


Report of: Head of Environmental Development



To: Executive Board


Date: 4th February 2008

Item No:

Title of Report : Additional HMO licensing


 **Summary and Recommendations**

 **Purpose of report:** To inform Executive Board of the results of the consultation on Additional HMO licensing and to request approval to submit an application to the Secretary of State to introduce additional HMO licensing as  out in the report.


 **decision:** Yes

Portfolio Holder: Councillor Patrick Murray


Scrutiny Responsibility: Housing


 **Ward(s) affected:** All


Report Approved by:

 **Portfolio Holder** Councillor Patrick Murray



Finance: Andy Collett

 **Legal:** Jeremy Thomas

 **Policy Framework:** This report supports the Council's vision statements to "improve the quality of life" and "have better housing for all"

 **Recommendation(s):** To request approval to submit an application to the Secretary of State to introduce additional HMO licensing as set out in the report.

Introduction

-  1. Executive Board, at its meeting on the 8th October 2007, agreed to undertake consultation on the proposal to introduce additional HMO licensing in a stepped approach across the City.
-  2. Consultation has been carried out in a variety of ways, as the legislation demands that reasonable steps must be made to consult with persons who are likely to be affected by the scheme. – see Appendix 1 for details of the methods.

Mandatory HMO Licensing – the experience to date

3. Mandatory HMO licensing was introduced in April 2006, the scheme is a national scheme covering 3 storey HMOs occupied by 5 or more unrelated persons. In Oxford, it was initially estimated that there were 1000 HMOs, which would be subject to mandatory licensing, but on-going work has shown that this figure will be reduced to around 750, mostly due to a proportion of landlords who have changed letting patterns to avoid licensing
4. It was the Council's intention to process on average around 200 applications per year to ensure that the whole of the HMO stock covered by mandatory licensing would be completed in the specified 5 year period To date the Council has received 428 applications over the 21 month period and has issued 273 licences with conditions. Over 95% of these have required works to meet the standards required. Licensing has been conducted in such a way to ensure that every property is brought up to the minimum standards as part of the licensing process. This can be contrasted with the approach by some Councils whereby licences are processed without inspection or works being specified.
5. Whilst experience has shown that some landlords have left the market since HMO licensing was introduced, there is no evidence to suggest there has been any net loss in the number of lettings available in the City. The rental housing market in Oxford remains buoyant and demand is still outweighing supply.
6. There has been a mixed response to mandatory licensing with some letting agencies being extremely positive in their support for mandatory licensing whereas as some landlords remain opposed to licensing in any form. For example the Oxford Small Landlords Association has raised concern about the way the City Council has rolled out mandatory HMO licensing. The Association would have preferred all income to be obtained initially so that all landlords would have paid at the same time rather than a stepped approach.
7. Enforcement action has been undertaken where service requests/ complaints have revealed HMOs, which require a licence. In all of the cases to date, the enforcement has secured compliance.

Results and main findings of consultation

8. The full results of the consultation can be found in Appendix 2.
 - 70% of respondents agree with the proposal to introduce additional licensing across the City
 - 66% of landlords were not in favour of expanding HMO licensing
 - 35% of respondents agreed that 2 storey HMOs with more than 5 occupiers were the highest priority for additional licensing.
9. Consultation with landlords and letting agents has mainly been undertaken at a landlords forum meeting, since the meeting landlords and agents have responded by questionnaire and by correspondence, Landlords were also given the opportunity to add free text to their questionnaire, which is attached in Appendix 3

10. There has also been correspondence from residents concerning issues regarding how HMOs are having a detrimental effect on their area. These have been in support of the introduction of the scheme. A précis of these will form part of the submission to the Secretary of State. Appendix 4 contains blogs following local press articles as part of drawing attention to the consultation.

Financial Issues

11. If additional licensing is approved landlords will be required to pay a licence fee, which will be collected on a 5 yearly basis.
12. The licence fee has been calculated using the toolkit provided for mandatory licensing. The calculation takes into account oncosts and some inflation for the length of the scheme – The suggested fee at this time is in the order of £785 this licence fee equates to 65p per week per letting.
13. Income from the scheme will be received after the scheme comes into operation and therefore it is important that resources are available to begin work on the scheme before the income is received.
14. The fee income must be used to cover the cost of HMO licensing therefore some work will not be covered by the licence fee income;
15. A £50K bid has been made in the current budget round to cover the net resources required (i.e. additional costs less additional income).

