

DECISION-MAKER:	CABINET		
SUBJECT:	LICENSING SCHEME FOR HOUSES IN MULTIPLE OCCUPATION (HMOs)		
DATE OF DECISION:	20 FEBRUARY 2018		
REPORT OF:	CABINET MEMBER FOR SUSTAINABLE LIVING		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY			
Not applicable			
BRIEF SUMMARY			
Approval is sought to initiate a twelve week public consultation on the proposals to designate an additional Houses in Multiple Occupation (HMO) licensing scheme for the electoral wards Bevois, Bargate, Portswood and Swaythling. The current Additional licensing scheme covering these four wards expires on June 30 th 2018 and cannot be extended. A new additional licensing scheme designation is required for these wards if the council wishes the area to be subject to a licensing scheme.			
RECOMMENDATIONS:			
	(i)	That Cabinet approves the proposals for a public consultation for an additional HMO licensing scheme in Bevois, Bargate, Portswood and Swaythling wards. The proposed start of the consultation is from 26 th February 2018 for twelve weeks.	
	(ii)	That Cabinet considers the outcome of the consultation at its meeting on 19 th June 2018 and, if appropriate, designates the proposed area as being subject to additional licensing, which would come into effect on 1 st July 2018.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	The current Additional HMO licensing scheme that covers Bevois, Bargate, Portswood and Swaythling has been running since 1 st July 2013 and will expire on 30 th June 2018. The scheme requires that all HMO properties (other than those covered by the Mandatory Licensing scheme and HMO's governed by S257 of the Housing Act 2004) with three or more occupiers from two or more households are licensed and must comply with any licence conditions including conditions relating to standards for safety and amenities set by Southampton City Council. It is not lawful to extend the designation, a new designation would need to be made if the council wished the area to be		

	subject to a licensing scheme.
2.	The current scheme has issued over 3500 licences and has therefore had a very positive impact on this type of property. Dealing with issues of poor property conditions, poor management and anti-social behaviour & ultimately raising the safety standards of the HMO stock. This ensures safe, good quality private rented accommodation is available to meet housing needs in the city.
3.	The additional scheme has ensured that the smaller HMOs not included in the Mandatory licensing scheme are licensed.
4.	The scheme ensures that concerns and complaints about conditions and the impact of the property on the local community can be addressed effectively and promptly. Such as noise nuisance & other anti-social behaviour and issues with waste.
5.	The Housing Act 2004 requires a public consultation on proposals for an Additional Licensing Scheme before consideration is made to approve any designation.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
6.	That the Council manages the issues associated with HMOs without an additional licensing scheme. The Government has advised that the Mandatory HMO Licensing regime is to be extended in 2018 to include all HMOs with five or more occupiers irrespective of how many storeys the HMO has. This will decrease the number of properties covered by the proposed additional scheme to approximately 1750 (47% reduction). Whilst the new mandatory scheme will ensure larger HMOs will be regulated, there will still be a significant number of HMOs that are not included. Therefore the proposed further designation will enable a more proactive and comprehensive approach and will significantly assist with dealing with identified problems associated with the high density of HMOs in these four wards.
7.	The council could solely rely on powers contained within part 1 of the Housing Act 2004 & The Houses in Multiple Occupation (Management) Regulations 2009 to deal with issues associated with HMOs. The evidence suggests that these powers alone would not sufficient address the problems that have been identified with HMO's in the area and would not provide an effective method of achieving the council's objectives.
8.	The Council could consider a City wide scheme for smaller HMOs or could extend the designated area to cover other wards not included in the current additional schemes. However there is insufficient evidence to show that there are sufficient numbers of HMOs that are poorly managed outside of the designated wards. Also the extended mandatory licensing regime being implemented in 2018 will bring more HMOs under licensing control, so widening the additional scheme is not considered proportionate.
DETAIL (Including consultation carried out)	
9.	Southampton has a very large private rented sector, estimated at 24,000 properties. HMOs make up over a quarter of this stock and the Council has been keen to ensure that these types of properties are well managed and that the housing needs of a wide range of private tenants are met.

