

REPORT TO: Executive Board Sub Committee
DATE: 20th July 2006
REPORTING OFFICER Strategic Director Health & Community
SUBJECT: Licensing of Houses in Multiple Occupation
WARD (S): Boroughwide

1.0 PURPOSE OF REPORT

1.1 This report is to inform members of recent changes in legislation relating to the licensing of certain larger Houses in Multiple Occupation (HMOs) within the Borough, and to seek approval for a range of fees to be charged by the Council for this purpose.

2.0 **RECOMMENDED: That the proposed fees for licensing eligible properties be approved.**

3.0 SUPPORTING INFORMATION

3.1 In April the Housing Act 2004 introduced a requirement for the Council to license certain larger HMOs. This requirement makes it mandatory for HMOs of three storeys or more and with 5 or more occupants who comprise 2 or more households to be licensed.

3.2 HMOs are often occupied by the most disadvantaged members of society and often have poorer physical conditions and management standards than other private rented properties, and so the licensing scheme is welcomed. However in Halton the number of HMOs is low and it is anticipated that there may be as few as 10 properties that will require to be licensed at the present time.

3.3 The Act is complemented by specific regulations, and further Codes of Practice are to be introduced. The legislation is not totally prescriptive to allow authorities to tailor licensing provisions to local circumstances. The Government has therefore been keen to see collaborative working to develop local and regional approaches. The Council has therefore been working collaboratively with other authorities in the region and particularly in Cheshire

3.4 Once it has received an application the Council must either grant or refuse the licence. In doing so the Council must determine whether the HMO is suitable for occupation by the number of persons stated in the application. The licence may be granted subject to certain conditions. These could include a requirement for the property to be

brought up to a particular standard for the proposed number of occupants, for instance to provide additional toilets, bathrooms or cooking facilities within a timescale set down in the licence.

- 3.5 For the first time owners and /or managers will need to demonstrate to the Council through the application process that they are fit and proper persons to hold the licence and manage the property. Owners and managers will need to apply for a licence in respect of each licensable HMO. The licences are not transferable.
- 3.6 The legislation introduces penalties for failing to obtain a licence, for breach of licence conditions, or for failing to comply with certain HMO Management Regulations. Fines can be up to £20,000 for some offences. In addition the Council will be able to vary licences if deemed appropriate in response to a change in circumstances either at the request of the applicant or at the Council's discretion.
- 3.7 Although as mentioned above only a few larger HMOs in Halton will require to be licensed under the Act, the HMO Management Regulations apply to all HMOs and so it will provide the Council with the opportunity to ensure that any smaller HMOs within the Borough will also be properly managed.

4.0 FINANCIAL IMPLICATIONS

Local authorities are allowed if they wish to charge a fee for the costs reasonably incurred in administering the licensing process. Although standard fees could not be set across Cheshire a standard approach for determining fees has been agreed. The proposed scale of fees for Halton is listed below and will cover a 5-year licence, this being the maximum duration allowed for a licence.

Up to 6 rooms	£285
7-8 rooms	£295
9-10 rooms	£300
11 rooms +	£310

(Room means a bedroom or living room)

Nationally fees appear to have been set between nil and £1750, which has caused concern in some quarters. The National Federation of Residential Landlords has claimed fees in excess of £300 to be unreasonable. The proposed fee levels for Halton would therefore appear to be appropriate.

5.0 POLICY IMPLICATIONS

5.1 The implementation of this new piece of legislation will provide a valuable new tool for Halton's Private Sector Renewal Policy.

6.0 OTHER IMPLICATIONS

6.1 There are no other implications arising.

7.0 RISK ANALYSIS

7.1 The introduction of the new licensing scheme has been advertised widely by Government in the run up to the introduction of this new requirement, to minimise the risk of Landlords not being aware of this new duty. Halton has also sought to raise awareness by issuing a press release and sending questionnaire and guidance notes to landlords and letting agents that are potentially affected.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 HMO's are often occupied by vulnerable or disadvantaged groups and the introduction of mandatory licensing and the new HMO Management Regulations will help to ensure that suitable amenity and management standards will be in place.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

<u>Document</u>	<u>Place of Inspection</u>	<u>Contact Officer</u>
Housing Act 2004	Grosvenor House	Principal Housing Inspector