

## **Review of HMO Licence Fees**

The Act allows the Council to fix fees for licensing HMO properties, which covers all costs associated with carrying out their functions in relation to HMO Licensing, which includes recovering costs incurred in enforcing the Conditions and Standards

Fees must be transparent, accountable and reflect the actual cost of licensing. It is proposed that the existing licensing fees, discounts and incentives for Mandatory Licensing and the current Additional Licensing are retained with a minor change; i.e. it is proposed to reduce the cost of licensing for single and two storey properties to take into account the reduced likelihood of hazards and associated level of enforcement action required.

Many local authorities have adopted differing fee levels to provide a financial incentive to reward good practice and deter poor management.

The fee charged for renewal is generally lower, representing the anticipated lower resource implications required for a second application.

## **Recommendations:-**

A standard fee should be charged to those who delay in complying with their licensing obligations, and an 'early bird' discounted fee should apply to those who apply promptly. Prompt applicants, i.e. applicants are likely to manage their HMOs to a higher standard, resulting in a lesser demand on the Authority's resources.

## HMO Licensing Fee Structure

### Fee Structure 1 – New Applications

The basic fee to be £820 based on **5 habitable rooms** which is a **bedsit, separate living room or bedroom** in a **3 storey or greater building**.

For properties with between 6 and 10 habitable rooms there is additional charge of £30 for each habitable room. Properties with 11 or more habitable rooms the charge will be £40 per habitable room over and above 11 habitable rooms.

In summary the proposed fees for HMO licensing are as follows:

<b>Habitable rooms (bedsit, living room or bedroom)</b>	<b>Total fee of licence for 5 years (3 storey or more Building)</b>	<b>Total fee of licence for 5 years (2 storey Building)</b>	<b>Total fee of licence for 5 years (Single storey Building)</b>
5 or less	£820	£620	£420
6*	£850	£650	£450
7*	£880	£680	£480
8*	£910	£710	£510
9*	£940	£740	£540
10*	£970	£770	£570
11#	£1,010	£810	£610
12#	£1,050	£850	£650
13#	£1,090	£890	£690
14#	£1,130	£930	£730
15#	£1,170	£970	£770
16#	£1,210	£1,010	£810
17#	£1,250	£1,050	£850
18#	£1,290	£1,090	£890
19#	£1,330	£1,130	£930
20#	£1,370	£1,170	£970

### **Example:**

A 3 storey property consisting of 5 habitable rooms with a fee of £820 for five years will cost:

- £164 per habitable room for 5 years
- £32.80 per habitable room a year
- 63 pence a week for each habitable room

<b>Additional Discounts Available on First Application</b>	<b>Total Discount</b>
Full application received within 8 weeks of notification of Licensing requirement.	<b>£200</b>
For Charitable Organisations, the fee is 50% of the original fee.	<b>50%</b>

### **Fee Structure 2 – Renewal of Licence**

Renewal of an existing Licence will attract a 50% discount on the fees detailed in Fee Structure 1 provided a “Full” application (see check list on page 2) is received 8 weeks prior to the date the existing licence expires. Renewals will not be subject to “additional discounts”.

### **Fee Structure 3 – Change of HMO Ownership**

Licenses are non transferable to another person or property and fees are not refundable. If the property were sold on as a HMO, the new landlord would need to apply for a new license, the fee structure remain unchanged given such circumstances.

### **Fee Structure 4 - Enforcement Activities**

Enforcement action is based on application forms being completed and no further action being required. But some time has been added for the occasions when enforcement action is required, such as, Incomplete Applications, Minded to Refuse Licence and Consider & Respond To Representations.

In addition to the fee outlined above additional charges will be payable for Enforcement Activities carried out at the time of the activity:

- Appeals to Residential Property Tribunal (RPT)
- Variations To Licence
- Revocation of Licence
- Interim Management Orders
- Final Management Orders
- Rent Repayment Orders
- HMO Declarations
- Prosecutions

These will be charged at £50 per hour of work. As some of the functions listed above will depend on the complexity of the case it is difficult to judge the total cost per function.