10.	The cost of the scheme, including costs associated with verification and processing of licences, monitoring and enforcement of licence conditions will be paid for by the licence fee. The licence fee will be set to cover the property for a five year period. Inspections of properties can either be carried out by Council officers or accredited (CIEH or RICS) independent surveyors.
11.	The licence fees are expected to be the same as the existing HMO licensing scheme.
12.	It will be an offence to operate an unlicensed HMO in the designated area. Failure to apply for a licence or comply with licence conditions could result in prosecution and since the additional scheme was introduced in 2013 there have been 15 successful prosecutions of landlords by the Council for failure to licence their HMOs.
13.	The proposed designation will not apply to any building which is a HMO as defined by section 257 of the Housing Act 2004 and is not covered by the Mandatory licensing regime.
14.	Mandatory licensing, which applies throughout the UK currently covers the larger HMOs which present the highest risks to the safety of the occupants. These are those HMO's with five or more occupiers (who are <u>not</u> living together as a single family or other household), of three storeys or more. In Southampton we have approximately 552 Mandatory HMO licensed properties. In 2018 the Government has advised that the Mandatory regime will be extended to include all HMOs with five or more occupiers regardless of the number of storeys. This is expected to be introduced in April 2018 and it is estimated that the new regime will increase the number of Mandatory HMO licences to over 2500 across the city.
15.	It is currently estimated that there are around 7000 HMOs within Southampton. The current Mandatory and two additional schemes have licensed over 4200. The widening of the Mandatory regime will bring more HMOs across the city into the licensing schemes, particularly those in the wards not covered by additional licensing, including Bitterne, Woolston & Coxford.
16.	The Councils evidence suggests that the HMO licensing regime has had a significant impact on complaints about HMOs. There has been a 75% reduction in complaints about housing conditions reported by tenants. Complaints about noise nuisance and waste issues have also fallen by over 50%. This demonstrates the effectiveness of the scheme in improving HMO management and dealing with complaints. A new designation would enable this reduction in complaints to be maintained and improved further.
17.	The current additional licensing scheme for these four wards has seen over 3500 licences issued of which approximately 50% were issued with conditions. The current evidence suggests that just over 62% of these properties have complied with their conditions. This shows that 38% of HMO's in these 4 wards are still non-compliant and demonstrates that there is a significant proportion of HMO's within this area that are being managed sufficiently ineffectively and have given rise to particular problems for the occupants. This demonstrates that there is still work to do to raise standards and improve HMO management and without a further additional scheme this will be much harder to achieve. The evidence suggests that the designation will significantly assist the council in achieving its objectives which are to raise

	the standards of management so that the problems identified are significantly reduced or removed so that they no longer have a detrimental effect on the area.
18.	The consultation will include landlords, letting agents, residents and tenants groups, the Universities, local agencies involved with housing & public safety (Hampshire Constabulary & Hampshire Fire & Rescue)
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
19.	There are no capital implications
20.	The HMO licensing fees will be set at a level to cover the costs of providing the service based on officer time and associated costs involved in verification, processing the applications, inspections, monitoring and enforcement as well as relevant overheads. The cost of a typical five year licence is expected to be the same as the current cost of £560. The final cost will be submitted for approval by Cabinet in June 2018 following the outcome of the public consultation. The pricing model is unchanged from previous licensing schemes. Any shortfall will be met from existing cost centre budgets.
21.	Income from the scheme will be ring-fenced for spending on regulating licensable HMOs within the proposed scheme to ensure compliance with the licensing scheme. The Council is not permitted to make financial gain from the fees through the licensing process. The fee charged is used to cover the costs associated with administering the HMO licensing schemes.
<u>Property/Other</u>	
22.	There are no property implications. Existing staff have sufficient accommodation and make use of flexible working arrangements.
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
23.	Before designating an area as additional HMO licensing Scheme, the Council must comply with the specific requirements set out within sections 56 and 57 of the Housing Act 2004. This includes being satisfied that a significant proportion of the HMOs of that description in the area are being managed sufficiently ineffectively as to give rise, or to be likely to give rise, to one or more particular problems either for those occupying or for members of the public. The Council must consider whether there are any other courses of action available to them that might provide an effective method of achieving the objectives of the proposed designation and how approval of the designation will significantly assist the council in achieving its objectives. Statutory public consultation must also take place and the representations made during the consultation period must be taken into account before any decision is made on whether to designate the area. The proposed scheme must be consistent with the authority's housing strategy and the council must adopt a coordinated approach in connection with dealing with homelessness, empty, properties and anti-social behaviour.

Other Legal Implications:	
24.	Designation of the wards subject to additional licensing cannot come into force unless the designation has been confirmed by the Secretary of State, or falls within a general approval. The proposed designation falls within the 2010 General Approval. If a designation is made, section 59 of the Housing Act 2004 sets out the publication arrangements that need to be undertaken before the scheme can come into force.
25.	The council has a duty under section 17 of the Crime and Disorder Act 1998 when exercising its various functions to have due regard to the likely effect on, and the need to do all that it reasonably can to prevent, crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment); and the misuse of drugs, alcohol and other substances in its area and re-offending in its area.
RISK MANAGEMENT IMPLICATIONS	
26.	The Council has a statutory duty to conduct an adequate consultation and must consult persons likely to be affected by the designation of a HMO licensing area. If the Council does not approve the consultation then it cannot proceed with planning an Additional HMO licensing area as any designation would then be unlawful.
POLICY FRAMEWORK IMPLICATIONS	
27.	The recommendations are consistent with the Housing Strategy 2016-2025
KEY DECISION?	Yes
WARDS/COMMUNITIES AFFECTED:	Bevois, Bargate, Portswood, Swaythling
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None
Documents In Members' Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Privacy Impact Assessment	
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.	No
Other Background Documents	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None