Application for Additional HMO Licensing Scheme

16. The experience of the City Council over many years has been that a substantial part of the HMO stock is, in general, poorly managed. Consultation feedback has supported the need for licensing to tackle such problems across the entire City rather than in a sub-area.
17. Although it would be ideal if additional licensing covered all the HMO stock from the point of consistency, this approach is impractical at the present time. Officers recommend to target attention on the larger 2 storey HMOs and the remaining 3 storey HMOs not covered by mandatory licensing,
18. The objective of the application is to ensure that more HMOs are being managed adequately so as not to give rise to problems for occupiers or for members of the public. If the application is made for the categories above it will cover around 1600 HMOs. This will mean that the combined effect of mandatory and additional licensing covers half of Oxford's HMO stock.
19. Once Executive Board has approved in principal the submission of the application, officers can complete the outstanding work to meet the guidance for submissions, which was released on the 14th January 2008.
20. A further report to Executive Board to seek approval to implement the scheme will be made should Secretary of State permission be forthcoming

21. The scheme to be submitted is outlined in Appendix 5

Recommendation

22. To request approval to submit an application to the Secretary of State to introduce additional HMO licensing as set out in the report

Name and contact details of author:

Gail Siddall

gsiddall@oxford.gov.uk

01865 252563

Background papers: none



Appendix1

Method	Target Audience/stakeholder	Approximate number of consultees	Outcomes/responses (to end Dec 07)
Landlords Forum – Postal Questionnaire	Landlords and Letting/managing agents	65+	27 respondents – mostly negative
Website - online Questionnaire	All residents of Oxford	Approx 140,000	44 respondents Mostly positive results
Press Release	All residents	Approx 140,000	See Blogs – Appendix 4
Oxford Brookes Student Union	Brookes University students	Approx 12,000	
Talkback	Representative citizens panel	1000	408 respondents – mostly positive
East Area Committees	All residents within East Area		Written responses received
North East Area Committee	All residents within North East Area		Written responses received
Other Area Committees			
Oxford Civic Society - Newsletter	Members of Oxford Civic Society		Written responses received
Domestic Bursars Group	Oxford University Colleges		Verbal response - positive
Oxford University Students Union	Oxford University Students		
Oxford University Accommodation Office			
Oxford Brookes Accommodation Office			
Mail shot to Gypsy lane area	Local residents	200 households	8 verbal responses and 4 written responses all positive
Oxford Small Landlords Association	local residential landlords	Unknown	Written response

Appendix 2 (absolute values)

1. Does the area in which you live have any of the following problems?

	Talkback survey	Landlords	Website
Badly managed private rented shared houses	149	2	27
Empty properties	62	1	4
Dumped refuse in and around properties	197	6	23
Poor property condition	120	4	19
Poor external condition of properties & gardens	190	6	28
Nuisance or anti-social behaviour from shared houses	84	0	17

2. Have you had any problems with privately rented properties in your area in the last 5 years?

	Talkback survey	Website
Yes	158	21
No	238	23

3. Do you agree that additional licensing can have a positive effect on private rented houses in your area?

	Talkback survey	Landlords	Website
Yes	260	6	26
No	43	16	12
Don't Know	406	5	5

4. Do you agree that poorly managed and/or maintained properties can have a negative effect on the area where you let of manage properties?

	Talkback survey	Landlords	Website
Yes	373	24	39
No	5	1	4
Don't Know	27	1	2

5. Do you agree that landlords have a responsibility to properly manage their properties?

	Talkback survey	Landlords	Website
Yes	406	27	45
No	6	0	0

6. Additional licensing will ensure privately rented HMO properties are well maintained & managed

	Talkback survey	Landlords	Website
Yes	285	6	27
No	31	16	14
Don't know	81	5	4

7. Additional licensing will reduce anti-social behaviour

	Talkback survey	Website
Yes	209	18
No	73	19
Don't know	111	7

8. Additional licensing will ensure that amenity; fire precaution & repair standards are applied equally to all HMOs across the City?

