

<b>Committee(s)</b>	<b>Dated:</b>
Port Health and Environmental Services	6 March 2018
<b>Subject:</b> Setting of Statutory Fees for Licensing Houses in Multiple Occupation	<b>Public</b>
<b>Report of:</b> Director of Markets and Consumer Protection	<b>For Decision</b>
<b>Report author:</b> Rachel Pye, Pollution Control Team Manager	

### Summary

A House in Multiple Occupation (HMO) is a property occupied by three or more unrelated people in two or more households and is fully defined under sections 254 & 257 of the Housing Act 2004. The Act places a statutory duty upon the City Corporation to license HMOs and it also includes powers to deal with poor living conditions.

HMOs require a mandatory licence if they are occupied by at least five people, in a building that has at least three storeys, and where at least one person's accommodation is not self-contained.

The existing HMO licence fee, which has not been reviewed in recent years, does not cover the cost of inspecting the property and issuing the licence. As the suggested fee increase is more than 10% this requires Committee approval.

### Recommendation(s)

I recommend that your Committee approves the proposal set out in paragraph 12 that the attached schedule of fees be approved and published, subject to any comments received at your meeting.

### Main Report

#### Background

1. The Housing Act 2004 introduced a national licensing scheme which is mandatory for all three storey HMOs occupied by five or more unrelated persons. The legislation became operative on 6th April 2006 and requires landlords to apply for a licence in respect of HMOs that they own and operate.
2. The government have confirmed their intention to expand the mandatory HMO licensing scheme, with the changes expected to come into force in 2018, subject to Parliamentary approval.
3. The proposed changes involve extending mandatory HMO licensing to include most houses and flats occupied by five or more people in two or more

households who share a kitchen, bathroom and/or toilet facilities, regardless of the number of storeys. Across England, it is expected that an extra 160,000 HMOs will need to be licensed. Further work is required to understand how many properties in the Square Mile will require a mandatory licence.

4. HMOs often have poorer physical and management standards than other privately rented properties and due to their occupation have greater risks, e.g. fire. Occupiers of HMOs tend to have the least ability to choose their housing and hence it is necessary that the landlords pay an appropriate fee for enforcement.
5. The existing HMO licence fee of £110 for a 5-year licence, which has not been reviewed in recent years, does not cover the cost of inspecting the property, auditing gas and electrical safety certificates and issuing the licence. As the suggested revision of the schedule of fees represents more than a 10% increase in fees this requires Committee approval.
6. The City currently has eight licensed HMOs, five of which are due for renewal in 2018. A HMO licence is valid for five years.

### **Current Position**

7. The City Corporation as the local housing authority has power under section 63 of the Housing Act 2004 to set a fee for applications for licences for houses in multiple occupation (HMOs). The government may make Regulations specifying maximum fees that may be charged, but these have not yet been made. Subject to such Regulations, the Council may take account of all its costs of running the licensing scheme (costs under Part 2 and Chapter 1 of Part 4 of the Housing Act 2004) when setting the licensing fee. The fee should be transparent, accountable and reflect the actual cost of licensing.
8. The Housing Act 2004 allows the Council to set fees to meet the full costs associated with the issuing of a licence in respect of a HMO. The proposed fee structure reflects the total actual costs of operating the licensing scheme. The City's previous fee did not cover these as it was set as an administrative charge of £110 per property when the properties were initially licensed in 2013.
9. The proposed fees have been benchmarked across London using existing analysis carried out by London Property Licensing and reflect the actual cost of licensing and inspection.
10. The fee comprises the cost of one inspection per 5-year licence to assess compliance with the Housing Health and Safety Rating System (HHSRS) including any written recommendations, annual proactive monitoring of the electrical and gas safety checks and the administrative time spent assessing and issuing the 5-year licence.
11. The average fee across London Boroughs for a three-storey shared house containing five single person lettings is now £1119.

## **Proposals**

12. I propose that, subject to comments received at your meeting, the attached schedule of fees be approved and applied.

## **Financial Implications**

13. There are no financial implications as the fees are set at full cost recovery.

## **Corporate and Strategic Implications**

14. The work on HMOs sits within Strategic Aim 2 (SA2) and of the Corporate Plan: 'To provide modern, efficient and high quality local services, including policing, within the Square Mile for workers, residents and visitors' and the following Key Policy Priority 'KPP2 Improving the value for money of our services within the constraints of reduced resources'

## **Conclusion**

15. The City Corporation has produced a refreshed and updated schedule of fees to enable full cost recovery in meeting the statutory power to set a fee for applications for licences for HMOs. Subject to comments received at your meeting, the schedule of fees will be adopted.

## **Appendix 1: Schedule of fees**

### **Contact:**

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## **Appendix 1: Schedule of fees**

### *Mandatory Licence Application Fees*

<i>Number of rooms</i>	<i>New application fee</i>	<i>Renewal fee</i>
Up to 5 lettings	£1050	£1050
6 to 9 lettings	£1,200	£1,200
10 to 14 lettings	£1,350	£1,350
15 to 19 lettings	£1,500	£1,500
20 lettings and above	£1,650	£1,650