

**To:** Value and Performance Scrutiny Committee

**Date:** 28<sup>th</sup> January 2013 **Item No:**

**Report of:** Head of Environmental Development

**Title of Report:** Landlord's Survey Results

## Summary and Recommendations

**Purpose of report:** To update the committee on the results of a survey of landlords with regard to the impact of the HMO Licensing Scheme in Oxford

**Report Approved by:** Head of Environmental Development

**Finance:** Paul Swaffield

**Legal:** Jeremy Franklin

**Policy Framework:** Meeting Housing Need

**Recommendation(s):** Members are asked to note the contents of the report and suggest other ways of promoting the take up of landlord services.

### Introduction

1. It has proved difficult to obtain data on some aspects of HMO Licensing and Article 4 planning controls but an opportunity arose to use the Student Consultancy, which is a programme of learning and development activities for University of Oxford students, to explore this further. It provides a free consultancy service to local businesses, charities and community organizations in return for employability skills training and work experience opportunities.

2. It was agreed that they would carry out a 10 minute telephone survey of HMO landlords who were HMO Licence holders and ask for their responses on the impact of Article 4 planning controls, rent levels, the availability of HMOs and their knowledge of existing Council services aimed at helping landlords.

### Sample size

3. We were keen for a large number of landlords to be included but due to a variety of reasons only 30 landlords were contacted by the Student Consultancy to take part in the survey. Ideally, we wanted the survey to reflect the ethnicity of landlords in the sector (e.g. Asian landlords form 25% of all HMO licence holders) and this was achieved.

4. Of the 30 landlords surveyed, 17 people owned 5 or less properties, 6 owned 6 to 10 properties and 7 owned more than 20 properties.

### **Planning Controls**

5. There was widespread knowledge of the Article 4 planning controls introduced by the Council in February 2012, with 29 out of 30 (97%) landlords being aware of the new powers. The effects of the planning controls had been felt by 21 out of 29 landlords (72%) with a further 14 out of 28 (50%) expecting the powers to impact on their future plans to either add properties or move between renting to sharers or families.

6. The level of knowledge about Article 4 indicates that the landlords contacted were very well informed about Council policies that may impact on their business.

### **Rent levels**

7. Just over two thirds of landlords (20 out of 30) had increased their rents since January 2011. 15 out of 21 (71%) said the reasons were both to take advantage of market rents and recover HMO licence fees.

8. It is no surprise to find that rents have gone up and it would appear that landlords are increasing rents to take advantage of market conditions at least as much as they are increasing them to recover the cost of HMO licence fees.

### **Availability of HMOs**

9. A total of 20 out of 29 landlords (69%) had not reduced the number of HMOs they operated, but 9 out of 29 (31%) landlords responded that they had reduced the number of HMOs in their portfolio. The cost of the licensing fee was stated as being the primary reason for 7 of the landlords reducing the number of HMOs they owned.

10. This does not mean that 31% of HMOs are being lost to the market as the figure does not take into account new HMOs (previously unknown) nor the portfolio of individual landlords. In addition, the use of rented accommodation, particularly at the smaller end of the HMO market has swung from HMO use to family let depending on the availability of tenants. It may be that these properties will now become fixed in one rental sector or the other, but either way the properties will not be lost to the private rented sector.

### **Impact of HMO Licensing**

11. When asked whether they believed HMO licensing had improved HMO standards for tenants in Oxford, 13 out of 28 (46%) believed they had improved either a little or a lot, but 15 out of 28 (54%) stated that there had been no improvement in their opinion. This view is at odds with the fact that over 90% of HMOs require additional work to comply with minimum statutory standards.

12. Given the highly negative position taken by many landlords prior to the introduction of HMO Licensing, the fact that nearly half of them believe it has improved conditions for tenants is welcome.

### **Knowledge of Council Services**

13. As well as the website, the Council provides a Tenancy Relations Officer (TRO) service providing advice to landlords and tenants, an annual Landlord's Forum and sends a quarterly newsletter to landlords. Awareness of the newsletter was very high, as indicated by 18 out of 19 (95%) landlords and knowledge of the Forum was good with 13 out of 19 (70%) landlords being aware of the event. However only 6 out of 19 (32%) landlords knew that the TRO service was also available to help landlords with tenancy issues. This is clearly an area where further promotion of our services is required.

### **Conclusions**

14. It is difficult to draw definitive conclusions from the survey as the sample size was so small and the survey was carried out in the first full year of the scheme. In addition the only landlords surveyed were those known to us through HMO Licensing. However the results do point to a loss of some HMOs from the market (whilst the rental market continues to grow) and that planning restrictions are impacting on landlords abilities to create new HMOs. The link of HMO Licensing to higher rents is less clear, as market conditions are the main drivers for increasing rents.

15. It would be worthwhile carrying out another more detailed survey in the future when all HMOs in the city have been licensed.

16. There is work to be done in promoting the take up of our services to landlords, particularly around the use of our Tenancy Relations Service. This service will be promoted to landlords via the newsletter and the Landlord's Forum, both of which enjoy high awareness amongst landlords.

### **Recommendations**

17. Members are recommended to:

- (a) note the contents of this report
- (b) suggest other ways of promoting the take up of landlord services

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