



Northern Ireland
Assembly

Committee for Social Development

OFFICIAL REPORT (Hansard)

Houses in Multiple Occupation Bill:
Landlords' Association for Northern Ireland

12 November 2015

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Fra McCann (Deputy Chairperson)
Mr Jim Allister
Mr Roy Beggs
Ms Paula Bradley
Mr Adrian McQuillan

Witnesses:

Mr Robert Greer	Landlords' Association for Northern Ireland
Mr Dairmid Laird	Landlords' Association for Northern Ireland
Mr Stephen Magill	Landlords' Association for Northern Ireland

The Deputy Chairperson (Mr F McCann): With us today from LANI are Robert Greer, Stephen Magill and Dairmid Laird. You are very welcome to the Committee. Please make your presentation.

Mr Robert Greer (Landlords' Association for Northern Ireland): Good morning, ladies and gentlemen. On behalf of the Landlords' Association for Northern Ireland (LANI), I thank you for the opportunity to address the Committee. The Landlords' Association has been established for over 25 years. Our primary purpose is education, and we have to do a lot of education with the legislation that comes from Stormont. We hold meetings about eight times a year and ask Departments and skilled personnel to address us. We have had a preliminary session with a member of the Housing Executive to instruct members on the Bill and have subsequently attempted to understand it. With me today are Mr Laird, who is a qualified property manager and deals with approximately 500 houses in multiple occupation (HMO), mainly in the university area, and Mr Magill, who is in a similar position. I am a landlord with HMO properties.

I want to start with what I would call a misconception that has crept in while we have been looking at the HMO proposals. Since April 2013, all HMOs must be licensed. It has been a criminal offence to operate an HMO without a licence since then. HMOs have been with us for over 100 years. We have an extract from the 1911 census that shows a number of boarders lodging with a family in Fitzroy Avenue.

We think that current data is insufficient and outdated. We are aware that new comprehensive statistical data, commissioned by Belfast City Council, is being prepared by the school of the built environment at Ulster University. That has terms of reference to create an understanding of the tenure in the university areas in full and to report by mid-January 2016.

This, ladies and gentlemen, is a difficult and lengthy Bill. There are 91 clauses and eight schedules. We have reservations on the safety and workability of the Bill, and I remind members that we, at this

end of the supply line, are delivering this stuff. Most of what you have heard is on the demand side. In our opinion, its effect will be to destabilise further the already difficult property market, particularly with HMOs. If you wish, you can hear some evidence as to the mortgageability of those properties.

Our primary aim is the safety of our tenants and our families. To our knowledge, there has not been a single death from fire in a registered HMO since 1992. We also remind you that HMOs are not only for students but for others who seek safe, affordable accommodation. It is offered at about £50 a week as opposed to one-bedroom flats, which are roughly £100 a week. They are suitable for workers in low-paid jobs, key essential workers and vulnerable persons on housing benefit, bearing in mind that you have to be over 35 years of age before you can get a self-contained one-bedroom flat that the state will pay for.

We will highlight some of the most difficult areas for inclusion, but that is by no means exclusive, given the time constraints with the Committee. I have asked each of these chaps to concentrate on one or two issues.

I should have said at the beginning that there is an apology from a fourth witness who had a family matter this morning and is unable to attend.

Mr Stephen Magill (Landlords' Association for Northern Ireland): Our main concern is with the definition of an HMO. As Bobby mentioned, HMOs have been around for a long time. In 2004, the definition of an HMO changed for the Housing Executive and planners. All of a sudden, a large number of HMOs came to public notice. Had anyone heard of an HMO before 2004? Very few, I am sure. That change propelled HMOs into the headlines. An HMO is defined as a property with two or more families living in it. Three-bedroom houses that were rented out to boarders, students or others suddenly became HMOs. In England, it has to be five people or more in a three-storey building.

