



Response to Department for Communities and Local Government technical discussion document *Extending mandatory licensing of Houses in Multiple Occupation (HMOs) and related forms*
From Association of Residential Letting Agents (ARLA)
December 2015

Background:

1. The Association of Residential Lettings Agents (ARLA) was formed in 1981 as the professional and regulatory body for letting agents in the UK. Today ARLA is recognised by government, local authorities, consumer interest groups and the media as the leading professional body in the private rented sector.
2. In May 2009 ARLA became the first body in the letting and property management industry to introduce a licensing scheme for all members to promote the highest standards of practice in this important and growing sector of the property market.
3. ARLA members are governed by a Code of Practice providing a framework of ethical and professional standards, at a level far higher than the law demands. The Association has its own complaints and disciplinary procedures so that any dispute is dealt with efficiently and fairly. Members are also required to have Client Money Protection and belong to an independent redress scheme which can award financial redress for consumers where a member has failed to provide a service to the level required.

Part 1: Extending mandatory licensing of Houses in Multiple Occupation in England

Q1. Should mandatory HMO licensing (a) cover all relevant HMOs regardless of their number of storeys or (b) should only apply to buildings of two storeys?

4. ARLA believes that mandatory HMO licensing should only be lowered to buildings of two storeys. This is because HMOs of two or more storeys pose a significantly higher safety risk to occupants. However, depending on who is being housed in the HMO and the internal design of the property the risk factors will vary considerably.
5. In addition, sub section 19 refers to 'enable local authorities to target non-traditional residential buildings, such as converted garages ...' We would make the point here that adding licensing in these circumstances won't improve the situation because the conversion of a garage extension wouldn't need planning permission if it were to be used for residential activities associated with the main house, but it would need planning permission if it were to be used as a self-contained dwelling. Therefore



people letting 'beds in sheds' won't get a licence and laws already cover this so we don't think legislation is necessary.

Q3. Is five people in at least two separate households the correct threshold? If no, please state what you think the threshold should be with reasons.

6. Yes, ARLA believes that five people in at least two separate households is the correct threshold. This provides a sensible balance for a mandatory scheme and if necessary additional licensing can be brought in to bring down requirements where special problems exist. The Government must also consider the number of additional HMOs that might be caught if the definition changes as well as local authority resources to police licensed HMOs.
7. Furthermore, local authorities have various powers available to them to control conditions in properties defined as HMOs but which are not required to be licensed.

Q4. Should poorly converted blocks of flats be brought within the scope of mandatory licensing?

8. Yes in principle we think that poorly converted blocks of flats should be brought within the scope of mandatory licensing. We don't think they should be excluded from the scope of mandatory licensing purely based on construction if being used as a HMO rather than separate units.
9. However, the technical discussion document does not provide enough detail to determine how poorly converted flats fall within the definition and scope of mandatory licensing.

Q6. Should mandatory licensing be extended to include all flats in multiple occupation above and below business premises?

10. Yes, mandatory licensing should be extended to include all flats in multiple occupation above and below business premises. However, the extension of mandatory licensing should exclude residential blocks as is suggested in the technical discussion document.

Q2, Q5 and Q7 - Q15.

11. N/A

Part 2: Other potential changes to licensing

Q16. Should there be minimum national room sizes for sleeping accommodation in HMOs?



12. In principle we support the proposal but if the Government decides to do this it must introduce a prescribed minimum room size. We do not think that local authorities should be able to set their own room size standards for HMOs because this creates inconsistency across the country. In addition, some people want to live in smaller 'box rooms' because the rent is cheaper. However, if rooms are left empty, then rent on the other rooms in property will go up.

13. We also think that not expecting local authorities to permit rooms of less than 6.5sq.m as outlined in the technical discussion document is sensible. However, as stated in point 4 of this response the internal design of some property types can allow for adequate living conditions with room sizes smaller than 6.5sq.m in certain circumstances. Consequently, ARLA believes that an element of flexibility must be retained in the guidelines to ensure that property and rooms are not left empty.

Q17. Do you agree the standard should be in line with section 326 of the Housing Act 1985?

14. Therefore we do not agree that the standard should be in line with section 326 of the Housing Act 1985. This is because, whilst minimum room sizes in new builds are 7.5sq.m a lot of rooms in recent build (i.e. property built in the 90s and 00s) fall below this size and won't fall in line with the standard. As a result, this may cause problems in areas where residential property is in high demand. ARLA believes that flexibility and overall size and composition of property must be taken into account.

Removal of exemption from selective licensing: Letting to family members

Q18. Do you agree with the proposed removal of the exemption for family members from selective licensing?

15. We don't agree with the proposed removal of the exemption for family members from selective licensing. However, if this causes problems, it should be restricted to immediate family members, for instance mum, dad, son, daughter, brother, sister.

Part 3: Simplifying the process for applying for an HMO or other residential property licence

Schedule 2 information

Q19. Is the information required to be given in common with all applications for a licence necessary and relevant? If not please state which are not and give your reasons.

16. Yes, we think that the information required to be given in common with all applications for a licence is necessary and relevant.

Q20. Should further or different information be required on an application for a licence?



17. We don't think that any further or different information should be required on an application for a licence.

Q 21. Could any information that is required be given in a simpler way? If yes, how?

18. Yes, when landlords apply for a licence ARLA does not think it is necessary for landlords and agents to duplicate letters that the local authority will also do. We think this because, for instance, a landlord must notify the mortgage provider and any other relevant persons that they have applied for a licence, but before granting a licence the local authority will serve this information to them.

Multiple applications: Requiring applicant's details only once

Q22. Should personal information be removed from subsequent licensing applications for other properties where that information is identical to that provided in the first application?

19. Yes and if mandatory licences are extended the conditions of licence should allow current owners of licensed HMOs to be pass-ported on (with no additional cost) and the fee should only cover the cost of the local authority that is administering the license.

Concluding question

Q23. Is there anything else you want to tell us about these proposals (as set out in parts 1, 2 or 3 of this paper)?

20. In the introduction to this technical discussion paper we acknowledge the Government's recognition of the many landlords and agents who do an excellent job in managing their HMOs to high professional standards. For many, managing a HMO is a rewarding challenge that can make very good business sense.

21. However, we also recognise that these high professional standards are not universal and in some areas of the country the quality of renting housing stock is a problem, as is anti-social behaviour in other areas. We identify with the Government's commitment to cracking down on a minority of rogue agents and landlords who bring the sector into disrepute.

22. Enforcement and not administration is the key to removing rogue and criminal landlords and agents. Local authorities need to be adequately resourced and be able to keep and use the revenue generated from penalties to further enforce the rules.



Failure to tackle and inspect landlords without a licence is a concern for our members and only serve to enforce the current view that licensing is not an effective solution to the correctly identified problem.