

HMO008 response Merton Council Article 4 HMO consultation – 20 January 2023

From:

Sent: 20 January 2023 09:19

To: Future Merton

Subject: Introduction of immediate Article - 4

Good morning,

I am writing in relation to the council's move to introduce an article-4 removing PD rights of HMO conversions on an immediate basis. In my view, it's a move which will cause more problems as compared to the benefits, in particular the idea of introducing the article 4 with an immediate effect can have disastrous impacts.

I do understand there some benefits that this move may serve, however the costs and problems it will cause are huge and some of them are summarised below:

There are many landlords, developers and individuals who have their projects (houses to HMO conversions) halfway or nearly finished. These days such conversions cost an average of £170,000 ignoring the finance, legal and other costs. If you add all costs, total can be around £250,000. Please note, I am outlining this estimate on the basis of a high-standard six bed HMO conversion where all the bedrooms have en-suites and HMO has all the modern facilities provided. An immediate introduction of article-4 will mean that such projects will now need planning permission. If the planning is not granted, these landlords can potentially lose hundreds of thousands. I think people who have powers to implement article-4 on immediate basis should not just assume that most people will get planning permission as planning is altogether a different area where considerations and criteria are very different. I suspect many of these conversions will not get planning permission and these landlords will be at risk of losing hundreds of thousands of pounds. This will eventually result in the claims to the council and collectively these claims will be in millions. In my view, council should not risk being in such a position. This will be a self-inflicted problem. As there is scarcity of resources available to the council, I am unable to understand why would council invite such risk and potential issues for the council. It's also worth noting that the risk is not only monetary but the situation that introduction of immediate article -4 will cause would result in lot of council's resources and efforts spent to deal with those issues. In my view, this is completely unnecessary.

Please note, landlords who will eventually get planning permission will still go through a stressful and time taking planning process. Properties that they could rent right now will need many months of wait because of planning process. This will cause a lot of loss to the landlords because of lost rental income, finance costs while they are waiting for planning, planning fee and associated costs, all the utilities and council tax payments while property is vacant. I am sure landlords will be submitting claims for these losses. Again, costing council potentially a figure in millions, which is a cost that could have been avoided. Eventually all these costs are at the expense of taxpayers and all this money could be so wisely used elsewhere. Also in my view, it's not only monetary side of things, but council has also limited human resources which can be used in other much needed areas instead of wasting on an issue which will cause more harm than good to the council and it's residents.

It is worth nothing that council's planning department in particular is very short of resources and staff. In our experiences, simple planning applications are taking twice the time that they should take under government's prescribed timelines. Introduction of this immediate-article 4 will mean that planners will, all of the sudden, get dozens of new applications needing urgent attention. This strain will not only cause delays to the applications for hmo conversions but will cause a further slowdown to all the applications in the process, as planning department will become overwhelmed.

I think council should consider the amount of stress and strain such an immediate move is causing to all the landlords who are half-way through or have fully completed their projects. They have done everything by the book and have taken all the steps as per rules and regulations of the day. But such a move from council have changed everything for them all of the sudden and now putting them under a lot of stress.

On the other hand, there are many benefits that good quality & well-managed HMOs serve. We all know the problems our country is facing in relation to the lack of housing stock in the private rental sector and also the affordability issues that tenants are faced with. This problem becomes more prevalent in London and in particular boroughs like Merton. Any move by council which appears to punish and penalise good landlords and restricts the supply of good quality HMOs will make this problem even worse. HMOs provide most affordable accommodation to hard-working tenants. In my view, restricting the supply of further HMOs in the borough by putting HMO conversions under planning regime will cause lot of issues.

Finally, rationale that council has provided behind introducing article 4 such as anti-social behaviour in HMOs, parking issues, refuse and bin situation etc can all be dealt with by enforcement measures that council possesses. As outlined above, introduction of article 4 will cause lot of problems and issues whereas council can deal with the issues it has identified without needing article 4 measures.

To sum up, in my view, the introduction of article-4 in general and 'immediacy' in particular has more costs and problems associated to it than any benefits it may serve. On that basis, I humbly request council to review and reverse this decision.

Yours sincerely,