

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO HEALTH & HOUSING COMMITTEE

Agenda Item No. 8

meeting date: THURSDAY, 8 NOVEMBER 2018
title: EXTENSION TO MANDATORY HOUSES IN MULTIPLE OCCUPATION LICENSING
submitted by: MARSHAL SCOTT – CHIEF EXECUTIVE
principal author: KEN ROBINSON – HEAD OF ENVIRONMENTAL HEALTH SERVICES

1 PURPOSE

1.1 The existing House in Multiple Occupation (HMO) mandatory licence scheme has been reviewed and the range of properties now falling under the scheme has been extended. The report therefore recommends the setting of fees in line with the new regulations which requires Committee approval.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – To address the housing needs in the Borough.
- Corporate Priorities - To be a well-managed Council.
- Other Considerations – None.

2 BACKGROUND

2.1 The Housing Act 2004 introduced provision for licensing in the private rented sector (PRS) to raise standards in properties considered to present the highest risk to the health, safety and welfare of occupiers. In 2006 the mandatory licensing regime for Houses in Multiple Occupation (HMOs) came into force.

2.2 The legislation prior to 1st October 2018 required properties with **3 or more storeys and let to 5 or more people from 2 or more households who share amenities** (kitchens and bathrooms) to be licensed by the local authority.

Mandatory HMO Licensing Extension Proposals

2.3 In December 2017 the Government announced that it will extend mandatory licensing of HMOs to cover all properties with **5 or more occupiers living in 2 or more households and sharing amenities, regardless of the number of storeys**. The necessary regulations were brought into force in October 2018.

2.4 The proposals will bring smaller privately rented properties into the licensing regime e.g. two storey shared terraced housing, as well as purpose built flats where there are up to two flats in the block and one or both of the flats are occupied by 5 or more persons in 2 or more separate households. This means some shared flats above shops will need a licence as well as some small blocks of flats not connected to commercial premises.

2.5 It will be the individual HMO that needs a licence and not the building within which the HMO is situated e.g. where a building has two flats and each is occupied by 5 persons living in 2 or more households, each flat will require a separate HMO licence.

- 2.6 The benefits of extending HMO licensing include increased regulation of the private rented sector which should improve property condition and management standards through a cost recovery regime.
- 2.7 Potential impacts include increased costs for landlords relating to the purchase of a licence and meeting property standards and management regulations. Some landlords may also be required to reduce occupancy in their properties, if the property is found not to be suitable for the existing number of tenants.

3 ISSUES

Licence Fees

- 3.1 Section 63(3) of Part 2 of the Housing Act 2004 provides that a Local Housing Authority (LHA) may require an application for a HMO licence to be accompanied by a fee. This fee is at the discretion of the LHA but should, according to Section 63(7), reflect the following:
- a) all costs incurred by the LHA in carrying out their functions under this part of the Act; and
 - b) all costs incurred by them in carrying out their functions under Chapter 1 of Part 4 of the Housing Act 2004 in relation to HMO's (insofar as they are not recoverable under, or by virtue of, any provisions of that chapter).
- 3.2 As noted above the costs of implementing mandatory licensing will be covered by the licence fee, on an officer cost recovery basis.

The fee charged by local authorities must be in two parts:

- Part 1 for the consideration of an application and the determination of the application, and
- Part 2 for the monitoring of the licensing scheme and housing conditions where a licence application has resulted in the granting of a licence.

- 3.3 The model is based on a proposed fee of £770 for a new HMO licence application, inclusive and the processing of a licence (new or renewal) for either 2/5 years (including granting and rejecting the licence).
- 3.4 The current level of mandatory HMO fee income does not cover the full cost of managing and operating the licensing scheme. The recommendation within this report seeks to address that.
- 3.5 The Act permitted Councils to charge a fee that covered the costs incurred in carrying out the function of licensing HMOs, including the cost of promoting and effectively implementing the scheme. The proposed fee for the HMO licence running costs, including compliance monitoring, inclusive of a full inspection visit on two occasions throughout the licence period for both 2/5 year period is £430 (Appendix 1).

4 CONCLUSIONS

- 4.1 The Government has extended the scope of the mandatory HMO licensing scheme to raise standards in the private rented housing market. Staffing resources to administer the scheme will be funded on a cost recovery basis through the HMO

licence fee. The legislation came into force on the 1 October 2018, therefore a revision of the Council's Fees and Charges is necessary.

5 RISK ASSESSMENT

5.1 The approval of this report may have the following implications

- Resources – Potential impact on staffing resources and levels of fee income.
- Technical, Environmental and Legal - None
- Political - None
- Reputation – None
- Equality & Diversity – None

6 **RECOMMENDED THAT COMMITTEE**

6.1 Approve the proposed fees for HMO licensing as set out in Appendix 1.

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MARSHAL SCOTT
DIRECTOR OF RESOURCES

BACKGROUND PAPERS

None.

For further information please ask for Ken Robinson, extension 4466.

REF: HB/CMS/H&H/081118

APPENDIX 1

Fees and Charges: Houses in Multiple Occupation Licensing.

Environmental Health ENVHT		Ledger Code	VAT	Charge from 9th November 2018	Charge from 1 st April 2019
Houses in Multiple Occupation Licences	HMO Licence Part 1 fee - Processing a licence application for either 2 years or 5 years	ENVHT/8685u	Non-Vatable	£770*	£790*
	HMO Licence Part 2 fee - Licence scheme running costs, including compliance monitoring.	ENVHT/8685u	Non-Vatable	£430*	£440*
	Housing Enforcement Notice – should not be required in well managed properties. Per Notice.	ENVHT/8689u	Non-Vatable	£561	£575
	Variation of a HMO licence	ENVHT/8685u	Non-Vatable	£130	£135
* If licence applicant is a member of a recognized landlord scheme, there is a 20% reduction in these licence fees					