

## Review of HMO Licensing Fee's

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### 1. Background

- 1.1 The introduction of the Housing Act 2004 in Wales in June 2006 provided additional powers for Local Authorities to deal with houses in multiple occupation within their areas.
- 1.2 The Act also provided a clearer definition of a house in multiple occupation which is three or more people forming two or more households. This definition includes all shared housing, bedsits and certain types of buildings converted to flats.
- 1.3 It is mandatory for all local authorities to licence houses in multiple occupation that are three or more storey's with five or more occupants. Flats however, have been made exempt from this requirement.
- 1.4 In October 2007 Carmarthenshire County Council implemented an Additional Licensing Scheme under S.56 of the Housing Act 2004 to include all properties that fall within the definition of a HMO including certain types of flats.
- 1.5 S.63(3) of the Act states that the authority may require any licence application to be accompanied by a fee fixed by the authority.
- 1.6 There are no set fee's and it is down to each local authority to set up their fee structure to reflect administration costs, officer time, cost of advertising and the general cost of running such a scheme.
- 1.7 The initial licensing policy adopted by Carmarthenshire County Council which we still operate highlighted the need to charge

a fee for HMO licences and was set at £450 with a £50 discount for accredited landlords.

- 1.8 Current data suggests that there are between 500- 600 houses in multiple occupation within the county. The most recent stock condition survey commissioned by the authority suggests that the number is slightly greater and work is being undertaken to identify these properties.
- 1.9 With the changes to welfare benefit and the increase in age limit for the single room rate from 25 to 35 the likelihood is that this type of occupation will become more popular and the number of properties through out the county will increase.
- 1.10 All HMO records are held on a central database where information can be accessed and the properties can be regulated closely. It also allows officer to identify the renewal dates for licences which keeps control of the licensing program and the payment of fee's.

## **2. Why change the fee structure**

- 2.1 Since the introduction of the Housing Act 2004 in June 2006 and the setting of the initial licensing fee's local government has been faced with many changes.
- 2.2 Officers salaries have increased and the cost of administrating a licence has increased (cost of travelling around the county, cost of equipment and stationary and the cost of maintaining and running buildings and offices). Overall, the demand on the service has grown. This ultimately means more officers time and departments resources are taken up to ensure that HMO's are regulated effectively.
- 2.3 As highlighted above the changes in the benefit system will mean that more single adults under the age of 35 are going to forced into occupying this type of accommodation and the likelihood is that more landlords will rent out shared houses or bedsits because of the rent levels set locally.
- 2.4 This may require allocating additional resources to deal with the growing demand on licensing and regulation of the sector which comes at an additional cost to the authority.
- 2.5 Landlrod forums and conferences has allowed for debate around this topic and over the past years concerns have been raised that a '*one fee suits all policy*' is not appropriate. It is

necessary to change the fee's to reflect the type of properties, the number of occupants or units, the quality of management by landlords or agents and the quality of the properties that they rent.

### **3. Proposed licensing fee structure**

- 3.1** There is a need for a fee structure that reflects the different types of properties, the number of occupants and the type and quality of the management.
- 3.2** There are several variables involved in setting the fee structure. Therefore it is necessary to have several different fee's for different properties and sizes. It is also necessary to recognise good landlords and agents with certain qualifications that allows them to manage their properties effectively. We must honour this by offering discounts.
- 3.3** The fee's that will be charged for bedsits or shared accommodation will be as follows regardless of the number of storey's.

<b>Number of Occupants</b>	<b>Fee (£)</b>	<b>Fee for member(s) of LAW (£)</b>	<b>Variation of Licence Fee (£)</b>
3 People	380	300	40
4-6 People	520	440	60
7-10 People	660	580	80
11 or more	800	720	100

- 3.4** The fee's that will be charged for converted buildings to flats (as defined by S.257 of the Housing Act 2004) will be as follows regardless of the number of storey's and occupants.

<b>Number of Flats</b>	<b>Fee (£)</b>	<b>Fee for member(s) of LAW (£)</b>	<b>Variation of Licence Fee (£)</b>
2 Flats	360	280	20
3 Flats	480	400	40
4 Flats	600	520	60
5 Flats	720	640	80
6 Flats or more	840	760	100

- 3.5** There will be a discount of £80 for all landlords who are members of the Landlords Accreditation Wales Scheme (LAW). Managing agents that apply for the discounted rate

must have at least three members of staff who have attended the Landlord Accreditation Wales course and must provide copies of their certificates with each application.

- 3.6** Landlords agents that let properties which are fully compliant with the Gold Standard of the Carmarthenshire Accommodation Accreditation Scheme (which reflects the Welsh Quality Home Standard) will be eligible for a further £50 discount.
- 3.7** Landlords who do not support the Landlord Accreditation Wales Scheme will not be eligible for a discount. Following the submission a licence application and fee, Carmarthenshire County Council will secure a single place on the course to become an accredited landlord and will pay the course fee. This will be a mandatory condition of the HMO Licence. Should landlords fail to become members of the national scheme they will have to re-attend at their own cost.
- 3.8** Licences will continue to be issued for a 5 year period.

#### **4. Conclusion**

- 4.1** Carmarthenshire County Council will consult with all relevant people, landlords and organisations and will gladly accept any representations in relation to the proposed changes.
- 4.2** The main purpose of reviewing the fee structure is to ensure that the landlords are charged the right fee for the right property and that the levy imposed on them is fair.
- 4.3** Having a better fee structure will allow the authority to allocate resources to regulate the sector better.
- 4.4** Ultimately, enforcing conditions through the HMO licensing scheme will raise the standards of management and will address poor tenant behaviour. It will also allow us to provide better living condition in properties, that tend to house the most vulnerable groups of people in Carmarthenshire and will lower the risk of illness and accidents within the properties they occupy.