We feel that the Bill is unsafe, in that it excludes a large section of HMOs at the stroke of a pen. Figures from the Housing Executive show that there are 6,090 HMOs, giving an occupancy of 34,428 bed spaces. Under clauses 1 and 2 and the exemptions, it is proposed, at a stroke, to take out 37.4% of those bed spaces. Housing associations will lose 1,196 bed spaces, higher education and head leases will remove 4,897, and flats with fewer than three bedrooms will remove 6,740 bed spaces. With regard to flats, we feel that this will be a charter for overcrowding. As the Chartered Institute of Housing (CIH) mentioned, a block of six flats can now legally house six people who are protected by HMO legislation. Under the Bill, 18 people could live in that block without any control or checks on fire escapes or fire safety equipment. It is worse if you consider families living in such a block. Each flat could be occupied by a large family. There is no limit to the number of persons and the extent of overcrowding. Under the current legislation, a family includes me, my mother, my father, my grandmother, my grandfather, my grandson, my granddaughter, my brother, my sister, my aunt and my uncle, and the same on my wife's side. Under the Bill, my cousins can also form part of my family.

Daily, in the university area of south Belfast, I see overcrowding not of student houses but of houses in which the most vulnerable people in Europe live. The Housing Executive cannot do anything about it because, when it knocks on the door and a tenant says that it is a family house, it has no powers. Do we really want people from all over Europe being told, "Give us your weak and we'll put them in overcrowded houses"?

Housing association houses are taking out 1,196 bed spaces. They provide the bulk of supported living accommodation in Northern Ireland. They have constructed quality accommodation, but, at a recent meeting with the Housing Executive, it was said that, proportionately, more notices were served on those properties than on any other sector of HMOs. It was not to do with the quality of accommodation that has been provided but with its management. The figures from the Housing Executive break notices down into article 79s and article 80s. An article 79 notice would be a minor violation such as a fire door not closing fully, and a landlord would be issued with a notice to rectify that. An article 80 notice would be something more substantial such as providing a fire door. Article 80 issues are covered in housing association houses, but the issue is their management and the protection of the most vulnerable people in our society who end up in supported living. They currently have the protection of HMO statutory powers, but, if they were removed under these exemptions, those people would have no statutory checks.

We also feel that it is unfair. Schedule 1 removes university properties. It does not actually remove educational properties; it removes from HMO protection properties that are mostly in use by students of an educational institution. Those account for 14% of HMO bed spaces. By exempting those properties, HMO status will be removed. That will open a back door for the intensification of student

accommodation in the neighbouring communities of large universities. The planning HMO policy document in the university area is against new HMOs and the intensification of HMOs. Communities that have availed themselves of that protection in recent years will be swamped by student accommodation, which planners will be powerless to refuse as it is no longer an HMO under clause 1.

Educational institutions are constantly telling us that they are a business and must exist in a business environment if they are to succeed. They are currently exempt from rates, which seems only to encourage large properties to be abandoned for decades. Under the Bill, we are concerned that exempting them from HMO fees may lead to the protection of our young students in their first home to go the same way. There is, of course, a code of practice and self-certification instead, but would you prefer to place your family in a car that you bought from a second-hand dealer who said that it was safe and sound or a car with a valid MOT? I suggest that, for "MOT", we swap "HMO". That is what we need to control the 37.42% that will be removed from the criteria under the Bill. Obviously, there would be a shortfall if that number were removed. There would be a shortfall in fees. We are concerned that that will push more and more landlords to remove themselves from HMOs, and they will sell or look elsewhere. We need HMOs for students, young people and key workers, and universities and housing associations cannot provide this. We pick up the shortfall in the community. If people move out of HMOs, they will move into other established communities. That will have an effect on the quality of our city and country. Landlords will focus on other areas, as we said, close to the city centre. It will distort the balance of the existing community.

That is all that I have to say. We broadly agree with what the Chartered Institute of Housing said. Its representatives more or less said what I have said. We feel that it is a mistake to remove the most vulnerable through this Bill.

Mr Greer: Chair, would you like us to move on to the next presentation, or would the Committee like to quiz Mr Magill?

The Deputy Chairperson (Mr F McCann): We will take Dairmid's contribution.

