

**Overview & Scrutiny Committee****31<sup>st</sup> January 2011**

Report Title: Housing in Multiple Occupation (HMO) Licensing

Report of: Phil Harris - Assistant Director of Strategic & Community Housing

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Wards(s) affected: **Harringay and parts of St Ann's and Noel Park**

Report for: **[Key / Non-Key Decision]**

**1. Purpose of the report (That is, the decision required)**

- 1.1. To update the report presented December 2008 and advise of the proposed Additional Licensing Scheme

**2. Introduction by Cabinet Member (if necessary)**

2.1. Housing in Multiple Occupation is of considerable concern to residents in many parts of Haringey concerning the unacceptable standards that have sometimes been discovered. With the change in the housing benefit allowance for a single room now going to be applied up to 35 years of age rather than the present 25 years of age this change is causing additional concerns, as the number of properties that will be used to provide this type of accommodation is expected to increase. This scheme will deal with the unacceptable standards and alleviate concerns as to the increased use of this type of accommodation. Whilst commencing in only one part of Haringey the experience and the results achieved will enable an assessment to be made as to any future need to extend the area of operation.

**3. State link(s) with Council Plan Priorities and actions and /or other Strategies:**

- 3.1. Labour Manifesto clearly outlines within its priorities the need to have a well managed, good quality, safe private sector housing within our borough
- 3.2. Housing Strategy and Homelessness Strategy emphasis the same need.

#### **4. Recommendations**

- 4.1. To note the updated position on mandatory licensing and the proposed discretionary additional scheme.

#### **5. Reason for recommendation(s)**

- 5.1.

#### **6. Other options considered**

- 6.1. There are no other options for the mandatory scheme. The feasibility of the discretionary additional licensing scheme is being undertaken along with the necessary consultation. Other options will need to be considered during this process.

#### **7. Summary**

- 7.1. The mandatory scheme started on the 6<sup>th</sup> April 2006 and we have since that time inspected over 350 properties. The majority of these owners made applications for a license following publicity that proceeded the start date. The inspection process is detailed and resource intensive and therefore the fee structure must reflect this.

The issue of a licence includes the following :-

- Detailed inspection of all parts of the property following the service of a notice of entry
- Scaled plans are prepared of the property
- Consultation takes place with the fire service regarding means of escape.
- Licences are issued with specified conditions which outline works required and details the number of occupants allowed.
- The property is monitored and conditions enforced if not undertaken.

- 7.2. We have at present 255 licensed HMOs. We have issued more licences than this figure but we have revoked a number of these as owners have decided not to continue with HMO use.

- 7.3 The following table shows the spread of HMOs across the Authority and the licensing fee income obtained for these HMOs since the programme started in 2006.

<b>WARD</b>	<b>LICENSED HMOs</b>
Alexandra	3
Bounds Green	6
Bruce Grove	7
Crouch End	13
Fortis Green	9
Harringay	52
Highgate	24
Hornsey	12
Muswell Hill	20
Noel Park	22
Northumberland Park	7
St Ann's	18
Seven Sisters	9
Stroud Green	34
Tottenham Green	1
Tottenham Hale	1
West Green	4
White Hart Lane	0
Woodside	13
<b>Total</b>	<b>255</b>
<b>LICENSING FEE INCOME</b>	
2006-07	£192,664.60
2007-08	£38,656.60
2008-09	£24,192.60
2009-10	£20,367
2010 -11	£10,620 (to date)

7.4 The majority of landlords have complied with the licence conditions. This is not surprising as they made a voluntary application when the legislation came in to force. We have however prosecuted one landlord several times for failing to licence and he no longer operates a HMO. Another landlord could not licence 5 properties because we deemed him not a "fit and proper person" as we had previously prosecuted him for management offences. He was forced to get an agent to act on his behalf. We prosecuted one further landlord for failing to licence and another prosecution is pending. We are now at the stage of trying to find those properties which should be licensed but are not. In undertaking a survey for the new discretionary scheme we discovered over 20 properties which should be licensed and we will be taking action against all properties. We will need to continue with this method to trace those owners who have no intension of making an application.

7.5 Re-licensing of mandatory HMO's will start in September 2011 when the first of the licenses expires. The fees are being reviewed in line with the work

associated with the proposed additional scheme, but it is expected that re-licensing will produce a minimum income of £250K over a 2 year period.

- 7.6 The proposed additional licensing scheme is the outcome of the pilot project within Harringay and St Ann's wards. To adopt such a scheme the authority has to follow set guidance and we are in the process of doing this now. It is intended to present this report to Cabinet April/May 2011. In brief, we have to demonstrate that there is a need to licence additional HMO's within the designated area and explain our reasons. We also have to consult with people who will be affected by the scheme. It is essential that we can prove that we need the licensing powers to control some of the issues that are affecting the area and that they will be used in association with other strategies or control measures. The scheme could be made subject to judicial review and therefore a need to be thorough.
- 7.7 The pilot project and initial consultation with local residents clearly identified the scale of the problem. The key issues are as follows:
- Properties being converted without planning permission.
  - Properties occupied as multi-occupied units sharing facilities with poor management.
  - Disproportionate number of complaints relating to noise, rubbish accumulation and general nuisance.
  - Issues of anti-social behaviour
  - Poor quality and in some cases dangerous housing conditions.
  - Discrepancies between the number of units and council tax accounts recorded resulting in loss of revenue for the authority.
  - Discrepancies between the named council tax account holder for HMO's. The landlord should always be the account holder for HMO's but this is not always the case and again potential loss of revenue for the authority.
- 7.8 Many council services and officers were associated with the same premises, but only dealing with their particular specialist area of work. In cases of severe nuisance it needed all services working together to use the best powers available to control the issue. There were wasted resources, necessary outcomes were not achieved in all cases and income opportunities missed. Over the period of the pilot, partnership working between the services certainly improved and this has been noticed and welcomed by the local community. The proposed scheme is a way of formalising the partnership approach within a statutory framework which will have real enforcement powers.
- 7.9 Licensing will achieve:
- Landlords who own premises within the designated area will need to approach the authority for a licence. It is an offence not to be licensed. A fee is attached to each licence application. This reduces the time taken to

- find the HMO's and the fee will cover the costs in providing the licence.
- It will allow the authority to target known "rogue" or portfolio landlords and make them comply.
- It will bring together all council services in each application to ensure that we comprehensively deal with each property and do not miss any opportunity.

