance of financial penalties and that review of decisions be undertaken by the Head of Service or equivalent.
3. That Cabinet approve the proposal to reduce the licence period from five years to a lesser period of between one and three years where landlords do not meet the deadline of 1 October 2018 for submission of applications.

BACKGROUND PAPERS

Please note that copies of background papers have not been published on the Council’s website but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	Type	Available From
1/6/2018	The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018.	Gov.uk