

Committee:	Cabinet	Date:	Thursday, 6 September 2018
Title:	Changes to mandatory licensing of Houses in Multiple Occupation (HMOs)		
Portfolio Holder:	Cllr Susan Barker, Portfolio Holder for Environmental Services		
Report Author:	Marcus Watts, Environmental Health Manager - Protection mwatts@uttlesford.gov.uk Tel: 01799 510595	Key decision:	No

Summary

1. The government has recently confirmed details of revised criteria for the mandatory licensing of HMOs which will be effective from 1st October 2018.
2. In order to comply with the additional requirements that an extension of mandatory licensing will impose, it has been necessary to review the current licence fee to ensure that it reflects the actual cost of licensing and associated up to date/current officer costs.
3. This report sets out the proposed new level of licence fees for Houses in Multiple Occupation (HMOs).

Recommendations

4. That Cabinet approves the proposed fees as outlined within the report.

Financial Implications

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

Background Papers

6. The following papers were referred to by the author in the preparation of this report:
 - Ministry of Housing Communities & Local Government – Houses in Multiple Occupations and residential property licensing reform – Guidance for Local Housing Authorities
 - Part 4 of the Housing Act 2004

- The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018

7.

Impact

8.

Communication/Consultation	No consultation has been carried out as the extension of licensing is a mandatory statutory function, The local authority has discretion to set the licence fee which will be communicated to landlords and agents via the Council website following the meeting
Community Safety	There are no direct community safety implications associated with the change in the licence fee, however the extension of mandatory licensing regime will improve living conditions within Houses of Multiple Occupation throughout the district and this will safeguard the health safety and wellbeing of occupiers.
Equalities	Equality Impact Assessment has been carried out
Health and Safety	No impact on employee health and safety
Human Rights/Legal Implications	All intervention work will be carried out in accordance within an existing legislative framework
Sustainability	There are no environmental implications linked directly with the increase of the HMO licence fee
Ward-specific impacts	No specific impact
Workforce/Workplace	Environmental Health Service – from existing resources

Situation

9. A House in Multiple Occupation (HMO) is fully defined under sections 254 & 257 of the Housing Act 2004.

10. The Act introduced a national licensing scheme which is mandatory for all three or more storey houses in multiple occupation (HMOs) occupied by five or more unrelated persons in two or more separate households. The legislation was enacted on 6th April 2006 and requires landlords to apply for a licence in respect of HMOs that they own and operate.
11. In December 2017 the government announced that it would proceed with extending mandatory property licensing of HMOs. In February of this year the Licensing of Houses in Multiple Occupation (Prescribed description) (England) Order was laid before Parliament and will come into force on 1st October 2018.
12. The Order changes the prescribed description of HMOs that are required to be licensed by Local Housing Authorities in England. This instrument has the effect of extending the scope of mandatory HMO licensing in England and will apply where certain HMOs are:
 - occupied by five or more persons in two or more separate households, regardless of the number of storeys.
 - it also applies to purpose built flats where there are up to two flats in the block and one or both are occupied as an HMO by five or more persons
13. The government initially indicated that there would be a grace period of six months for new applications. This is now not the case. All owners of property that falls within the mandatory licensing regime must apply for a licence by 1st October 2018, although licences cannot start before this date. Failure to make an application can result in formal action
14. The Council may take account of all its costs of running the licensing scheme (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 on a full cost of recovery basis.
15. Across England, it is expected that an extra 160,000 HMOs will need to be licensed. Information obtained from the Councils Housing Stock Modelling in 2015 indicated that there were over 180 HMOs within the district. Of these, it is expected that some 20 – 40 properties will require a licence.
16. All known landlords and letting agents within the district have been contacted to inform them of the proposed changes. Information and advice is available on the council's website making it easier for landlords to apply for a licence.
17. Landlords are also being consulted on HMO amenity standards; a separate report will be made to Cabinet on this in the autumn.
18. One of the reasons why the Government has announced their intention to extend mandatory HMO licensing is evidence that landlords are choosing to

rent out smaller HMOs to avoid the need to licence under the current limited mandatory licensing criteria.

19. HMOs often have poorer property/management standards than other privately rented properties and may have greater risks in terms of hazards, for example fire. In 2017 following a fire at a HMO the Council successfully prosecuted a landlord of an HMO for offences under the Housing Act 2004. On inspection, Officers found a number of poor and potentially dangerous housing conditions. Fortunately, no-one was injured in the fire, but there was extensive damage and a cat was killed.
20. It is thought that the increased demand for HMOs has been exploited by opportunist rogue landlords, who feel the business risks for poorly managing their accommodation are outweighed by the financial rewards.
21. Although properties do not need to be inspected before the licence is issued, it is intended to inspect all properties upon application, and at least on one other occasion during the license period. A property licence will last 5 years. This has been factored into the licence fee. Fees are chargeable regardless of the duration of the licence.
22. In response to the regulatory changes the Council has reviewed its fees for licensing HMOs to ensure that the actual full costs of licensing a property are recovered (Appendix A). The fees are designed to cover written recommendations, annual proactive monitoring, enforcement and the administrative costs associated with processing and issuing the licence.
23. It is proposed that the cost of licensing a new HMO will be £1,060.00 with a renewal cost of £560.00. To encourage landlords to apply and renew on time, a 5% discount will be applied to a full application or a renewal for timely applications. There are no plans for additional staffing at this time.

Risk Analysis

24.

Risk	Likelihood	Impact	Mitigating actions
There is a risk that the charging structure will be challenged by career landlords	1. Our fee structure is comparable and in some cases lower than other authorities	1. No negative impacts. The service ensures full cost recovery	Transparency. Fee structure to be promoted on the Council's webpage. Detailed analysis justifying the costs is available on request

1 = Little or no risk or impact

- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.