

Policy Group – 16 May 2018

Licensing of Houses in Multiple Occupation – Review of Fees

1. Purpose of report

To consider a review of the fees charged for the mandatory licensing of houses in multiple occupation in light of new Regulations which change the definition of properties requiring a licence.

2. Key issues

- 2.1 The Housing Act 2004 introduced the mandatory licensing of houses in multiple occupation comprising of three storeys or more which are occupied by five or more persons and are occupied by persons living in two or more households. The Act introduced the ability to charge fees allowing councils to cover the costs incurred in carrying out the function, including the cost of promoting and implementing the scheme effectively.
- 2.2 In February 2018, The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order came into force which extends the definition of houses in multiple occupation to include all properties where there are two or more households residing and where there are five or more people living (not just those with three storeys or more). There are some exceptions to this but the change is likely to mean that more properties require a licence in Purbeck. The Regulations also introduce conditions concerning minimum sleeping room sizes, the maximum number of occupants allowed and provisions for refuse storage facilities.
- 2.3 The current licence fee structure was adopted by the Council in 2005 but has not been reviewed since its introduction 13 years ago due to the small number of licences granted (3). In light of the changes to the definition and the potential for more properties requiring a licence, it was considered timely and necessary to review the fee structure. Following this review a new five year licence will rise from £475 to £650, the rise equates to an increase of £35 per year for the duration of the licence. The rise has come about because more is known about the practical experience of administering the regime. The proposed fee structure is attached as **Appendix 1** to this report.

3. Recommendation

That a report be submitted to Council recommending the adoption of the proposed fee structure for the mandatory licensing of houses in multiple occupation attached as **Appendix 1** to this report.

4. Policy issues

4.1 How will this affect the environment, social issues and the local economy?

Environment – There is not expected to be any impact on the environment from the review of the licensing fees.

Social – This type of property provides a valuable housing resource with mandatory licensing part of a nationwide drive to improve housing standards for residents. To encourage landlords to manage their properties in a professional manner the review also introduces a small discount of 10% to encourage landlords to become a member of a nationally recognised landlords association or other similar organisation which works to improve the quality of privately-rented property by providing landlords with training, information and advice.

Local economy – Landlords of houses in multiple occupation meeting the new definition will now be required to apply for a licence and pay the appropriate fee.

4.2 Implications

4.2.1 Resources

A review of the licensing fees was carried out to establish if the Council's costs are being met by the fees received. These functions are currently carried out within existing staff resources; any increase in fees is designed to recoup the cost of providing the service. Licences are for a period of 5 years and the fee is payable upon the initial granting of the licence following an inspection and at renewal when the property will again be re-inspected. It is not known how many properties will require a new mandatory licence however officers believe it is likely to be between 5 and 10.

The final cost of a licence has been rounded down (New Licence by £6.50 and a Renewal by £20.50) to align the fees to that set by the Dorset Council's Partnership (DCP). This enables the Council to take advantage of an online application and payment system which is shared with DCP.

4.2.2 Equalities

After considering each equality group no negative equality impacts have been identified should the recommendations of this report be agreed by Council.

5. Further information

Calculating the fees

The Council is not permitted to obtain financial gain from the fees paid through the licensing process meaning that the fee is used to cover the costs associated with administering the mandatory licensing scheme. An exercise was carried out to determine the processes involved from the initial receipt of a licence application to the final issuing of a licence to a landlord. Good practice states that the house in multiple occupation is inspected by an authorised Council officer prior to issuing the licence and paperwork supplied as part of the application is checked to make sure all the necessary information has been supplied and required safety inspections and certificates have been obtained by the applicant. If adopted the cost of a new licence will rise from £475 to £650.

Appendices:

1 - Licenced Houses in Multiple Occupation Fees

Background papers:

- Department for Communities and Local Government (December 2017), Houses in Multiple Occupation and Residential Property Licensing Reforms.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/670536/HMO_licensing_reforms_response.pdf

For further information contact:-

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Proposed Houses in Multiple Occupation Licensing fees 2018/2019

Summary

Type of Licence	Annual Cost
New 5 year licence	£650.00
Renewal 5 year licence	£550.00

Licensing Costs

Item	Time Allocation (hours)	Admin: A Officer: O Manager: M	Cost of licence	Cost of renewal
Application (procedures and formalities)				
Receive and check application	1.5	O	64.50	64.50
Check application valid (compulsory questions completed and correct fee included)				
Ensure all required documents attached				
Examine all relevant certificates e.g. gas safety, fire detection etc.				
Fit and proper person checks	1.0	O	43.00	43.00
Liaison with other council services and agencies e.g. council tax, DBS checks, rogue landlord database				
Processing the application	1.0	O	43.00	43.00
Application entered on computer system				
Return application if missing details/documents and chase up if necessary.				
Invoice administration	1.0	A	37.00	37.00
Inspection of property				
Inspection of property including travelling time	6 (new) 4(renewal)	O	258.00	172.00
Pre inspection arrangements – contact applicant to arrange date and time of inspection etc.				
To check compliance of property and management arrangements with management regulations (Inc. layout plan)				

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Liaison with statutory bodies and internal bodies (e.g. Fire Service, planning)				
Decision whether to grant licence or to vary licence which was applied for				
Issuing the licence, completing records	1	M	82.00	82.00
Prepare licence documents				
Check and sign licence documents				
Send licence documents to interested parties and update computer records				
Management and enforcement of EHO's				
Inspections enforcement during licence period	3	O	129.00	129.00
Maintenance of the public register				
Surveying the area to identify properties which require a licence				
Total for application and licence fee			£656.50	£570.50
Rounding down *			-6.50	-20.50
Licence fee			650.00	
Renewal fee				550.00

* Fee rounded down to align with Dorset Council's Partnership Licence fees – allows the use of a shared online payment and application process.

Discount of 10% to Landlords who are members of one of the three national landlord associations (e.g. Residential Landlords Association, National Landlords Association and The Guild of Residential Landlords).