	Talkback survey	Landlords	Website
Yes	326	10	30
No	20	12	12
Don't know	50	0	2

Appendix 3 – Landlords/agents comments

- “I only have experience of renting to students as I can see licensing is only beneficial for fire protection - worthy but how many fires have there been in recent years? As raised at the forum how can further licensing be undertaken when the present group of HMOs is going to take several years to complete “
- “All properties that are let should require a licence. All agents(this to include specified employees) should be licensed. There is no reason why letting agents, once licensed shouldn't be able to give properties licences in the same way as they arrange gas/electric certificates etc”
- “I presume additional licensing to mean very small units of 2-3 people unrelated, in 2 floor /storey houses etc. I think this is unnecessary at present, when there is such a large backlog of licences for larger properties outstanding”
- “I think OCC should focus on ensuring all current HMO licensing is up to date before extending the HMO scheme to other properties. The landlords who have volunteered are the more responsible ones and you should focus your attention on those that have not yet come forward and still have 3 storey properties in poor condition. Otherwise you will dilute the effectiveness of HMO licensing at every stage. Also your consultation process seems too narrow - you need to reach out to all landlords through letting agents etc”
- “Under the present HMO scheme Oxford City Council have identified current property for the next 10 years. In a Council that is suffering budget cuts adding to this department's workload makes no sense. Let us see a concentrated effort on those landlords avoiding the present scheme before widening its scope. Costs not some Prestige hype should govern its introduction “
- “We believe that this licensing scheme is a punishment on good landlords and the rouge landlords will continue to cause the same problems as ever. The legislation is going about the problem in the wrong way. The bad landlords should be identified and corrected. The way this is working (the licensing) makes all landlords look like rogues.”
- “Fee level needs to be contained and reasonable as not to impair on rental levels.”
- “It seems ridiculous for Oxford City Council to be considering additional licensing when less than 300 licences are currently in force out of 5000 licensable properties currently in this City. There is no point in attempting to add more properties to the list when virtually nothing has been done to enforce action against those 4600 landlords who should have licences.”
- “Additional licensing will mean higher rents and fees for tenants; you are making it difficult for small landlords who will sell up. For the sake of a few bad landlords everyone is having to spend additional costs ie upto £800 just to get your licence. “

- “Additional Licensing will result in HMOs being removed and converted into single rented self-contained flats etc. This will further reduce available low cost housing for single young people “
- “The Council should put its efforts into getting the estimated 4500 unregistered HMOs licensed. It should also follow the government legislation and not go it alone on some kind of crusade picking on the "easy target" landlords for additional income, The lesson should have been taken in with "Sheffield houses" in the 1990s which left Council with large bills to pay victimised landlords”
- “My comments are based on the fact that at present only 280 licences have been granted out of a total of 5000 units. The compliant landlords such as Lucy's will subscribe but will be in good condition anyway and will have a best practice policy in place. The rogue landlords will at this rate be targeted for several years to come. We would also like to see the results of the scheme published annually and OCCs performance monitored.”
- “(1) The risk is that extra licensing creates extra bureaucracy chasing available property out of the market (re - conversion to single houses etc) and reducing this stock in Oxford
 (2) It is challenging to introduce additional licensing when the base level is yet to be achieved even in the first tranch of properties
 (3) It leads to a suspicion that any "good practice" guide is likely to be converted into licence conditions without warning”
- “It is important that all 5 bed roomed HMOs are uncovered and subjected to current legislation before the Council commences on introducing additional legislation on smaller properties “
- “Let us implement existing regulations before additional licensing. The City council should concentrate on the badly run HMO properties in Oxford (many in Cowley) before increasing the burden of regulation. I have a well-run property, visited several times by the Council who should be concentrating on the poor quality HMOs. Also think that college properties should be licensed.”
- “I would like all the mandatory licensed properties to be all dealt with and in hand before additional licensing is considered”
- “I do not believe that regulation will have an impact except on cost to the owner”
- “I would like to see current legislation enforced and a more targeted approach to bad landlords rather than wider licensing scheme. The real problem in Oxford is the bad landlord. These should be known to the Council.”
- “Ensure all those who are already meant to comply with existing legislation do so, before extending the legislation, i.e. uncover all 5 bedroom HMOs before starting on the 3 & 4 bedroom houses.”
- “Whilst I would agree that additional licensing may be a good way forward, I would question the need for it across the whole City, and would like to be assured that the council has the resources to implement such a massive workload successfully before it takes such steps.”

Appendix 4 – Blogs from Thisisoxfordshire.co.uk

Posted by Rob, Oxford on 10:12am Thu 18 Oct 07

“Would you like your son or daughter living in a rented house while at university, where a scroat landlord doesn't get the gas boiler safety checked to save money? If it costs all landlords money to improve standards then so be it. Most seem to do the bare minimum when it comes to maintaining their properties unless they are letting out to 'professionals'.”

