

DECISION TO BE TAKEN BY THE CABINET MEMBER FOR COMMUNITIES

AMENDMENT TO HMO FEE STRUCTURE/DISCOUNT

1 Purpose

1.1 The purpose of this report is to:-

- Seek Cabinet Member approval to amend the available discounts for HMO licences with immediate effect.

2 Recommendations

2.1 That the Cabinet Member approves the proposed revised discounts for HMO licenses:

- Offer a 30% discount to all new HMO applications that are received within 3 months of first occupation (Mandatory and Additional HMOs)
- Offer a 30% discount to all HMO renewals applications that are made prior to licence expiry
- Remove the £80 discount for applications from 'known compliant HMOs'

3 Background

- 3.1 The HMO licensing fees were confirmed in June 2014 when the Scheme of Additional Licensing for Houses in Multiple Occupation was approved by Cabinet.
- 3.2 Cabinet agreed that 'The Environmental Health and Licensing Group Services Manager, after consultation with the Cabinet member for Environment and Health, be authorised to review the scheme and its implementation and resourcing and to make any necessary or appropriate amendments to ensure that the principles of the scheme were achieved'. The minutes are attached to the report in Appendix C.
- 3.3 Since the fee structure was introduced in 2014 the fees have only been increased in line with the Consumer Price index (CPI) each year, but have been frozen for 2019/20.
- 3.4 A full corporate review of fees and charges (which includes HMO fees) is currently being considered as part of the budget setting process and will take effect in April 2019. However, because of the timing of some early HMO licenses the renewal date falls ahead of time. We therefore wish to bring forward the renewal discount, so as not to penalise those due to renew now.

4 Proposed changes to fee structure

4.1 The existing fee structure and the proposed fee structure are attached to this report as Appendix A and B respectively.

New Mandatory HMOs

4.2 Under the current fee structure new 'Additional HMOs' (those where a valid application is submitted within 3 months of occupation of an HMO) are eligible for a 30% discount on the total fee.

- 4.3 The reduced rate provides a financial incentive for prospective HMO owners to apply for a HMO licence at the earliest opportunity. This enables officers to inspect sooner and ensure that the property is safe.
- 4.4 New applications resulting from unlicensed HMOs discovered by Enforcement Officers would not be eligible for the discount.
- 4.5 The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 and the Licensing of Houses in Multiple Occupation (Mandatory Conditions of Licences) (England) Regulations 2018 have extended the definition of what constitutes a Mandatory HMO. This means that from October 2018 onwards the majority of our licensed HMOs will be Mandatory HMOs.
- 4.6 To ensure parity between 'Mandatory' and 'Additional' HMOs it is proposed that the 30% fee discount is applied to all new HMO applications which are submitted within 3 months of occupation a HMO.

HMO renewals

- 4.5 HMO licences are valid for 5 years, at which time they must be renewed. It is an offence to operate a licensable HMO without a valid licence.
- 4.6 We have on occasion experienced issues with landlords allowing their licence to lapse prior to submitting an application for a new one. This can result in a property being unlicensed for a period of time and the landlord subsequently benefitting from a later licence expiry date.
- 4.7 Lapsed HMO renewals increase the time pressure on Officers to process the licence application quickly and to the detriment of effective work planning..
- 4.8 It is proposed to offer a 30% discount to HMO renewal applications received prior to licence expiry. This will provide a financial incentive for landlords to make early renewal applications and aligns with the 30% discount offered to new HMO applications as described in paragraph 4.6.

Known Compliant HMO discount

- 4.9 Under the current HMO fee structure an £80 discount is available for 'known compliant HMOs (not requiring an inspection)'. Experience has shown that over the course of a 5 year licence the condition of a property can deteriorate substantially. We therefore inspect all HMOs prior to the issuing of a licence.
- 4.10 This discount has therefore been very rarely used as it is often not appropriate. Its presence on the published fee structure is therefore potentially misleading.
- 4.10 It is proposed to remove the £80 discount for known compliant HMOs and instead ensure that all HMOs are inspected at or shortly after the time of application. This will ensure that the property continues to be suitable and safe.

5 Reasons for Recommendation

- 5.1 To ensure that HMO licence fees are consistent and fair, whether for a new application or a renewal.
- 5.2 To provide a financial incentive for landlords to apply for a licence (or renewal) at the earliest opportunity.

6 Resource Implications

- 6.1 It is not expected that these recommendations will have implications on our existing resources.
- 6.2 The 30% discount proposed reflects that completed HMO applications received prior to a licence elapsing (or shortly after a house is first occupied) reduce the administrative and financial burden of chasing landlords for renewal applications or outstanding documentation.

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Background Documents: N/A



Appendix A: HMO Licence Fees (existing)

HMO type	Licence Fee
Mandatory HMO Licence 5 bedroom/letting unit	£595 (+/- £34.00 for each extra/fewer bedroom/units)
Additional HMO Licence 5 bedroom/letting unit	£595 (+/- £34.00 for each extra/fewer bedroom/units)
S257 HMOs (5 flats) (Restricted to HMOs where the freeholder is in control of the whole property)	£595 (+/- £34.00 for each extra/fewer bedroom/units)
Assistance in making an application	£54 per hour
Revocation of licence (at landlord request)	No charge
Variation of licence (Change in the property; the licence holder remains the same)	No charge
Discounts (only the highest one will apply) For Accredited Landlords For known compliant HMOs (not requiring inspection) For HMOs where the Energy Performance Certificate (EPC) is graded A-C For new Additional HMOs, where a valid application is submitted within 3 months of occupation of an HMO	 £80 discount £80 discount £30 discount 30% discount
The amount to be refunded to unsuccessful applicants	30% of the licence fee paid



Appendix B: HMO Licence Fees (proposed)

HMO type	Licence Fee
Mandatory HMO Licence 5 bedroom/letting unit	£595 (+/- £34.00 for each extra/fewer bedroom/units)
Additional HMO Licence 5 bedroom/letting unit	£595 (+/- £34.00 for each extra/fewer bedroom/units)
S257 HMOs (5 flats) (Restricted to HMOs where the freeholder is in control of the whole property)	£595 (+/- £34.00 for each extra/fewer bedroom/units)
Assistance in making an application	£54 per hour
Revocation of licence (at landlord request)	No charge
Variation of licence (Change in the property; the licence holder remains the same)	No charge
Discounts (only the highest one will apply)	
For Accredited Landlords	£80 discount
For HMOs where the Energy Performance Certificate (EPC) is graded A-C	£30 discount
For new HMOs, where a valid application is submitted without officer intervention and within 3 months of occupation of an HMO	30% discount
For a HMO Licence renewal application prior to expiry of existing licence	30% discount
The amount to be refunded to unsuccessful applicants	30% of the licence fee paid