

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

EXECUTIVE MANAGEMENT TEAM'S REPORT TO CABINET

Date: 18th July 2018

**The Licensing of Houses in Multiple Occupation (Prescribed Description)
(England) Order 2018**

Submitted by: Executive Director (Regeneration and
Development)

Portfolio: Planning and Growth

Ward(s) affected: All

Purpose of the Report

To advise on the expansion of regulations relating to licensing of houses in multiple occupation and to agree proposed actions by the Council including a fee structure.

Recommendations

- a) That cabinet note the expansion of house in multiple occupation licensing.
- b) That the fees proposed to apply from 1st October 2018 as set out in the report be approved.

Reasons

A house in multiple occupation licence fee was included in the Fees and Charges 2018/19 Cabinet Report. However, approval is sought to add an incentive into the fee structure for the new expanded licensing scheme to encourage landlords to also become members of the North Staffs Landlord Accreditation Scheme.

1. **Background**

1.1 Licensing of certain Houses in Multiple Occupation (HMOs) was introduced by the Housing Act 2004 and became operative in April 2006. HMOs have to be licensed if they have three or more storeys, 5 or more unrelated occupiers and have some element of shared facilities i.e. a kitchen or bathroom. This recognises that these properties present the biggest risks to occupiers in terms of fire safety, disrepair and poor management.

1.2 In the Borough we have 58 licensed properties. Once granted, a licence lasts for five years. The fees for 2018/19 are set out below.

Licence application fee (for up to five bedrooms)	£586.50
Additional fee for each extra bedroom	£7.65
Renewal of existing licence (for up to five bedrooms)	£433.50
Additional fee for each extra bedroom	£7.65

1.3 Licensing has been successful in improving standards in HMOs and following a government review it is to be expanded from 1st October 2018 by removing the criteria relating to the number of storeys. This will bring significantly more properties into the licensing regime.

1.4 Within the Borough this is predicted to be an additional 132 properties. Many of these are student lettings and so we have taken this opportunity to consider how these proposals link with the North Staffs Landlord Accreditation Scheme.

1.5 North Staffs Landlord Accreditation Scheme

This self-funded scheme is run by the Borough Council and Stoke on Trent City Council working in partnership with Keele University. It is a well-regarded scheme designed to recognise and reward good landlords and has 455 members. Many members have properties let to students (as membership is a prerequisite for advertising accommodation via Keele University). Membership is dependent on meeting certain standards and costs £80 for landlords of 1 – 5 properties, £100 for landlords of 6 or more and lasts for two years. Members receive a regular newsletter and invitations to free training and networking events. All members must attend a training session on housing legislation and management.

1.6 Linking accreditation and licensing

The background papers show how the HMO licence fee is determined which includes various checks. When a landlord is accredited some of these checks have already been completed, paid for from their accreditation fee. It therefore seems appropriate to offer a reduction to accredited landlords for an HMO licence.

As accredited landlords attend training and receive regular newsletters and updates it also seems appropriate to incentivise them to becoming a member through the licensing fee structure. The alternative is to require attendance at training sessions as a licensing condition.

2. Options Considered

A	Offer a discount on an HMO licence to accredited landlords to incentivise membership of the scheme.	This allows the licensing regime and accreditation scheme to complement each other, develops good links with landlords, promotes accreditation and taps into existing processes for training and keeping landlords up to date.
B	Require training as part of a licence condition	This works on enforcement rather than encouragement and engagement and doesn't utilise existing processes.
C	No discount	This is expected to adversely affect membership of the accreditation scheme as landlords will opt to leave rather than pay twice for the same checks to be completed.

3. Proposal and Reasons for Preferred Solution

Option A is the preferred approach which would ensure landlords do not pay for the same service twice and are offered an incentive to join the North Staffs Landlord Accreditation Scheme completing training and ensuring ongoing development.

The proposed fees are below (the background paper shows how the fee is determined):

Licence application fee (for up to five bedrooms)	£586.50
Licence application fee for a member of the North Staffs Landlord Accreditation Scheme	£486.50
Additional fee for each extra bedroom (on both of above)	£7.65
Renewal of existing licence (for up to five bedrooms)	£433.50
Renewal of existing licence fee for a member of the North Staffs Landlord Accreditation Scheme	£333.50
Additional fee for each extra bedroom	£7.65
NB - If a licence applicant doesn't maintain their accreditation status but re-joins at the point of a licence renewal application the discount will not apply.	

Incentivising membership of this self-funding scheme also reduces the time spent by housing services staff checking documentation and carrying out inspections of good properties allowing resources to be targeted upon investigations and enforcement against non-complaint landlords.

4. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

The provision of safe housing within the Borough will contribute to the corporate priority of a healthy and active community.

5. **Legal and Statutory Implications**

Under The Scheme of Delegation 2018 officers are already authorised to issue HMO licences under part 2 of the Housing Act 2004.

6. **Equality Impact Assessment**

The expansion of HMO licensing does not create any specific equality impacts.

7. **Financial and Resource Implications**

There will be an income to the Council from the expansion of HMO licensing and this will arise over the period between now and the effective date of the new legislation coming into force (1 October 2018). It is important to note that most of the new income will arise during this financial year and then for any renewals, it will arise again in five years' time (because a licence lasts for five years).

Part of the income stream will need to be allocated to developing the licensing module of the IT database used for housing activities. This will allow the team to handle the expected workload and move to on-line applications with automatic population of the database. Initial discussions with the Council's IT software provider indicate this will be in the region of £13,000; the additional income will easily cover these costs.

8. **Major Risks**

There are no major risks associated with this report.

9. **Key Decision Information**

The expansion of HMO licensing will apply in all wards. Notice of this report was included in the Cabinet's Forward Plan for the period in which the meeting is to take place.

10. **Appendices**

Appendix 1 – further information to support fee incentivisation for “accredited” landlords.

11. **Background Document**

Fee determination spreadsheet

Appendix 1 - HMO Licensing Fees

Proposal for a discount on a House in Multiple Occupation Licence for members of the Landlord Accreditation Scheme recognising they have already paid for some of the activities and to incentivise and reward membership.

Supplementary information on both schemes

Mandatory Licensing	Accreditation
Mandatory - required by legislation	Voluntary – landlords join the scheme as they want to be able to demonstrate they are operating in accordance with good practice and to a good standard. Costs between £80 and £100 (depending on number of properties) every 2 years. This covers running costs and landlord checks.
Landlords don't have an input into the scheme.	Landlord representation on the steering group ensure the scheme is run with their participation
The licence conditions don't require training.	Accredited landlords attend training, receive regular updates and network with other landlords. They are motivated to keep their knowledge and skills up to date, they provide good, well managed accommodation.
Only legal minimum standards can be required, provides no incentive to go above and beyond that.	This often results in accommodation being well above the legal minimum standard.
Doesn't involve partnership working.	Demonstrates partnership working with Stoke on Trent City Council and Keele University who rely on the scheme to ensure their students have good standard and safe accommodation.
Fee can only cover cost recovery of licensing activity – paid every 5 years Licensing activity includes checks already carried out for accredited landlords so input is reduced on their applications.	Fees charged covers costs, publicity and training – paid every 2 years Time saved processing accredited landlord applications can be put to dealing with non-compliant landlords.
Checks carried out every five years	Checks carried out every 2 years