



REPORT of DIRECTOR OF RESOURCES

**to
FINANCE AND CORPORATE SERVICES COMMITTEE
12 MARCH 2019**

HOUSES IN MULTIPLE OCCUPATION LICENSING FEES

1. PURPOSE OF THE REPORT

- 1.1 To request approval from Members that they agree the revised Houses in Multiple Occupation (HMO) licence fee and the HMO licence renewal fee.

2. RECOMMENDATION

That Members agree to the proposed HMO licence fee and renewal fee.

3. SUMMARY OF KEY ISSUES

- 3.1 HMO Licensing came in to force in 2006 for all Houses in Multiple Occupation that comprised three or more storeys and that are occupied by five or more persons. There are relatively few properties which meet this definition and consequently for the first few years there was only one such licence granted.
- 3.2 Since 2013 / 14 the licence fee had been set at £615 and had increased slightly each year to its current level of £696. Licences are valid for five years and the payment taken is with the application only and not on an annual basis.
- 3.3 In October of 2018, the mandatory licensing of HMOs was extended to all HMOs occupied by five or more persons, irrelevant of the number of storeys. This has led to a number of additional licence applications being received and has given the Council a larger sample size on which to more reliably review the actual typical actions and timings that are involved. **APPENDIX A** to this report contains the proposed new licence application and renewal application fees and the breakdown of how these have been reached. When benchmarked against fees charged by other Local Authorities throughout Essex these appear to be reasonable.
- 3.4 This Authority has not previously charged a different fee for renewals – we have only previously had to carry out one such renewal. Licences are valid for five years and so in the coming years we will have a number of renewal applications made to us. Again, to bring us in to line with other Essex Authorities, and to reflect that it is generally more straightforward (and less resource-intensive) to carry out a renewal, we are seeking to introduce a renewal fee at this juncture.

- 3.5 As at present, it is proposed to charge an additional fee of £36 per room (bed room / letting) over and above five rooms. This is to reflect that there will be a slight increase in time for inspecting more rooms, as well as more potential administration by way of schedules of works and other similar items. No increase in this per room additional fee is sought from current levels.

4. CONCLUSION

- 4.1 The current licence fee has been identified as not truly representative of the time and work involved in the licensing process. The increase in licence fee will allow the Council to more accurately cover its costs at a time when it will be receiving more such applications in future.
- 4.2 The introduction of a renewal fee will more fairly reflect the time that a renewal process takes and consequently helps to ensure that Landlords are not paying more for a renewal than is involved with the process.

5. IMPACT ON CORPORATE GOALS

- 5.1 Communities will be strengthened through stronger controls over private landlords of HMOs, helping to keep people feeling safe from crime.
- 5.2 Ensuring that the Council's licence fee is appropriate ensures that the Council improves housing standards. This helps protect and shape the District by contributing to "meeting housing needs". It also helps to deliver good quality, cost effective and valued services.
- 5.3 Setting a reduced fee for licence renewals contributes to the potential for economic growth and prosperity by allowing Landlords to utilise more of their financial resources on their properties and in the wider economy.

6. IMPLICATIONS

- (i) **Impact on Customers** – Increase in cost to Landlords for licence applications but offset by reduction for renewal.
- (ii) **Impact on Equalities** – None.
- (iii) **Impact on Risk** – At a time when Department resource is already more stretched than ever, it is important to ensure that function costs are accurate.
- (iv) **Impact on Resources (financial)** – The increase in HMO licensing fee will have a positive financial impact due to revenue generated from licence application fees. However, this will be required to administer the scheme, and the proposed fees effectively create cost neutrality.
- (v) **Impact of Resources (human)** – The increase in fee does not provide for additional staffing levels.

(vi) **Impact on the Environment** – None.

Background Papers: None.

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