Mr Dairmid Laird (Landlords' Association for Northern Ireland): I want to talk to members about two things. One is the general workings of the licence. It appears to us that whoever drafted the legislation does not have a full understanding of how the industry operates. We see clause 28(1) as being wholly unworkable. It appears to us that, on sale or death, the licence becomes null and void, with no opportunity being in place for a new owner to obtain a new licence. I will give you the scenario of a good landlord who maintains his property and has it registered. It is fully compliant, and he looks after the tenants and keeps his garden tidy. He does everything in accordance with what he should be doing, and he has no antisocial behaviour issues with the tenants. He has had it for 10 or 20 years and wishes to transfer it to his wife or partner, at which time the licence becomes null and void. Will he get a new licence? Will it be refused on the grounds of overprovision? This gentleman has done nothing wrong, but he is not able to transfer, even to his wife or partner.

Even on death, his representatives have only three months to extract probate and possibly a further period on the grant of an extension by the council. Many estates, especially when property is involved, will take considerably longer than six months to extract probate; some will take years. There is a distinct possibility that, on death, the personal reps will be unable to transfer the property due to no licence being in place for a new owner. A similar position exists with the sale of a property when there is an estate transfer to a new owner or, indeed, to a wife or children. This will have an enormous detrimental impact on the market because, as soon as a property is transferred, the new owner or purchaser has committed the criminal offence of operating an unlicensed HMO. We need a permanent right to use the existing HMO property as an HMO, subject to the prescribed physical standards being maintained and a fit-and-proper-person test being applied to the new owner and being passed.

The market needs surety that an HMO licence can continue, similar to HMO licensing schemes in Great Britain. Indeed, one of your members confirmed during the Chartered Institute of Housing evidence session that landlords need certainty, and that is absolutely correct. The market also needs certainty. The Dundee licensing scheme specifically protects existing licensed HMOs in that regard, and I will read out exactly what it says about exemptions in its HMO policy. It gives a number of exemptions:

"Existing licensed properties which change ownership and have a competent application lodged within one month of the change in ownership will be exempt."

We do not have that.

As presently written, clause 33 ties landlords to particular agents, and it appears that they cannot change agents without considerable administration and delay. That is impractical and unworkable. We do not know what happens in the case of joint agents or when a landlord needs to change agents due to preference or the unfitness of the agent. A smooth-passage mechanism is required whereby a landlord can change agents with minimal cost and delay. One option may be to have a register of accredited HMO agents.

I also want to talk to you about the public register. Many landlords will consider clause 62, which concerns the public register, as one of the most important and perhaps contentious clauses as it will be a perceived register of wealth by the average person. We largely agree, therefore, with the Chartered Institute of Housing's submission about this clause. We accept that there are public registers of HMO licence holders in parts of Great Britain, but the legacy of more than 40 years of conflict in the Province has not yet been fully resolved, which leaves us in Northern Ireland in an entirely different security position from the rest of the UK. As Bobby said in his introduction, our two priorities with any legislation are the safety of our tenants and the safety of our families. The safety of our families is absolutely paramount to us, and we foresee enormous dangers with the public register as proposed. We are particularly wary of clause 62(5), which confirms that the council can publish:

"such other information as the council considers appropriate".

This does not have any apparent safeguard for landlords. There are many sources for statutory bodies to obtain information on landlords: the register from the landlord registration scheme; Land and Property Services, through the rates department; and the Northern Ireland Housing Executive's current register of landlords, both for HMOs and tenants in receipt of housing benefit.

A system exists with the Northern Ireland Housing Executive, whereby affected neighbours of HMOs can report any issues through a composite telephone number and, after leaving contact details, obtain the necessary information from the HMO register in order to contact the landlord, who can then take the necessary steps to mitigate any nuisance. We have no doubts that, within a very few weeks of its publication, a full copy of the register will appear on the Internet, fuelled by malevolent intent. Clauses 62(6), 62(7) and 62(8) also state that the council "must" — not "may" — provide to any person requesting the same a full copy of the register. Remember that the current legislation dictates that all tenants will have full contact details for the owner/managing agent of the property that they are occupying. Our suggestion, therefore, is that an extract — only an extract — be provided to any affected neighbours, who would first need to give proof that they have a relevant interest, although all statutory bodies would have unfettered access to the full register.

