

REPORT TO:		Cabinet	
DATE:		07 December 2022	
PORTFOLIO:		Cllr Kathleen Pratt - Housing, Health and Wellbeing Cllr Steven Smithson Environmental Services	
REPORT AUTHOR:		Phil Stacey, Environmental Health- Housing Standards Manager	
TITLE OF REPORT:		House in Multiple Occupation (HMO) Policy	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	N/A

1. **Purpose of Report**

- 1.1 To provide Cabinet with an updated House in Multiple Occupation (HMO) Policy

2. **Recommendations**

I recommend that Cabinet:

- 2.1 Note the updated report; and
- 2.2 Approve the policy for immediate implementation.

3. **Summary**

- 3.1 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 Cabinet approval.
- 3.2 Selective Licencing which designated parts of Accrington and Church for selective licensing is coming to an end of the 4th March 2023, and this updated policy strengthens the council position to deal with non-compliance.

4. **Reasons for Recommendations and Background**

- 4.1 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.

- 4.2 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.
- 4.3 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.
- 4.4 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.
- 4.5 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.
- 4.6 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.
- 4.7 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.

5. Licence Fees

- 5.1 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).
- 5.2 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.

5.3 The model is based on a proposed fee of £790 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).

5.4 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.

5.5 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 £440 (Appendix 1).

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

6. Financial issues

6.1 Collecting fees at the proposed rate will provide income in accordance with services provided

6.2 Fees will be reviewed annually to better reflect any demand or cost savings.

7. Consultations

7.1 Management Team, the Council Leader and Portfolio Holder have been consulted.

7.2 Benchmarking of licence fees has been carried out with Environmental Health Lancashire Housing Group

8. Implications

Financial implications (including any future financial commitments for the Council)	See Section 6
Legal and human rights implications	The recommendations are not at variance with the Human Rights Act 1998 and are unlikely to result in any adverse Human Rights Act implications.
Assessment of risk	The financial risks associated with the proposal have been looked at prudently and the financial risk to the Council is considered

	<p>low. The costs of administering the scheme will be covered through licence fee income. To manage the risk, we will regularly review the cost of running the scheme and the projected income stream from licences and other sources.</p> <p>The Authority must ring-fence any fees recovered to Environmental Health Housing Standards.</p>
<p>Equality and diversity implications <i>A Customer First Analysis should be completed in relation to policy decisions and should be attached as an appendix to the report.</i></p>	<p>N/A</p>

**9. Local Government (Access to Information) Act 1985:
List of Background Papers**

9.1 N/A

10. Freedom of Information

10.1 This report does not contain exempt information under the Local Government Act 1972; Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.

APPENDIX 1

Fees and Charges: Houses in Multiple Occupation Licensing.

Environmental Health ENVHT		VAT	Current Charge	Charge from 1 st January 2023
Houses in Multiple Occupation Licences	HMO Licence Part 1 fee - Processing a licence application for either 2 years or 5 years	Non-Vatable	£770	£790
	HMO Licence Part 2 fee - Licence scheme running costs, including compliance monitoring.	Non-Vatable	£430	£440
	Housing Enforcement Notice – should not be required in well managed properties. Per Notice.	Non-Vatable	£561	£575
	Variation of a HMO licence	Non-Vatable	£130	£135