Posted by: Dan, Oxford on 10:33am Thu 18 Oct 07

Oh come on- owning a rental property in Oxford has been a licence to print money for years. With over 30,000 students and a dramatic recent influx of new migrants, there is a severe housing shortage- I've even known of sheds and garages being let out as rooms. This means that landlords do not have to make any effort to make their properties presentable or even safe in many cases in order to find tenants. Most of my professional friends are living in cramped, rented accommodation and paying 'dead' money every month to wealthy landlords, with none of us ever likely to afford our own home. Oxford's sense of community and appearance has suffered greatly due to run down, uncared for accommodation. Even the recent complaints about increased crime on the Cowley Road can be linked to the uncontrolled renting out of properties to young people who have nowhere to socialise other than in a pub or in the street. Couples and families cannot compete with buy to let landlords so the whole area becomes very skewed and unbalanced. I for one won't be contributing to a fund to help out impoverished Oxford landlords 'hit' by legislation designed to make them look after their properties and ensure the safety of their tenants. Frank Webster's complaints that legislation is 'never-ending' and includes a requirement to test gas and electricity and pay deposits into a scheme that cannot be abused hardly makes one shed tears for all these landlords who would otherwise not bother”.

Posted by: JB, Oxford on 10:53am Thu 18 Oct 07

The existing legislation is simply not extensive enough (min. 3 floors, 5 unrelated tenants etc.) and certainly needs to cover all rented property. Many residents will support this move. The state of the majority of rented properties in some areas in Oxford is a disgrace, both inside and outside. Indeed legislation should also be used to cover the outward appearance of all properties. Whole swathes of Oxford have deteriorated badly through the domino effect of ill-maintained rented property lowering the value of neighbouring properties, which are then sold for yet more poorly maintained rental properties, long-term residents/families move out, leading to yet more poorly maintained rented properties... Too many landlords and their tenants have no investment (or even interest) in their neighbourhoods at all. We need to get a grip on a situation which threatens to turn the City into a massive transit camp.

Posted by: J, Oxford on 10:57am Thu 18 Oct 07

Renting is already ridiculously expensive in Oxford, and this is only going to push up prices even further! You're forced to make a decision whether you lived in a cramped HMO for years so you can save enough for a deposit, or whether you just rent somewhere nice, knowing you'll never be able to afford to buy in the area you want to live in!! I think there needs to be some constraints on who gets to buy property within Oxford ring road i.e. all properties for sale should be offered to Families or couples wanting to live in the property first, and if it hasn't sold after 1 month, THEN it can be sold to Buy-to-Let people!

Rob, renting property out in Oxford is not as profitable as it seems, unless you have

considerable equity and a small mortgage.

ps - i'm not a landlord *Posted by: Al, Oxford on 11:25am Thu 18 Oct 07*

Yet more meddling. One reason prompting my move from Edinburgh to Oxford was the Scottish Parliament's decision to bring in laws like this to 'protect' me. The result was that we were forced out of a perfectly good flat because there were three of us rather than two and the owner did not want the expense of complying with legislation requiring there to be spring loaded doors and a green running man sign above the front door. Do perfectly normal adults really have to live in what amounts to the conditions of an institutional building??? With housing already a major issue in Oxford, I fail to see how punishing people priced out of the housing market with increased rent or displacement will solve much. Please - **get out of my life and leave me alone**

Posted by: renter, Oxford on 12:37pm Thu 18 Oct 07

At the last place I stayed at I would have gladly paid an extra 10-20 pounds per month rent as it would have been cheaper than paying the heating bills in a house with huge gaps around the (single glazed) windows. In the place before that, where I shared with 4 others, one nearly set the kitchen alight when heating oil. I was suprised there was no fire blanket so later asked the landlord to provide one and was more or less told to **** off. We don't need green signs everywhere, just a basic level of care for the property and safety measures.

Appendix 5 – Additional HMO licensing scheme

Additional HMO licensing will operate in the same way as mandatory licensing, the only difference being the size of property that it applies to. In practice this means that landlords will apply for a licence; Environmental Health will inspect the property and a licence will be issued on the condition that any works required are carried out. Follow up visits will then be made to ensure the works are carried out satisfactorily. The conditions, which can be applied to HMOs, include

- Requiring numbers of amenities present within the house - it is intended to have a sharing ratio in the order of 1 set of amenities for every 5 persons
- Provision of heating -
- Provision of adequate fire precautions or protection– guidance will be provided in consultation with Oxfordshire Fire Service as to the acceptable level of fire precautions required in a licensable HMO
- The management, use and occupation of the house – this will cover issues in relation to the physical management conditions eg disrepair of facilities
- Prohibition of the use of particular parts of the dwelling – under licensing there is the ability to close a room if it is unsuitable, for example, because it is too small to use.
- Conditions to reduce anti- social behaviour from persons visiting or occupying the property.
- Conditions relating to gas safety and electrical safety eg the provision of certification ensuring appliances have been checked and are safe.