You will appreciate that the safety of our families, as I say, is of absolute and paramount importance to us, just as the safety of your family is to you, and there must be an acceptance that our position in Northern Ireland is, as previously advised, entirely different to that of any other part of the UK. We noted that, when the Chair was talking to the Department earlier in the evidence session, he confirmed that the private sector was made up of thousands of landlords, and we need to be very careful about the information that is passed to them. That is absolutely correct: exactly the same care and attention need to be applied when passing confidential landlord information to the general public.

We are not opposed to appearing on a register and are already registered with the Housing Executive on its HMO register and with the landlord registration scheme. Our problem with the Bill is to do with the access granted not just to extracts from the register but to the entirety of it, along with whatever additional information the council, at a later stage, deems fit. We cannot see any legitimate reason why anybody, other than statutory bodies, would require a full copy of the register other than for malevolent intent.

Let me just finish off on the issue of the public register by quoting Girvan's judicial review decision in the High Court:

"The court must determine whether a fair balance was struck between the demands of the general interests of the community and the requirements of the protection of the individual's fundamental rights."

We contest that that must be borne in mind when powers to hold a public register are handed over to the councils.

The Deputy Chairperson (Mr F McCann): Many thanks, gentlemen, for your presentations.

Mr Greer: I have another presentation, if that is all right.

The Deputy Chairperson (Mr F McCann): Go ahead.

Mr Greer: I hope that I will be briefer than my colleague. I want to look at the definition of "fit and proper persons" and, in particular, at clauses 10(6) and 10(7). Any sensible or reasonable man would say that, if you are convicted of dishonesty, violence, drug dealing or human trafficking, you are not a fit and proper person. We think that that is fairly reasonable. However, when we look at clause 10(7), we note that a landlord or agent may not be a fit and proper person if he is:

"acting or threatening to act in a manner causing or likely to cause a nuisance or annoyance to a person residing in, visiting or otherwise engaging in a lawful activity in residential premises or in the locality of such premises".

I have to say that, in the Landlords' Association, we thought that that matter was settled fully with Girvan's judgement. I have Girvan's judgement here, and he gives an example:

"The special conditions would have to relate to the behaviour of the residents which has such a close nexus or connection with the demised property that it could be said that the nuisance or impact on third parties flows from the resident's residence in the demised premises."

We accept fully any obligation for our legal tenants in the property and within the curtilage of the property. He gives an example of dropping rubbish out of the window onto the street. He says that that is the landlord's responsibility because the tenants are in the property. We have the possibility here of losing our fit-and-proper-person status because — it is our interpretation of the Bill — the tenant has invited local people or his friends around and they have made a bit of a noise, had a party or been involved in antisocial behaviour. Where is the locality? Is it outside? The end of the street? The next parish? We do not know. The Bill does not say. I think that it is quite clear in Girvan's judgement. It was revised by the Housing Executive after our judicial review. I will read this little bit out; I will not be very long. The order was amended to say that:

"Behaviour falls within the scope of this sub-paragraph" —

that is antisocial behaviour —

"only to the extent that it has adverse effects which emanate from within the HMO or the curtilage of the HMO."

This is from the statutory registration scheme. It was modified after our case. Again, going back to Girvan's judgement, at page 17:

"Legal provisions which interfere with the individual rights must be formulated with sufficient precision to enable the citizen to regulate his conduct."

"The locality" is not sufficient precision.

Finally, I would like to summarise — or are you ready for lunch? Sorry.

The Deputy Chairperson (Mr F McCann): We are ready for more presentations.

