

Report for Resolution

Report to Cabinet

13 July 2011

Report of Head of City Development

Subject HMO Licensing - updates to conditions and licence fees

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Purpose

To update licence conditions and fees for Houses in Multiple Occupation falling within the statutory national HMO licensing scheme.

Recommendations

To agree the council's policy on HMO licence fees and conditions as attached in the background documents.

Financial Consequences

The existing fee of £270 means the Council is not covering the true costs involved in issuing and administering HMO licences. The new fee of £1,900 accounts for officer time, on-costs as well as investigation and enforcement costs. The legislation states that licence fees are not allowed to be used to raise revenue for other projects or areas of work.

Risk Assessment

There is a risk of there being an objection from landlords as the new fee of £1,900 is significantly higher than the current fee of £270. However, the new fee has been calculated using a nationally developed toolkit, reflecting the actual cost to the Council of HMO licensing. In addition, the Council provides landlords with guidance and advice on housing standards, housing management, housing law, and general housing advice to support them in lawfully maintaining and managing their properties.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priorities:

- “Safe and healthy neighbourhoods – working in partnership with residents to create neighbourhoods where people feel secure, where the streets are clean and well maintained, where there is good quality housing and local amenities and where there are active local communities”
- “One Council - continuous improvement of our services cost conscious and efficient and effective service delivery”

Cabinet Member: Councillor Bremner – planning and transportation

Ward: University – policy to affect all wards

Contact Officers

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Background Documents

- HMO licensing policy – fees and conditions

Report

Background

1. In 2006, the Council was required under the Housing Act to licence all Houses in Multiple Occupation (HMOs) which were three or more storeys with five or more occupants.
2. The Housing Act 2004 Section 63(3) and 63 (7) allows the local authority to fix fees that take into account all costs incurred in carrying out their functions under licensing the property (part 2) and also under enforcement of standards (part 1 chapter 4) within licensed HMOs.
3. In 2006, the council needed to identify where HMOs were located and fees were set at a low rate to encourage landlords to submit timely licence applications. The fee was set at £270 on the basis that this amount covered the basic administration of the scheme over the five year licence period but did not take into account on-costs for officer time or time spent on enforcement standards in the licensed HMOs.
4. Statutory Instruments attached to the act required landlords to make a full licence application between 6 April and 3 July 2006. The Council offered a practical incentive by waiving the fee to landlords who met with this legal duty.

Policy

5. A licence lasts for five years and there are currently 160 licensed HMOs across the city. The policy on fees and conditions has been reviewed to coincide with the first wave of licence renewals in November 2011 (Appendix).
6. The policy states the fees for licensable HMOs as follows:
 - £1,900 standard fee for a five year licence
 - £1,900 for licence variations
7. The fee has been set using the nationally developed Local Government Association toolkit which uses a series of current costs and resource data to calculate a minimum licence fee. Licence fees are not allowed to be used to raise revenue for other projects or areas of work.
8. Licence fees vary across the country with the lowest being £250 to the most expensive at £2,665. With the first wave of licence renewals due this year, we can expect to see local authorities reviewing their HMO fee structures.
9. Licence variations have not been charged for previously. However, the same level of work is involved in a variation of a licence as that of a new application; therefore the fees have been set at the same level.
10. The policy outlines the required licence conditions. These have been updated to reflect current regulatory requirements in more detail. Additional conditions include fire safety measures, management regulations and amenity standards.
11. Any appeals to the revised charges and conditions will be dealt with on a case

by case basis.

New charging arrangements

12. The existing fee of £270 means the Council is not covering the true costs involved in issuing and administering HMO licences. The new fee of £1,900 accounts for officer time, on-costs as well as investigation and enforcement costs.
13. Currently there are 2,000 HMOs across the city of which 160 are required to be licensed. This is not a static figure and may change as a result of licences being revoked, or properties no longer being classed as a licensable HMO, therefore affecting the amount received in fees quoted below. The legislation states that licence fees are not allowed to be used to raise revenue for other projects or areas of work.
14. Based on the new fee of £1,900 per licence, £304,000 instead of £43,200 would be generated to cover the costs of licensing the city's 160 HMO licensed properties over the next five years. Any licence variations will also incur a charge of £1,900, representing further income to the Council. Variations have not previously been charged for.
15. Licences are issued in varying numbers each year. The table below shows the breakdown of expected licence renewals based on those granted during the last five years.

Financial year	Number of renewals	Total licence fees
2011/2012	62	£117,800
2012/2013	33	£62,700
2013/2014	21	£39,900
2014/2015	2	£3,800
2015/2016	18	£34,200
Total	136	£258,400