



Report of The Director of Environment and Neighbourhoods

Inner North West Leeds Area Committee

Date: 3rd April 2008

Subject: Update on HMO Licensing

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|-------------------------------------|--|--|-------------------------------------|
| Electoral Wards Affected: | | Specific Implications For: | |
| ALL | | Equality and Diversity | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> | Ward Members consulted (referred to in report) | Community Cohesion | <input checked="" type="checkbox"/> |
| | | Narrowing the Gap | <input checked="" type="checkbox"/> |
| Council Function | <input type="checkbox"/> | Delegated Executive Function available for Call In | <input checked="" type="checkbox"/> |
| | | Delegated Executive Function not available for Call In Details set out in the report | <input type="checkbox"/> |

1.0 INTRODUCTION

1.1 The Housing Act 2004 introduced the mandatory licensing of certain high risk houses in multiple occupation (HMOs). The Act was implemented on 6 April 2006 and gave a period of 3 months from the implementation date for applications to be made for a licence after which time it became an offence to operate a licensable HMO without having made an application.

1.2 This report outlines the current position in Leeds of the impact of the legislation.

2.0 BACKGROUND

2.1 The Act redefined the term HMO in so far as housing legislation. The actual definition of an HMO is complex as is that of a licensable HMO but in simplistic terms a licensable HMO is a house where there are 5 or more persons, comprising of at least 2 households and the accommodation is on 3 or more storeys.

2.2 This definition meant that student shared houses meeting the requirements detailed above become licensable HMOs. Again in simplistic terms most 5 + 6 person student shared houses had not previously been an HMO. Most student shared houses of 3 or 4 persons whether living in two or 3 storey houses also became HMOs under this new Housing legislation but are not subject to mandatory licensing.

- 2.3 Because of the nature of properties in Leeds (namely a significant number of 3 storey properties) and that there were two major Universities in Leeds it was clear that the impact of the Act would have a significant effect in Leeds as there were potentially hundreds/thousands of licensable properties particularly in NW Leeds.
- 2.4 It was not possible to give any accurate prediction of the number of licensable properties as the Act had redefined a House in Multiple Occupation but initial estimate was for up to 8000 licensable properties. This number was based on information from the then current Leeds House Condition Survey and in consultation with Unipol Student Homes, Council Tax, Development Department and West Yorkshire Fire and Rescue Service.
- 2.5 The definition of a HMO under planning legislation and for Council Tax purposes was unaltered by the Housing Act and there are significant differences under the different pieces of legislation. This causes some confusion about what constitutes an HMO.

3.0 CURRENT SITUATION

- 3.1 Towards the end of February 2008 a total of 2761 applications for licensing had been received and 2372 licenses had been issued. The difference between the two figures relates to applications currently being processed for the issue of a licence (152) and applications that have been withdrawn for various reasons but including sale of property and applicants not achieving occupancy levels requiring mandatory licensing.
- 3.2 Of the licences issued to date the vast majority relate to shared housing in NW Leeds. 2201 – or 92% of the total licences issued throughout Leeds. Only 171 licences have been issued in other parts of the City. Approximately 5% of the licences issued relate to bedsit or hostel accommodation which is of concern as it is believed that this type of accommodation is likely to be in the poorest condition and possibly with the worst management and the figure of less than 150 is disturbingly low.
- 3.3 The following table gives a summary of the licences issued in NW Leeds with comparative figures for the rest of Leeds.

| Ward | Licenses Issued | % of Licences issued in Ward Compared to total Leeds figure | No. of applications received in Ward |
|-------------------------|-----------------|---|--------------------------------------|
| Headingley | 1176 | 49.4% | 1315 |
| Hyde Park and Woodhouse | 706 | 29.6% | 782 |
| Kirkstall | 212 | 8.9% | 289 |
| Weetwood | 107 | 4.5% | 137 |
| Above 4 Wards | 2201 | 92.4% | 2523 |
| Rest of Leeds | 171 | 7.6% | 238 |
| All of Leeds | 2372 | 100% | 2761 |

- 3.4 Outside the above wards the ward with the highest number of licences issued is Chapel Allerton with 35 licences (1.5% of the total issued in Leeds). 10 wards in Leeds have not received any applications for licensing or have had licences issued.
- 3.5 Analysis of the applications received from landlords is complex, but it appears approximately 950 landlords control the licensable properties, of which one third are members of the Leeds Landlord Accreditation Scheme (LLAS) or the Unipol Code of Standards whereas the remaining 67% are outside these schemes. However, approximately 44% (1216) of the applications received are from either LLAS or Unipol Landlords.
- 3.6 A license condition is that the licence holder and manager (if different from the licence holder) must attend an approved training course. The approved course covers matters relating to managing a tenancy, Leeds Council's advisory housing standards and health and safety requirements relating to the property. Over 500 landlords have so far attended the course or are booked onto it.
- 3.7 Licences are subject to an application fee. To date invoices have been issued to the total of £1.550m and income of £1.499m has been received at the time of this report, which represents 96.7% income against the total invoice issued.
- 3.8 Of the 2761 applications received the vast majority were received during the first 3 months of the implementation of the Act. Only 302 applications were received throughout 2007 and only 30 to date in 2008.
- 3.9 There has been, and continues to be, considerable proactive work undertaken by the HMO Licensing team to identify unlicensed but licensable HMOs throughout the City. Whilst they have undertaken specific targeted work based on intelligence collection on identifying such properties they have also undertaken a number of initiatives with partners. Some of the initiatives undertaken by the Licensing Team have been highlighted in National Guidance in identifying unlicensed HMOs as good practise by LACORS (a good Government approved body issuing guidance to all local authorities on the implementation of the Act).