Mr Greer: I am sorry. Just to summarise, very briefly: we are concerned that the revised definition appears to exclude 37% of existing HMOs. They will have little or no statutory protection from the service. You have heard about licence renewal and the possibility of a landlord's being unable to sell their HMO because of the illegal position of the purchaser when he completes the sale and the uncertainty of obtaining a licence because of what is termed "overprovision".

You have heard about the public register and our concerns that it is really a wealth register, and particularly about the ability of individual councils to amend that register and add what details they think appropriate. I will wager lunch to any member here that by Christmas the following year, they will

have our telephone numbers and private addresses on. Most landlords are small and operate from home.

Again, I have mentioned the fit-and-proper-person clause and the difficulties that we have with it. We are asking the Committee. We say that there is real danger that good landlords and their agents will be driven out of the HMO sector, which we believe will shrink the sector and thus deny people that affordable accommodation.

Finally, I refer to Brighton — somewhere that I know a little bit about, because we have a colleague in Brighton. There, they deny landlords the conversion of HMOs into one-bedroom flats because of the problem of losing bed space. We think that that could happen here. We are worried about that. We are worried that there is a loss of HMO bed space and about the impact that that will have on vulnerable people on low incomes.

We have nothing further to say. We are ready for any questions that you want to ask.

The Deputy Chairperson (Mr F McCann): Many thanks for your presentation. Do any members have questions?

Mr Allister: Yes, about the licence issue. The licence does not attach to the property; it is individualised to the landlord.

Mr Laird: It is that landlord's opportunity to be able to let that particular property.

Mr Allister: Does that create within the licence a monetary value?

Mr Laird: It would do. If I cannot sell a property as a HMO, that will reduce the value of the property, because I am now selling it as a family home.

Mr Allister: But, unlike a liquor licence, it is not, of itself, tradable, is it?

Mr Laird: No.

Mr Allister: Is there any reason why the licence could not attach to the property?

Mr Laird: No. There is no reason why the licence could not attach to it, but that would be a whole different reflection on the current Bill whereby you are licensing the landlord with that property — the two are inextricably tied.

Mr Greer: Can I just confirm that? The whole concept is to ensure that the persons operating and managing — the landlords — are fit and proper people.

Mr Allister: Yes, the persons are.

Mr Greer: Yes. If the licence were attached to the property, it would also have to be — it is a good idea — subject to fit-and-proper-person checks for the incoming purchaser.

Mr Allister: And the same on transfer, yes?

Mr Greer: Yes.

Mr Allister: Even to the widow?

Mr Greer: Yes.

Mr Laird: You have the instance where, as I have explained, somebody has done everything right. They have done nothing wrong and have looked after the property for 20 years. They want to pass it down the line to their son or daughter. It is their hard graft and years of not taking up other opportunities because they were putting their finances into this house. All of a sudden, at the end, they hear, "Listen, we may not give you a new licence. On the basis of overprovision, we have created 3,500 or 7,000 bed spaces in the city centre, so we now do not need these ones". As every

single licence comes up for renewal, in a concentrated area like the university area, maybe every licence will be refused, yet you have a house there that perfectly meets all the physical standards, and there has been no fault on behalf of the tenants or the owner at any time, but on the basis of overprovision — and we do not know what a case of overprovision is. Is it overprovision in a street, a parliamentary ward or the country as a whole?

I have to say that there is scepticism regarding the bed spaces that are being passed in the city centre. Obviously, if the universities let those out, they will be at £400 or £500 a month. What we provide is something at £200 a month. We have a lot of students and young people who take this HMO accommodation because it is affordable. We do not want to deny young people the opportunity to go to university because they cannot afford the accommodation. That is one thing that we foresee happening here based on overprovision — almost social engineering, trying to move students from an already substantial university area to another area. We see that as being a major issue that will deny a lot of people the opportunity to go to university. They just will not be able to afford it.

Mr Allister: You are aware of the pressures that excessive multiple occupation brings on single-family residents?

