



COMMUNITY COMMISSION 20 JANUARY 2009

Report of the Director of Corporate and Adult Services

Licensing of Houses in Multiple Occupation

RECOMMENDATION

1. To note the report.

SUPPORTING INFORMATION

- 2.1 The September meeting received a report on Houses in Multiple Occupation, HMO, licensing. This report provides further information on the resources available to deal with HMO licensing and the estimated costs of increasing resources to carry out this kind of work.
- 2.2 At present there is one field officer dedicated to HMO licensing and associated work and one coordinator/administrator.

At the end of October 2008, 87 licences for which a fee had been charged had been issued since April 2007. In addition 35 HMO Registrations were passported free of charge into the licensing scheme at its inception. We suspect that many of the remaining unlicensed properties will be owned by the more recalcitrant landlords and applications will not be readily forthcoming.

The total number of HMOs in Derby for which the owners' need a licence is now thought to be to be around 350. Assuming that is a reasonably accurate estimation approximately 260 premises still need to be inspected and where possible a licence issued. A licensing period lasts 5 years. The renewal cycle will therefore start in 2012.

We estimate - given the work associated with licensing which includes dealing with the hazards found in licensable properties, legal proceedings which will ensue in some cases, monitoring compliance with licence conditions and the making of Management Orders - that no more than 40 inspections per year can be carried out with existing resources.

This means that at current rates of inspection it will take over 6 years – until 2015 – to find and inspect all the licensable HMOs in the City.

If the team were to set a target of inspecting all the potential licensable

HMOs before the end of the current licensing cycle another 260 premises would have to be inspected in the next three and half years – approximately 75 per year. Realistically, it would be necessary to appoint two more enforcement officers to give the team any chance of meeting such a target.

The annual salary cost, plus overheads – at 2008/9 levels - of employing one enforcement officer assuming they were paid at the top of PO1 is in the region of £38,211 plus £1000 car allowance. Two extra officers would cost £76,422 plus £2000 car allowance. The costs of employing extra staff would of course be offset to some degree by virtue of their activities to elicit further applications.

There is a proposal in another cabinet report to raise the standard licence fee from £790 to £880 to take account of inflation since the inception of HMO licensing. The fee could be raised even further to cover the licensing work that extra staff would undertake but this is likely to add hundreds of pounds to an already high figure. Such an increase is likely to deter landlords from applying and is not considered sustainable. Extra staff costs would therefore have to be borne from other sources.

The issue of appointing additional officers to focus on capturing all licensable HMOs has been highlighted as a budget pressure for Housing and Advice Services for 2009/10 and 2010/11 and will be taken forward as part of the budget process.

It is worth noting in this context that under section 55(5) of the Housing Act 2004 the council has a general duty to make such arrangements as are necessary to secure the effective implementation in their district of the licensing regime.

- 2.3 **Note:** Other members of the Housing Standards team could be taken off their existing duties to undertake licensing work but that would deplete even further a seriously over stretched service. There is currently a backlog of over 120 service requests - relating to poor and dangerous living conditions in dwellings in the city. The council have a legal duty to address many of the hazards in these dwellings. The team as a whole needs a significant increase in resources if living conditions in licensable HMOs and the rest of the privately rented sector are to be effectively addressed.

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Background papers:	None
List of appendices:	Appendix 1 – Implications Appendix 2 – Financial information

IMPLICATIONS

Financial

1. None arising directly from this report.

Legal

2. The duty imposed on the council by virtue of section 55 of the Housing Act 2004 means that the requirement to make arrangements for the effective implementation of the statutory obligations in relation to HMOs must be addressed. Regards must be had to the reasons why the duty was created in the first place, which was Parliament's belief that that accommodation in this sector is generally substandard and unsafe.

In the event that that an accident of note was to occur in a HMO that ought to have been regulated, and for which the council had made no or no effective arrangement, it is likely that the council would be unable to avoid criticism. The council could also be challenged to justify its position by way of judicial review. In either event a lack of available resource, in itself is unlikely to be seen as a suitable justification for not acting.

Personnel

3. None arising directly from this report.

Equalities impact

4. HMOs tend to be lived in by less affluent residents who:
 - through social exclusion may be less aware of their rights under landlord and tenant law and
 - through financial exclusion would be less able to exercise their rights

and consequently are disadvantaged in challenging landlords regarding outstanding repairs and the provision of safety precautions. The legislation seeks to regulate the sector and improve standards

Corporate Priorities

5. This report relates to 'Making Us Proud of Our Neighbourhoods' by improving the standard and range of affordable housing.

Financial information

1. Number of properties licensed as at 1st November 2008: 87
2. Staff costs related to HMO licensing function 2007/08 - HMO Licensing Officer and HMO Licensing Co-ordinator: £67,054
3. Licence fee income @ £790 per licence for 2007/08: £29,480
4. Net cost of service 2007/08: **£37,574**