

**Title: Review of the Houses in Multiple Occupation (HMO) Licensing Fees**

Committee: Operational Services

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**1.0 Issue**

1.1. To consider the adoption of an updated HMO licence fee charging structure.

**2.0 Recommendations**

That the Committee approve:

2.1. The updated fees for HMO applications and renewals, with effect from 1<sup>st</sup> January 2025.

2.2 A review of the fees from 1 April 2025 happens annually in line with the Council wide annual fee and charges budget setting process.

**3.0 Background/Options**

3.1. A property is classed as an HMO if it is shared by persons who are not part of the same family and some or all of the occupiers share a kitchen, bathroom or toilet. The Housing Act 2004 requires mandatory licensing of certain HMO's.

3.2 An HMO licence is only required if the property is shared by 5 or more people and there are 2 or more households occupying. Licences are granted for a period of up to 5 years.

3.3 In deciding whether to grant or refuse an application the local authority must be satisfied that the:

- House is reasonably suitable for occupation by no more than the maximum number in the application (or the number determined by the local authority) or can be made suitable,
- The proposed licence holder is a 'fit and proper person' and the most appropriate person to be granted a licence,
- The proposed manager is the person having control, or is an agent or employee of the person having control and is a 'fit and proper person', and
- The proposed management arrangements are satisfactory

3.4 Conditions are attached to an HMO licence. Breach of the conditions can be an offence. The conditions are to ensure that HMOs are properly managed, are of the

appropriate standard and are fit for purpose given the number of households or persons in occupation (when considering the facilities available and the size of the rooms), and to address anti-social behaviour and prevent overcrowding.

- 3.5 Local authorities have the power to set fees, and the appropriate fee should accompany an HMO application. The fee that can be charged for a new HMO application or for renewal of an existing HMO licence is limited to the cost of processing the application. Applications for renewals do not require consideration of the same detailed information as that of new applications.
- 3.6 The current fee level for any HMO application (new or renewal) is £367.00.
- 3.7 The proposed fee levels have been calculated using the average time spent on processes required to undertake the licence regime and are:
- A new application with <7 occupiers to be charged at £397.00.
  - A renewal of a licenced property with <7 occupiers to be charged at £147.00.
  - A new application with ≥7 occupiers to be charged at £463.00
  - A renewal of a licenced property with ≥7 occupiers to be charged at £169.00

The above calculations are based on 2024/25 officer hourly rates.

## **4.0 Arguments/Conclusions**

- 4.1. The Councils current HMO licence fees are out of date, and do not accurately reflect the resource required to administer the process.
- 4.2. The original fees were set prior to 2018 and did not consider the additional resource required for new applications when compared to renewal applications. In addition, larger new HMO applications (those with 7 or more occupiers) require additional time to review, inspect and licence than the smaller HMO properties. This can be due to the larger properties having more complex layouts, the requirement to ensure sufficient facilities are available for the greater number of occupiers, the requirement to assess for additional fire safety measures etc. Within the current fee structure there is no distinction between such properties.
- 4.3 It is considered the charges as proposed are appropriate for 2024/25. Future HMO licence fees' will be renewed in line with the annual budget setting process, to ensure the cost of administering an HMO licence remains cost neutral to the Council.
- 4.4 The fees structure provides a fairer system for landlords applying for renewals and for those landlords applying for a licence for an average sized HMO property. We have operators of large HMO's within this District, including multi occupied hostel accommodation provided by employers. The updated fees more accurately reflect the resource required in administering the licencing regime, but they cannot provide

for any element of enforcement or proactive investigations into unlicensed premises.

## 5.0 Additional Implications Assessment

5.1 In the table below, please put Yes or No in each box:

<b>Financial Implications</b> <b>Yes</b>	<b>Legal Implications</b> <b>No</b>	<b>Human Resources (HR) Implications</b> <b>No</b>
<b>Equality Impact Assessment (EIA)</b> <b>No</b>	<b>Carbon Impact Assessment (CIA)</b> <b>No</b>	<b>Data Protection Impact Assessment (DPIA)</b> <b>No</b>

5.2. The adoption of the new fee structure will ensure that relevant processing costs are fully recovered for the HMO licensing regime. Although a lower fee will be charged for HMO licence renewals than that currently in place, the proposal will ensure the council complies with its statutory duty to charge fees appropriate to its costs. All new applications will have higher fees than those currently applied.

## 6.0 Appendices

None

## 7.0 Background documents

Housing Act 2004

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

Licensing of Houses in Multiple Occupation (Mandatory Conditions of Licences) (England) Regulations 2018