Mr Laird: We are not suggesting that we should create more HMOs. That is not what we are suggesting at all. The current policy in the university area, as Stephen was saying, is against the creation of new HMOs or, indeed, intensification of existing HMOs. What we are suggesting is that if I am the owner of an existing HMO, I will be able to renew my licence because it will not be a first licence. As long as I keep living — I might live to be 150 years old — I can keep renewing my licence. The problem however is that, on transfer of estate, that licence becomes null and void. That is the issue. In Dundee, they have an exemption for existing licensed properties. That is what we would like to see brought into the Bill. That would protect —

Mr Allister: That suggests, then, that their licence does, in some way, attach to the property.

Mr Greer: As we understand it, it is the person who is licensed, not the property.

Mr Allister: In Dundee?

Mr Laird: That was just one of the examples. As I say, one of their exemptions is that existing licensed properties that change ownership and have a competent application lodged within one month of the change of ownership will be exempt.

Mr Allister: Mr Magill, you made some reference to rates exemption. I did not quite pick it up. Just talk me through that.

Mr Magill: I believe that educational institutes are exempt from rates, because the idea is that it is money from the public purse. That may have been the case 20 or 30 years ago when the public purse financed educational establishments — giving with one hand, and taking back. Student accommodation within the universities is exempt from rates.

Mr Greer: Including accommodation that is head-leased, subleased or handed out to a third party to manage. Indeed, Girvan, in his judgement — sorry, I keep referring to this — struck down the fees order that was available last time. That was when the Housing Executive proposed to exempt the universities from HMO fees. His reasoning for striking that down was that it was an unfair playing field.

Mr Allister: Was the rates issue discussed in that judgement?

Mr Greer: No, it was not part of the case, but he made it very clear and drew an example of how it would be unfair for someone who is occupying university property in that they would not be asked to pay the fee in their rent whereas, in the private sector, they would, because the landlord would be passing the cost on. It is the same with the rates, as far as we are concerned. Can I illuminate slightly on what Dairmid said about HMOs? The value of the property would probably drop by about two thirds. That is our estimation. If a house became available in Cairo Street, for example, in the Holylands and it was not licensed or the licence was taken from it, the value would probably drop by about two thirds, we estimate.

Mr Allister: What would it drop to? A single-family value?

Mr Greer: Yes, or two people.

Mr Laird: But the problem is that —

Mr Allister: If you are trying to perhaps restore areas to their traditional use, there might be a certain logic to that.

Mr Laird: The problem is that those houses are no longer desirable for families. The modern family wants somewhere with outside space and somewhere to park their car. These were built at a different time for an industrial city when everybody walked everywhere.

Mr Greer: And much modified by the use of public money for their current purpose, which is as HMOs.

Mr Beggs: You are very critical of clause 28 and not being able to transfer a licence on. I am trying to get my head round this. If, for financial reasons, a landlord was forced to sell, presumably he would have to evict all his tenants straight away — he cannot pass on an existing tenancy.

Mr Greer: There are saving provisions, I believe, in this order that allow the tenancy to continue in relation to the occupants, but, at the end, the landlord is forced to sell and, if the incoming landlord was, for whatever reason, denied a licence — *[Inaudible.]*

Mr Laird: The problem is this: who will sign to purchase a property when, on the day they purchase it, they commit a criminal offence?

Mr Beggs: That is the point that I make. In order to legally transfer the property, you would have to evict all the tenants. Is that correct?

Mr Laird: The new purchaser would have to buy it with vacant possession.

Mr Greer: Or only two people in it.

The Deputy Chairperson (Mr F McCann): Can I refer Roy to page 143 of the papers? There are explanations there.

The Committee Clerk: The Committee raised the issue of what happens when there is a change of ownership with the Department, and the Department has responded on a couple of variations of different situations, one of them being when the HMO has tenants as opposed to when a HMO is vacant. The Department has provided a response on what happens in that regard. In effect, the Department has said that the purchaser of the HMO has to ensure that they apply for a licence and have that licence in place on the day that they take possession of the HMO. I am paraphrasing, but that is basically what it says. It also says that guidance will be provided to councils on the operation of that aspect of the Bill.

