



Tens Of Thousands Of Lessees Could Be Left With No Management Or Suffer Fines

In a complex piece of government regulation the thousands of properties in England converted into self-contained flats could become unmanageable and open-up lessees to fines of up to £20,000 from October 2006.

During the building boom of the 70s and 80s many thousands of houses, whether terraced, semi-detached or detached, were converted into self-contained flats, the majority of which were then sold on long leases. An obscure section (S257) of the Housing Act 2004 is likely to make these Houses in Multiple Occupation (HMOs), which could then be the subject of licensing by local authorities.

There are two criteria for assessing this form of HMO, whether the conversions are compliant with the 1991 Building Regulations and whether less than two-thirds of the self-contained flats are owner-occupied.

The Association of Residential Managing Agents (ARMA) perceives that most conversions prior to the 1991 Regulations will not comply, although some will if they were subsequently refurbished. "The real problem though is who is now fully conversant with these Regulations which have been substantially revised in recent years?" asked David Hewett, ARMA's Executive Secretary. "Furthermore to check compliance may require structural access, the disruption and cost of which the lessees are unlikely to be pleased with."

"The question of occupancy will also be troublesome", confirms Hewett. "In many leasehold blocks you just do not know which lessees are sub-letting and therefore whether in excess of one third of flats cause an HMO to come into existence.

"The responsibility, as things stand at present, for establishing whether the property is an HMO and applying for a licence (which could cost £1000) will rest with the person with the greatest degree of management responsibility for the whole of the Section 257 HMO.

"In many cases this will be the managing agent who, with the increased assessment, compliance work and liabilities of non-compliance, may decide to withdraw management services completely," concludes Hewett. "Worse still, if the property is managed by the lessees themselves it is doubtful they will be aware of this legislation and so could land up with a substantial fine."

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