

Appendix 1.

Report to the Director of Community Services

Harrogate Borough Council – Proposed Licence Fee

The Housing Act 2004 has set a duty on LA's to licence HMO's. The Government's view is that LA's have an important role as 'community champions' and licensing will help ensure that standards in the private sector are raised. The private rented sector makes up 10% of the housing provision in the U.K. (approx 12% in Harrogate District) and therefore makes a valuable contribution to the role of housing people and creating sustainable communities.

The Act requires that properties of 3 or more storeys and with five or more occupants are licensable, unless the house consists of self-contained flats.

Section 63(3) of the Act provides for the charging of fees to accompany an application. This fee is determined by the local housing authority (LHA) and may take into account all costs incurred in carrying out its licensing functions.

The options considered for calculating a fee fall into three main categories:

1. **Having a set fee** – this would be very straightforward as there would be one fee regardless of the size of the property, however the disadvantage would be that a smaller property would end up paying the same as a larger property.
2. **Having a banded fee** – The size of the property would be reflected in the fee, however there would be a significant uplift in costs between the bands.
3. **Having a cumulative fee** – In this scenario there would be a standard fee based upon a set number of households then a further charge for each additional household above this trigger level. This method is likely to be the fairest as it will take property size directly into account and will better reflect the actual cost of inspection.

It is proposed that the calculation of the licence fee is based upon option 3 above and that the following method be used to determine households:

That the number of households in a property is equal to :

- The number of bedrooms in a shared house/flat
- The number of bedsitting rooms in a property split into bedsit accommodation
- The number of units of accommodation where a property is a mixture of self-contained, bedsit and/or shared accommodation

A spreadsheet has been developed to estimate the time and cost to license a 5 bedroom/household property and includes one property visit. The purpose of the spreadsheet/matrix is to make the fee structure process transparent so it can be defended if challenged.

The 'standard' fee has been calculated to be £330.01 (£330 rounded down) and it is proposed that this will form the basis upon which license fees are determined. Existing Registration fee is £60 per letting, therefore if a small inflationary increase is taken into account the proposed license fee is comparable with this.

Discount. A 10% discount on the standard fee will be available provided complete applications are received within 3 months of the implementation date (April 6th 2006).

Fit and Proper Person : The Council is required to assess whether the applicant/manager are fit and proper people to own or manage HMO's. The criteria used is laid down in the Act and accompanying regulations. In most cases the information will be supplied under a declaration on the application form. Further checks may be undertaken if there are concerns about the accuracy of the information supplied.

If landlords own more than one property they will not be charged multiple fees for the same part of the licence. Without the 'fit and proper' person test the charge reduces to £290.

Additional charge. An additional charge of £56 will be levied where an application is substantially incomplete necessitating the local authority to repeatedly pursue the applicant to provide the required information.

Renewal of licences. Licences last for 5 years after which they require renewal. Since a discount already applies in respect to re-registration then it is proposed that a discount rate of 40% is applied in the case of renewal of licences and this will be based upon the licence fee applying at the time. If there are changes to the property details requiring further work then these will be charged out at the appropriate rate(s). This discount will only apply provided that the correct information is supplied without the need for follow up action by the Local Authority. Failure to provide the requested information in a timely manner will cancel eligibility for the discount. This will be at the LA's discretion.

Passporting into licensing – Where local authorities operate Registration Schemes with control measures the Government proposals consider that these are sufficiently akin to licensing to warrant arrangements that passport the schemes into the licensing regime. Such an approach will help to ensure that Councils and landlords are not required to duplicate activity in the form of submitting and consideration of further applications whilst still ensuring that the welfare of tenants is protected. Proposals indicate that no fee is payable for passporting. At the end of the registration period the landlord would need to apply for a licence and pay the appropriate fee. As this would be, in effect, renewing a licence then the discount would come into play.

Change of licence holder : If, once the property has been licensed there is a change in licence holder then a new revised licence will be issued. The cost of this is £298, however, since the process is similar to a renewal of a licence then it is proposed to apply the 40% discount to this rate bringing the base cost for this down to £178.80.

Temporary Exemption Notice (TEN). The Council may serve a Temporary Exemption Notice (TEN) where a landlord is, or shortly will be, taking steps to make an HMO non-licensable. A TEN can only be granted for a maximum period of three months. A second three-month TEN can be served, but this will only occur in exceptional circumstances. A fee of £110 will be charged for the service of a TEN.

Other variations to a licence. The charge for variations (including revocation) will reflect the admin and/or officer costs involved in making amendments to the licence or revoking the licence.

Report and fee structure agreed.

Signed.....Director of Community Services.

Date.....

Agreed by Les Williamson 25th April 2006