4.0 LEEDS HOUSE CONDITION SURVEY – PRIVATE SECTOR – 2008

- 4.1 The results of the above survey in 2007 undertaken by Consultants commissioned by the Council have recently become available. Having regard to the definition of a licensable HMO in the Housing Act 2004 the consultants advise that there are 3000 licensable HMOs within the City and this figure is predicted within a 10% accuracy and therefore the medium range is between 2700 and 3300 licensable properties. Having regard to the licenses currently issued (2382) this would represent a range between 88% to 72% with 79.4% representing the number of licenses issued against the condition survey report of the number of licensable properties or 84.5% of licenses when the number of outstanding applications which have to be processed against the survey results of 3000 properties.
- 4.2 In 2007 the Council revised its estimate of the number of licensable HMOs from 8000 to 4000. The figure of 3000 is now believed to be a realistic and accurate figure for the number of licensable properties in the City.
- 4.3 There are a number of reasons why the Council now consider the revised number of 3000 properties is the target level for licensable HMOs namely:

- there had been no previously known accurate figure of potentially licensable properties.
- a significant number of larger shared houses have been converted over the last few years to self contained flats thereby taking them out of licensing.
- there has been a significant number of purpose built large developments aimed at the student markets which has affected the letting market in the traditional housing sector meaning that a substantial number of shared houses are being under occupied.
- a number of landlords have purposely downsized their properties to avoid licensing.
- many of the traditional bedsit properties have been converted to studio flats again taking such properties outside licensing.
- the survey was commissioned following the introduction of the Act and therefore the new definition of HMO was taken into account.

5.0 NATIONAL POSITION

- 5.1 LACORS – a government approved body, as detailed in 3.9 above, undertook a national survey effective on 2nd March 2007 to determine the impact of licensing throughout the country – publishing its report in August 2007. At that time a total of 22314 applications had been submitted nationally – Leeds had received 2505 of those applications or just over 11% of the total number of applications countrywide and were the only Authority to have received over 1000 applications at that time. Only 3 authorities, including Leeds, estimated they had over 1000 licensable properties in the survey.
- 5.2 In December 2007 an authority with an estimated 4000 licensable HMOs had received only 995 applications and issued less than 100 licences.
- 5.3 Leeds is leading nationally on the number of applications received and the number of licences issued.

6.0 ONGOING POSITIONS

- 6.1 The HMO licensing team continue to undertake proactive work to identify unlicensed licensable HMOs. A number of initiatives have already been carried out including work with other agencies both within LCC and outside involvement with Area based initiatives such as Operation Champions, work with both Leeds University and Leeds Metropolitan University, targeted work at Managing and Letting Agents, newspaper articles, review of property adverts and street walks as well as many other actions – (see also 3.9 above).
- 6.2 This proactive work will continue in an attempt to maximum compliance with the legislation and support of the PRS that has sought to comply with legislative requirements whilst seeking out the small proportion of the sector that is avoiding control and compliance with proper housing standards and management.
- 6.3 An inspection programme has now commenced to determine compliance with licence conditions and ensure that properties are free from Category 1 hazards (under the Housing, Health and Safety Rating System (HHSRS) that was also introduced by the Housing Act 2004). A risk based system has been introduced for the inspection programme.

- 6.4 Every landlord will have at least one property inspected but the inspection programme also has a flexible approach to the rationale of how many properties are inspected on the larger landlord portfolios. The inspection regime has been agreed with members of the PRS who formed a Consultative Group with the Council to help in the implementation of the Act.
- 6.5 The budget for HMO licensing conditions to be closely monitored to ensure the cost of the service is met from the licence fee income.
- 6.6 Review the HMO licensing fee structure and the licence period for those properties that should have been licensed from the implementation period of the Act that are identified particularly through proactive work of the Licensing Team.

7.0 DISCRETIONARY LICENSING

- 7.1 The Housing Act 2004 also introduced the Additional licensing of other HMOs. To implement such licensing a local housing authority must receive approval from the Department of Communities and Local Government (CLG) following the presentation of a business case in accordance with approved guidelines.
- 7.2 The case to CLG must relate to the nature or type of property. Additional Licensing relates to the health and safety requirements of eligible properties rather than trying to control the number of HMOs within a locality.
- 7.3 Whilst mandatory licensing has largely been successfully introduced to Leeds much work remains to be done for the Authority to complete its statutory requirements.
- 7.4 The Council remain committed to considering introducing Additional Licensing through both the Private Rented Sector Housing Strategy and the Shared Housing Strategy but the proper and full implementation of Mandatory Licensing must remain a priority at the present time and Additional Licensing will be reviewed in the future.

8.0 Recommendation

- 8.1 The Area Committee is asked to note the content of the report.