

|                        |  |
|------------------------|--|
| Subject:               | The setting of Statutory Fees for Licensing Houses in Multiple Occupation  |
| Responsible Officer:   | Gareth Llywelyn-Roberts, Head of Community Safety Services,  |
| Contact Officer:       | Geraldine Levy-Hayes, Team leader, Private Sector Housing Enforcement, Community Safety Services   |
| Portfolio Holder:      | Leader/Councillor Marilyn Ashton, Portfolio Holder for Property and Planning   |
| Key Decision:          | Yes  |
| Urgent/Non Urgent:     | Urgent   |
| Power to be exercised: | Urgent – Portfolio Holder Responsibilities (Allocation of Responsibilities) - Paragraph 3 of the Delegated Powers of Portfolio Holders Appendix to the Executive Procedure Rules – Part 4D of the Constitution |
| Status:                | Part 1   |

## **Section 1: Summary**

### **Decision Required**

1. To agree to set the fee for mandatory HMO licensing at £613.36 for a Premise Licence Application.
2. To determine that where the application is incomplete the fee will comprise the set fee of £613.36 as in 1. above, plus a standard hourly charge at calculated corporate rates for administration and for the inspection of each habitable room in the property.

## **Reason for report**

The national mandatory licensing of Houses in Multiple Occupation (HMOs) under the Housing Act 2004 commenced on April 6<sup>th</sup> 2006. This report sets out the proposed charging scheme for licensing of HMOs in respect of this legislation.

Until the Fee is set the Council can not invite applications under the new legislation from Landlords of relevant properties.

## **Benefits**

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 actual costs of administering the licensing scheme.

The Council's previous registration scheme did not allow this as the statutory fee was set at £60 per room by the Secretary of State.

## **Cost of Proposals**

There are no costs associated with these proposals. The costs will be contained within the existing Community Safety Services budget provision.

These fees have been derived following partnership working with other West London Boroughs, which seeks to achieve consistency of fees on a regional basis, as recommended by the Office of the Deputy Prime Minister.

## **Risks**

Landlords who have registered with the Council currently pay £60 per room and £30 per room to renew their registration. The new charges will be a significant increase for landlords that may deter landlords from licensing their properties, leading to a potential deterioration in the housing stock of the borough and for increased demand for enforcement action by the council to require licensing of relevant properties. .

If these recommendations are rejected Landlords will not be able to apply for the relevant licence under the new licensing regime placing their business at risk and raising the risk of complaint against the council.

If the proposed fee levels are not agreed this may result in complaints of inconsistency in licensing fees between neighbouring boroughs and Harrow.

## **Implications if recommendations rejected**

If these recommendations are rejected, the Council will be unable to meet its statutory obligations to licence HMOs as agreed at Licensing & General Purposes Committee 19 September 2005, Minute 78.

## **Section 2: Report**

### **2.1 Brief History**

- 2.1.1 The Housing Act 2004 introduced a national licensing scheme which is mandatory for all 3 storey HMOs occupied by 5 or more unrelated persons. The legislation became operative on 6<sup>th</sup> April 2006. This is a legislative change, which, for the first time, will require landlords to apply for a licence in respect of HMOs that they own and operate. Members have previously agreed that Harrow should apply to the Office of the Deputy Prime Minister for the scheme to be extended to 2 storey properties at a later date.
- 2.1.2 Guidelines for the setting of fees were expected to be issued to all Councils at the end of January, but are still awaited. In the interim, there is a need to set a fee as required by legislation, to enable the Council to meet its statutory duty to licence HMOS. A further more detailed report will be presented to Members once Government guidance has been received.
- 2.1.3 The fees calculated are based on an hourly rate for enforcement officers, and for administration and a charge based on the number of rooms in the property. Where the application is incomplete and officers are required to prepare further documentation and/or inspect the premises in order to issue the licence, an additional fee will be charged calculated at an hourly corporate rate.

### **2.2 Options considered**

- 2.2.1 There is a statutory duty upon the Council to licence HMOs which is set out in the Housing Act 2004, and no other options are available.

### **2.3 Consultation**

- 2.3.1 A landlords' forum was held in partnership with the boroughs of Kensington and Chelsea, Brent, Ealing, Hammersmith & Fulham, Hillingdon and Hounslow in November 2005, which outlined the provisions of the Housing Act 2004. This was a primarily an information giving exercise to give an early indication of licensing fees.
- 2.3.2 Consultation with the West London boroughs has been undertaken to ensure that the fee set is aligned across West London.
- 2.3.3 The Portfolio Holder and shadow Portfolio Holder and has been consulted and agreed the report and proposed fees.

2.4 Financial Implications

- 2.4.1 The Act specifies that the Local Housing Authority may take into account all costs incurred in issuing the licence. The costs of providing information to landlords and setting up enforcement procedures will be contained within the existing Community Safety Services budget provision.
- 2.4.2 Guidelines for the setting of fees were expected to be issued to all Councils at the end of January, but are still awaited. In the interim, there is a need to set a fee as required by legislation, to enable the Council to meet its statutory duty to licence HMOS. A further more detailed report will be presented to Members once Government guidance has been received.

Signature ..... Date .....

Name (print) Anil Nagpal, Group manager, Urban Living Finance

2.5 Legal Implications

- 2.5.1 The Council as local housing authority has power under section 63 of the Housing Act 2004 to fix 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 no such regulations have 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.

Signature ..... Date .....

Name (print) David Merson, Interim Head of Legal Services, Urban living

2.6 Equalities Impact

- 2.6.1 Individual landlords and landlord associations have advised that they will pass on the increased licence fees directly to the tenants of HMOs. Such properties tend to be occupied by those on lower incomes and it is likely that their rents will increase. Where landlords choose not to licence their properties, there will be a reduction in the availability of this type of accommodation which forms a significant element of the housing stock of the borough.

## 2.7 Section 17 Crime and Disorder Act 1998 Considerations

- 2.7.1 The requirements of the Housing Act 2004 in respect of the licensing of HMOs supports the Council in its priorities of strengthening its communities and using partnerships to improve and sustain the quality of life for its residents through improved housing conditions.

### **Section 3: Supporting Information/ Background Documents**

Appendices: None

Supporting Information: None

Background Documents: Ho

Housing Act 2004 and explanatory notes.

Consultation on the implementation of HMO licensing –Response of the Minister for Housing and Planning.

Signature:

.....

Position

Head of Community Safety Services

Name (print)

Gareth Llywelyn-Roberts

Date:

**FOR LEADER**

\* I do agree to the decision proposed

\* I do not agree to the decision proposed

\* Please delete as appropriate

Notification of personal interests (if any) :-

(Note: if you have a prejudicial interest you should not take this decision)

Additional comments made by and/or options considered by the Portfolio Holder

Signature:

.....

Leader of the Council, Councillor Christopher Mote

Date: