

Management Committee

Tuesday 6th March 2018

Licensing of Houses in Multiple Occupation

For Decision

Portfolio Holder(s)/ Briefholder

Cllr G Taylor

Senior Leadership Team Contact:

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Statutory Authority

Housing Act 2004.

Purpose of Report

- 1 To consider a recommendation from the Policy Development Committee to adopt revised fees for the Mandatory licensing of Houses in Multiple Occupation (HMOs), and to retain the existing fees for the licensing of Mobile Home Parks for 2018/19.

Recommendations

- 2
 - a) The committee approve the adoption of the proposed fee structure for the mandatory licensing of HMOs contained within paras 11–13. of this report.
 - b) The committee resolve to continue the existing fees policy for the licensing of Mobile Home Parks for 2018-19, and to engage in a county wide review as part of any Local Government Review process.

Reason for Decision

- 3 In response to a SWAP audit report, a working party of members was formed to consider the policies and procedures adopted to meet the obligations of the Housing Act 2004, Part 2 - Licensing of Houses in Multiple Occupation – and to review the fees charged for licenses. The working party recommended that a revised, simplified and unambiguous licensing fee should be introduced that fully met the cost of the service. Following a prolonged period of consultation, the government has revised the criteria for the mandatory licensing of HMOs with likely effect from 1st April 2018. The revisions could significantly increase the number of buildings requiring licensing. The number of new licenses anticipated in 2018 / 2019 increases the need for any simplified unambiguous fee structure to be introduced. The Policy Development Committee endorsed

the recommendations of the working party at the meeting of 19th Feb 2018. Given that the licensing process is now administered by a single team operating across the Dorset Councils Partnership it will be proposed that the revised fees should apply across the three council areas. The SWAP report also considered the licensing of Mobile Home Parks, including the setting of fees. Given the planned local government review (LGR) in Dorset for 2019, and the limited number of such licenses, it would seem appropriate to retain the current fees for an additional year (2018-19) to enable the new authority to agree a fees policy for future years.

Background and Reason Decision Needed

4 The Housing Act 2004 introduced the mandatory licensing of HMOs which:

- a) Comprise three storeys or more
- b) Are occupied by five or more persons
- c) Are occupied by persons living in two or more households, with the sharing of amenities.

The act introduced the charging of a fee by the council to cover costs incurred in carrying out the function of licensing HMOs, including the cost of promoting and effectively implementing the scheme.

5. The purpose of the mandatory licensing regime is to ensure that those HMOs likely to present the most significant health and safety risks are known to the local authority, with evidence provided that appropriate management arrangements have been made for the property.

Upon receipt of an application there is a duty to approve if

- a) The proposed licence holder is a 'fit and proper' person and is the most appropriate person to be granted a licence.
- b) The proposed manager of the house is the person having control and is also 'fit and proper'
- c) The proposed management arrangements are satisfactory
- d) The house is suitable for occupation by a certain number of 'persons' or 'households', or can be made suitable by the imposition of licence conditions.

6 The licensing fees originally introduced by WPBC were: (2015/16 rates) :

First licence (3 years*) + Bedspace	£525 £ 84
Licence renewal (5 years) + Bedspace	£210 £ 84
Reduction for Charities *	75%
Applicant support	£ 31.50 / hr
Plan Fee	£105
Category One surcharge	£210

Notices	£ 31.50
Licence variation	£210

Note: * Revised arrangement introduced after the date the fees were initially set.

There are currently 50 HMOs licensed in WPBC

- 7 An audit of WDWP licensing of Houses in Multiple Occupation in 2015 involved a benchmarking exercise comparing fees charged by seventeen authorities. WPBC were found to be the most expensive of the councils benchmarked based on the cost of a new licence for a five person HMO, while WDDC were the cheapest with a fee of just £100. The average licence fee for a five person HMO (five years) across the benchmarked councils being approx £666. Currently NDDC set the fee for a first licence at £332, with a renewal costing £221. There are currently just ten HMOs licensed in NDDC and six in WDDC.
- 8 The audit report recommended that:
 - a) Fees and charges for HMO licenses should be reviewed by committee
 - b) The HMO budget and fee setting process should be reviewed
- 9 At the meeting of the WPBC Policy Development Committee on 10th August 2015 a working party of members was formed to review the council's fees for licensing HMOs in response to the audit report. The working party met to consider the requirements of the Housing Act 2004, Part 2, and the processes and procedures in place to licence HMOs under that legislation. The working party concluded that the existing fee structure was not easily understood, and was expensive when compared to other south coast local authorities. It was identified that there was a need to align fees charged to the actual cost of the licensing service and that there were also fees within the current tariff that were no longer relevant or permitted as a result of recent case law.
- 10 As the work of the working party approached its conclusion the government announced that it intended to widen the criteria for mandatory licensing. Following an exhaustive consultation process and numerous delays in confirming the preferred options the government announced in December 2017 that a Parliamentary Order would be laid to:
 - Extend mandatory licensing to all HMOs (other than section 257 HMOs and flats in larger purpose built blocks) that are occupied by 5 or more persons in two or more separate households;
 - Introduce mandatory conditions in all licensed HMOs concerning minimum sleeping room sizes and maximum number of occupants;
 - Introduce a mandatory condition in all licensed HMOs concerning the provision of refuse storage facilities.

