

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.

Table of Licensing Fees Charged and Incentives Offered by a Sample of Local Authorities

Name of Local Authority	Fees Charged/Conditions Imposed	Any Incentives/discounts Offered
Bristol City Council	Full cost for application paid upfront if no application is made (unlicensed property) - £1450 Total cost: £1255 (in two payments)	Discount of £50 if landlord has accredited membership of "Rent With Confidence Scheme" £150 discount for provision of gas safety certificates, EPC and EICR report within timeframe specified
Wrexham County Borough Council	£816 to licence a Mandatory of Additional HMO Licence. (2 payments)	Renewal (Mandatory Licence Only) £497
Cardiff Council	Mandatory Licence Grant of Licence - £620 Duration 5 years. Additional Licence Grant of Licence - £550.00. Duration 5 years. . HMO fee varies according to the condition of the property and is determined on receipt of a correct application. Current fees are £50 where records show that the property is fully up to standard and no inspection is required, and £330 if our records show that the property is not up to standard and an inspection is deemed necessary.	Mandatory Renewal: £515. Duration 5 years. Additional : Grant of Licence to accredited landlords £475.00. Duration 5 years

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Conwy County Borough Council	£595 for up to 8 lettings, £20 per let thereafter. Condition of licence is to attend LAW training within 1 year of receiving licence	There are no incentives/discounts offered for landlords
Bournemouth	The cost of a new licence is £695 for a property up to 10 units. There is an additional charge of £15 per unit above 10. If applications are returned incomplete or additional works are undertaken to investigate unlicensed Houses in Multiple Occupation, additional costs will be charged at an hourly rate to recover all reasonable expenses incurred by the authority. If a DBS check is requested, this will incur an additional fee of approximately £60 .	The renewal of an existing licence is charged at the rate of £595, assuming there are no major changes to the property or its occupancy.
Rhonda Cynnon Taff	New Application = £420 plus £170 per household up to 12 units, then £50 per unit thereafter.	Renewal = £400 plus £140* per household unit up to 12 units then £35* per unit thereafter 10% discount if property is accredited as part of Tre-forest Property Accreditation Scheme
Powys	Basic fee for 3 storey £750 and an additional fee of £100 per flat for larger HMOs over 3 storeys	
Swansea Council	Swansea charge on a sliding scale depending on number of occupiers. New licence application £714 for 3 or 4 occupiers Each additional occupier +£51 5 occupiers = £765 6 occupiers = £816 7 occupiers = £867 8 occupiers = £918 9 occupiers = £969 10 occupiers = £1,020 Application to renew an existing licence by the same applicant submitted after the existing licence has expired £714 for 3 or 4 occupiers Each additional occupier +£51 5 occupiers = £765 6 occupiers = £816 7 occupiers = £867 8 occupiers = £918 9 occupiers = £969 10 occupiers = £1,020 ... There is no fee for administrative changes when varying a licence (e.g. for change of licence holder's address), but any application to increase the maximum number of occupiers under the licence requires the licence holder to	Application to renew an existing licence by the same applicant submitted within the two months prior to the expiry of the existing licence £644 for 3 or 4 occupiers Each additional occupier +£51 5 occupiers = £695 6 occupiers = £746 7 occupiers = £797 8 occupiers = £848 9 occupiers = £899 10 occupiers = £950....

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	pay a fee of £51 for each additional occupier of the property.	
Gwynedd Council	Additional HMO licensing fee is £140 per unit of accommodation.	There are no incentives/discounts offered for landlords

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:

Habitable rooms (bedsit, living room or bedroom)	Total fee of licence for 5 years (3 storey or more Building)	Total fee of licence for 5 years (2 storey Building)	Total fee of licence for 5 years (Single storey Building)
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	£650
18#	£1,290	£1,090	£690
19#	£1,330	£1,130	£730
20#	£1,370	£1,170	£770

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

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

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.