7.10 Licensing will enable an Authority to:

- Ensure that the owner/landlord is a "fit and proper" person.
- Ensure that the property is compliant with all standards.
- Ensure that the property is well managed.
- Ensure that the correct amount of council tax is paid and that any outstanding debt is recovered.
- Ensure that general nuisance and anti- social behaviour is controlled.
- Identify all units of temporary accommodation used by both this authority and others.
- The works required by this scheme such as fire protection and security contribute towards targets associated with the police and fire service.

7.11 We have started the consultation process and have presented to the landlord forum and residents groups. We are working with consultation colleagues to create the questionnaire for both residents and landlords which are to be placed on the web. We have also undertaken a survey of the area which is on going. We have at present looked at over 500 properties which identified 80 HMO's with shared facilities, all of which required works. We also identified 178 converted properties which were potentially S257 HMO's and 50% were in need of considerable work. The remainder required minor work to ensure compliance, although council tax and benefit information has not been checked and therefore may not be fully compliant. We also found 20 mandatory HMO's which should have been licensed and we will now progress these cases with a view to potential prosecutions. We are now continuing the survey work in Green Lanes, Wightman Road and Turnpike Lane where we expect to find a large number of HMO's.

7.12 We are satisfied from the survey results already that we can easily justify the adoption of the licensing scheme. We have found so many properties which require action and that we would not have found, without a great deal of effort and resource. It is therefore essential that we place the responsibility on the owner to approach the authority. It is essential that we enforce standards on private sector landlords but in a targeted way, rather than being reactive to complaints.

7.13 Dependant on the success of the discretionary scheme, it is possible to move this scheme to other wards of the borough where the location of HMO's are causing similar problems. The initial application is time consuming but should

cover the majority of officer costs. Re-licensing is much less resource intensive and therefore will ensure that costs are neutral over the whole scheme. It is therefore the intention to establish a number of schemes which in time will mean that there will be a re-licensing scheme due each year .

## **8. Financial Comments**

- 8.1. The additional income generated from the extension of this scheme is estimated to be around £100,000. This amount has been built into the draft budget options for the 2011-12 budget.
- 8.2. The staff undertaking this work are part-funded from Area Based Grant, so the saving achievable may need to be reconsidered if funding for these posts is not available in the future.

## **9. Head of Legal Services Comments**

- 9.1 A local housing authority must keep the housing conditions in their area under review with including the licensing of HMOs. The updated position of the mandatory licensing scheme appears sufficiently dealt with in the body of this report. In respect of the proposal for the additional licensing scheme for HMOs falling outside the scope of the mandatory scheme, the authority must comply with specific requirements set out in Sections 56 and 57 of the Housing Act 2004. This includes being satisfied that a significant proportion of the HMOs proposed to fall under the additional scheme are being managed sufficiently ineffectively, consultation for the scheme must take place, and the scheme must be consistent with the authority's overall housing strategy. Once an additional licensing scheme has been approved there are specific requirements relating to publicity and when the scheme may come into force (no wide earlier than three months after the date on which the designation is confirmed). The Authority must review the designation from time to time and may revoke it if considered appropriate. There is no fee structure prescribed within the Housing Act 2004, however, the government has indicated that it should be self funding hence a variety of structures used across different authorities

## **10. Head of Procurement Comments – [Required for Procurement Committee]**

- 10.1 N/A

## **11. Equalities & Community Cohesion Comments**

- 11.1. N/A

## **12. Consultation**

- 12.1 Consultation regarding HMO Licensing, the amenity standards and space

standards that accompany it and the view to introduce discretionary Licensing has been consulted upon greatly through the use of the Haringey Landlord Forum. Landlords and letting agents have also been informed and advise through the work carried out by officers delivering the Migration Impact Project which ended in September 2010. Further consultation on the proposed discretionary Licensing scheme in the Haringay and St Ann's ward is currently undergoing.

### **13 Service Financial Comments**

- 13.1 There are two income streams associated with these projects, the Mandatory HMO license income and the Discretionary HMO license income.
- 13.2 The Mandatory scheme is a re-licensing of existing properties and any further units identified. Provision exists for both the staffing resources and income stream for this project within the budget for the Private Sector Housing Team.
- 13.3 The income stream, in the sum of £100,000 per annum, for the Discretionary Licensing scheme has been identified as an additional income stream that can be generated within existing staffing resources.

### **14 Local Government (Access to Information) Act 1985**

- A list of Licensed HMO's can be obtained through a public registered held with the Housing Improvement Team (Private Sector) as prescribed within the Housing Act 2004.
- Licensing of houses in multiple occupation (hmos), A guide for landlords
- Licensing of Houses in Multiple Occupation, Department for Communities and Local Government, 2007.
- Houses of Multiple Occupation Issues Paper, Haringey Council, Housing Dept.
- Haringey Unitary Development Plan 2006, Part 4: Housing.
- Houses of Multiple Occupation Issues Paper, Haringey Council, Housing Dept
- Discretionary licensing briefing document, Haringey Council, Housing Dept.

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