

Bath & North East Somerset

Houses of Multiple Occupation in Bath

Summary of resource implications

4.5

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Contents

	Page
1 Introduction	1
2 Key Findings	1
2.1 Overview	1
2.2 Article 4 Direction	1
2.3 Enhanced Planning Policy	2
2.4 Additional licensing	3

Appendices

Appendix A

Key Assumptions

1 Introduction

Following on from the Arup feasibility study on an article 4 direction for HMOs in Bath, this short report sets out the possible resource implications of the options identified;

- Article 4 direction (A4D);
- Enhanced policy (to support the A4D);
- Additional licensing.

The costs of the intervention options were modelled over a 5-year period against baseline scenarios in terms of HMO numbers (there is no current requirement for HMOs to be identified) and future growth in HMOs (CLG scenarios tested). Further details of full assumptions made can be found in **Appendix A**.

2 Key Findings

2.1 Overview

It is important to recognise the complexity of identifying the costs associated with any of the options. As both baseline numbers of HMOs and growth scenarios are predicted, the range of possible costs is significant and we present scenarios, rather than fixed costs.

2.2 Article 4 Direction

2.2.1 Upfront costs

This option incurs upfront costs predominantly for the planning policy team. The total cost to comply with consultation and regulatory requirements is estimated to be approx. £19,000, assuming that consultants are used. This cost could be met from existing project budgets.

2.2.2 Ongoing costs

There will be additional costs to Planning Services, which are non-recoupable, as no fee can be charged for applications triggered by the Article 4 direction.

Exact costs will depend on actual numbers of applications. Best, worst and mid-case scenarios have been tested. It is estimated that in a midrange scenario approx. 75 extra applications would be triggered each year, and this incur direct costs to Planning Services of £31,150. The worst case scenario would result in costs of approximately £102,000.

The additional costs relate to:

- Dealing with additional applications (assumptions, based on current activity, have been made about proportion going to appeal or to committee which incurs further cost);

- Increased enforcement activity; and
- Increased third party enquiries.

2.3 Enhanced Planning Policy

2.3.1 Upfront costs

To give the Article 4 Direction teeth, a threshold policy is needed against which development management can determine applications. There is also the option to include a policy on purpose-built student accommodation.

There are two routes that could be used for introducing the policies required to support the article 4 direction;

- They could be incorporated into the Placemaking Plan DPD, which has an existing budget and timetable. This would give the policies maximum weight.
- A new SPD could be created, which could be consulted on alongside the article 4 direction itself, creating some efficiency savings. Assuming consultants are used to expedite this process, it is estimated that this would result in an additional cost of approximately £11,000.

Table 1: Possible Timetable for Option 1

	Placemaking Plan DPD	SPD	Article 4 Direction
Mar 2012	Issues and alternative options consultation	Develop draft policies and evidence base	Develop draft Direction
Apr 2012			
May 2012		Consultation (6 week formal consultation period, with 6 joint events across Bath)	
Jun 2012			
Jul 2012		Respond to consultation comments	
Sep 2012		Adoption and Publication	Publication of any proposed changes
Dec 2012	Publication of proposed Submission DPD and draft SA report		
Mar 2013	Submission to Secretary of State with final SA Report		
Apr 2013			Direction comes into place
Dec 2013	Adoption and publication		

2.3.2 Ongoing costs

There are ongoing costs, estimated to be an annual cost of £750, to ensure that the baseline threshold figures are updated each year.

2.4 Additional licensing

2.4.1 Upfront costs

The non-recurring, non-recoupable set-up costs are estimated to be approximately £32,000.

2.4.2 Ongoing costs

More detailed work from the Housing team is expected on costs of administering licensing in B&NES. However, it is likely to be cost neutral on the basis that costs incurred to the Council can be recovered via the licensing fee. There may be issues around cash flow, as some costs will be incurred before they can be recovered. Any ongoing costs will depend on price set for a license and a license renewal, the detail of local policy and the level of proactive enforcement activity.

Appendix A to Houses of Multiple Occupation: Summary of resource implications

Key Assumptions

A1 Assumptions

There are a number of assumptions that have to be made in order estimate possible costs and growth rates in HMOs, these are set out below:

A1.1 Baseline

Bath & North East Somerset Council's Housing team are aware of 3,000 HMOs across Bath and North East Somerset. We estimate that this equates to 2,221 within the City of Bath. This is unlikely to be a comprehensive list. For example, Oxford City Council experienced a 270% increase in the number of HMOs that they were aware of following the introduction of additional licensing. To account for this, we propose three possible baseline scenarios:

- 2,221
- 2,998 (a 135% increases)
- 5,996 (a 270% increase)

A1.2 Growth

There are many factors which could impact on the possible future growth of HMOs in Bath, including, for example; changes to student numbers; changes to the number of recent graduates attracted to the area; rates of migration to the area etc. We have therefore identified the following possible growth scenarios:

- 1%
- 3%
- 5%

These are based on the assumptions contained within the CLG impact assessment; *Introducing a definition of houses in multiple occupation into the Use Classes Order: Impact assessment*, (2010)

These are possible scenarios and actual figures should be monitored to allow for revisions in these possible scenarios over time.

A1.3 Costs

We have not accounted for inflation; the costs shown are at current financial year (2011/12) rates.