Mr Greer: Is this the secondary legislation as the result of this Bill? Is that in the minds of the Department at the moment? Is that what it is giving the Committee to say?

The Deputy Chairperson (Mr F McCann): That would be its response to the questions that have already been raised.

Mr Greer: As matters stand and the Bill goes through, no licence will be transferred. On the day that the new man takes possession and hands over his cheque, he will be committing a criminal offence. That is as far as we can read off this the Bill. We do not know about secondary legislation; as far as we know, it has not yet been brought forward.

Mr Beggs: I agree with your interpretation. The Department is saying that the new owner would have to apply, but if he had tenants, he would be breaking the law while he was applying.

Mr Allister: He would only have three months.

Mr Beggs: He would have three months, but three months might not be sufficient time for the transaction to go through.

Mr Laird: The problem is that there is no guarantee that he will be given a new licence. If the overprovision clause is utilised and a decision is made that there is overprovision of HMO bed spaces, then that licence will be refused. That is our interpretation of the Bill.

The Deputy Chairperson (Mr F McCann): You would also expect that they would do a check on a fit and proper person.

Mr Laird: Absolutely. That goes without saying.

The Deputy Chairperson (Mr F McCann): Are you saying that the three months needs to be extended to six months, or that it should not be there at all?

Mr Laird: My personal feeling and LANI's feeling is that existing HMOs should be exempt. If the licence is being transferred and it is a fit and proper person, the overprovision clause should not apply in that set of circumstances.

Mr Greer: Potentially, you are looking at a substantial loss for those HMO owners if the Bill goes through. The jungle drums operate very quickly. You have problems with mortgages and problems with people who will not be able to sell their properties. The market requires certainty; with the Bill, there is the certainty that you will not be certain of a licence when you buy an HMO property.

The Deputy Chairperson (Mr F McCann): You asked questions about overprovision. We heard from residents of the area last week. A lot of the stuff that you hear about HMOs is mostly directed at south Belfast — the Holylands and things like that. Do you agree that the residential nature of the area has changed completely in the past 20 years and that people say that a lot of that is due to the overprovision of HMOs in the area?

Mr Greer: Chair, unfortunately, I am old enough to remember that area prior to the big student influx. At that time, we had what I call kitchen houses with outside WCs. They were poor working-class houses, and there was a community in them as such, but the Government, in that period, were giving large grants to all landlords to convert those into HMOs. The community has changed radically. I suspect that 95% of the people who live in that area are HMO tenants, although I have no statistical basis other than what I get from my colleges. What we are trying to do here is to bring the mountain to Muhammad, so to speak, rather than the other way round, and I think that it would be difficult, if there were revocation of those licences, to attempt to establish a balanced community in the area. The likelihood is that the houses would be used by incoming ethnic groups, we think, and that is part of it. They are unlikely to be people from Northern Ireland.

Mr Allister: I want to go back to the point about three months, which I understand. However, clause 29(2) states:

"The council may, on the application of the personal representatives of the licensee, extend the period"

— that is the three-month period —

"if the council considers that it is reasonable to do so for the purpose of winding up the licensee's estate."

Mr Greer: We thought that that might be just three months. We do not know whether it is six months.

Mr Allister: Why did you think that it might be just three months? It does not put a cap on the extension.

Mr Greer: Yes, but 29(1)(b) says three months, and then there is a further application. It is not dated; we accept that.

Mr Laird: But all that does is sort out that licensee's estate. It does not solve the problem. Once the personal rep has tied up that licensee's estate, that property is still going to get transferred to somebody, be it to the wife or child — or, indeed, sold. That problem is only sorted for the duration of the licensee's estate. It does not solve the problem of what is going to happen to the property thereafter.

Mr Allister: It would solve the problem of it being illegal to transfer it outside three months, because the period has been extended.

Mr Greer: On death, yes, but in a normal sale or a transfer from me to my wife, so to speak, we would be acting illegally from day one on the date she became the owner.

Mr Allister: Can you have two individuals licensed for the same property?