The inclusion of HMOs below three storeys and flats that are in multiple occupation above commercial premises has potential to considerably increase the number of properties needing to be licensed increasing the importance of ensuring that the licensing fee adequately covers the cost of the function.

Initial work would suggest that the new criteria for licensing may increase the number of licensable HMOs by some 100 - 130%, although given the fluidity of this particular tenure type it is extremely difficult to accurately predict numbers. There will be a need to ensure that all landlords are made aware of the licensing requirements and resource allocated to ensuring that license applications are forthcoming. The council has the ability to either impose a civil penalty of up to £30k for noncompliance with licensing requirements, or to prosecute in the courts.

- 11 The original recommendations from the member working party were to;
 - Introduce a new licence fee based on the cost of the service.
 - Introduce a set fee for all sizes of HMO
 - Approve licenses for a period of five years unless there are specific property related concerns that justify a shorter licence period being stipulated.
 - Introduce a discount for landlords joining the LLAP or being accredited by one of the three nationally recognised landlord organisations.
 - Continue to permit a discretionary 75% discount on the licence fee for charitable organisations.
- 12 Those recommendations continue to be appropriate. However a recommendation to charge the same amount for a renewal as for a new licence has been affected by legislative changes simplifying the renewal application process. The administrative process for a renewal should incur reduced resource implications enabling a lower fee to be set.
- 13 The cost of the HMO licensing service has been calculated to be £650 for a new application and £ 550 for a renewal. A 10% discount is proposed for landlords committing to the standards required by the Council's landlord Forum (The Landlords' Local Authority Partnership) or one of the three national landlord associations. Fees for members would therefore reduce to £585 for a new licence and £495 for a renewal. The recommendation will be that these fees will apply across the Dorset Councils Partnership area.
- 14 Members will be aware that work is being undertaken to consider the wider licensing of residential accommodation in the private rented sector within the ward of Melcombe Regis. Should a scheme be supported the appropriate fee for any license required will need to be separately considered by members but will not have any implications to the proposals within this report which relate solely to the mandatory licensing of HMOs.
- 15 Members will be aware that the function of licensing Mobile Homes Parks was introduced in 2013. Councils are required to have a published fees policy which must be kept under review. The current fees for the licensing of MHPs is set for 2015/18. Given the proposals for LGR in 2019 it is proposed to extend the current fees structures for the three councils for a further twelve months to enable a review by the new council.

Implications

Corporate Plan

16. Preventing homelessness and supporting communities to meet their housing needs:
Ensuring safe and thriving communities with respect for each other:
Protecting and enhancing the built and natural environment:
Deliver the benefits of the shared service partnership:

Financial

17. Historically an annual income of £6,000 is budgeted. Income each year does however vary according to the different licence renewal dates and any new licence applications received. The extension of the mandatory licensing criteria will increase the number of properties required to be licensed and therefore increase income.

Equalities

18. The purpose of licensing is to improve housing conditions and the management of rented accommodation. Vulnerable households invariably rely on the PRS for accommodation.

Environmental

19. Conditions attached to any licence issued will include requirements relating to refuse storage and collection, and maintenance of the property.

Economic Development

20. N/A

Risk Management (including Health & Safety)

21. N/A

Human Resources

22. Increased numbers of properties requiring licensing may lead to additional resource being required. The licensing fee is calculated to cover the cost of the service.

Consultation and Engagement

23. A member working party considered the audit report into The WDWP Licensing of HMOs and Mobile Home Parks service, and submitted recommendations to the Policy Development Committee. The committee endorsed the recommendations for a revised fee structure to apply to the Mandatory licensing of HMOs while retaining the existing fees for licensing Mobile Home Parks for a further year..

Appendices

24. None

Background Papers

25. SWAP audit report 2015.
Notes from working party meetings

Footnote

Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

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