Mr Greer: You can have any number of people on the licence. If one of the people drop off, that is fine. The others would then be the licensees. The problem is the transfer of the estate if you sell or you transfer those three people to one person who is not currently on the title.

The Deputy Chairperson (Mr F McCann): You said that the price of the household dropped by two thirds. What do you base that on? I take it that most HMOs have four or five bedrooms in them anyway.

Mr Laird: Take the issue of a five-bedroom property where you have five student incomes; it may bring in the best part of £1,000 or £1,200 a month, then all of a sudden you say that you can only let it for family occupation or to two people. What will happen with a lot of those houses, in the likes of the Holylands particularly, is that it will not actually be families who move into them. It will remain in student tenure, but will be occupied by two students. One of the misconceptions is that everybody breaks it into HMOs and non-HMOs, but a lot of the non-HMOs are still in student tenure and are occupied by two people. Some landlords perhaps had notices served on them and were not in a position financially to carry out the HMO upgrading, and their only option then — they couldn't sell it, because they had bought it in a different market — was to let it out to two people. Does that drastically affect the value? Yes, it does.

The Deputy Chairperson (Mr F McCann): I would have thought that the price would be set on the price of the property in the area.

Mr Laird: Sorry to interrupt you, but the problem is that the property is based on the use of that property. If I can only let a property and bring in an income of £500 a month as opposed to letting it to bring in an income of £1,200, people will buy it based on the yield and the rental income for the property. If I can only let it to two people, which is what would happen if the HMO licence was not renewed, there is my rental income, multiply it by twelve and then multiply that by whatever year's purchase is appropriate in the area. So it will have an enormous effect. It is the uncertainty. Why would you buy it as a five-bedroom HMO? It is a bit like planning permission. If I can sell a property with planning permission as opposed to saying, "Look, this is hit and hope here. There is no guarantee that you will get planning permission" — what this is doing is giving the council powers, effectively, to remove a planning use without having to use planning powers.

The Deputy Chairperson (Mr F McCann): You spoke about HMO accommodation moving to the city centre. I know that, not far from where I live, there are probably plans for up to 2,000. I could not pick it up — were you saying that you are opposed to that?

Mr Laird: No. I see that as being a possible opportunity for the council to use the overprovision clauses in the legislation. What could be said is that, if there are an additional 2,000 or 3,000 bed spaces created in the city centre, we now do not need 3,000 bed spaces in the university area. I also see there being a problem in those communities close in, where people want to live close to the university, as with every education establishment. They will decide that they cannot afford to pay the £500 a month that the university accommodation requires and the purpose-built accommodation requires, and they will move into the local neighbourhoods. You will have student tenure of maybe a three-bedroom house, occupied by two people. To all intents and purposes, the orientation of the house will be of an HMO, albeit that, because it now falls below the three-person category, it is not an HMO. Indeed, the house, which is a bigger house in the local community — it could be a five-bedroom house — could be split into two twos and a one, or into two twos, and occupied by students.

Under this new legislation, that will not be an HMO. In other words, there will be HMOs by stealth. The gradual studentification that, as you correctly pointed out, has happened in the Holylands area may gradually happen in other areas. This is almost a charter for that.

The Deputy Chairperson (Mr F McCann): A number of questions that you have raised here today have been supported in some of the evidence sessions to date. Obviously, the evidence sessions will continue, and the Department will have to come back. I have no doubt that members will raise some of the questions that you raised. Have you been talking to the Department?

Mr Laird: We have spoken on a few occasions, as recently as yesterday, with the Department.

The Deputy Chairperson (Mr F McCann): Obviously, you have asked it to take on board —

Mr Greer: Yes, we have.

Mr Laird: We raised exactly the same points.

Mr Greer: What you have heard today is roughly, in the round, what we said to the Department.

Mr Allister: Have you had a response?

Mr Greer: In 24 hours? That is pretty quick.

Mr Allister: That would be very quick.

The Deputy Chairperson (Mr F McCann): If there are no other questions from members, I thank you for the presentation today.