

## Department of Community Services

### Licence fees for houses in multiple occupation

The Housing Act 2004 has set a duty on Local Authority's to licence certain categories of Houses in Multiple Occupation (HMO's). 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.

Harrogate Borough Council considered the following three options for calculating a fee:

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.

The Council has decided that the calculation of the licence fee will be based upon option 3 as it considers this method to be the fairest as it takes property size directly into account and will better reflect the actual cost of inspection.

The following method will be used to determine the number of 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

Based upon a **5 bedroom/household property** the '**standard**' fee has been calculated to be **£330.00**. This will form the basis upon which actual license fees are determined.

## **Discount**

A 10% discount on the standard fee will be available provided complete applications are received before the 6<sup>th</sup> July 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 assessment will be made based upon the information supplied under a declaration on the application form. Further checks may, however, be undertaken if there are concerns about the accuracy of the information supplied.

If you own more than one property you will not be charged multiple fees for the same part of the licence. Without the 'fit and proper' person test the standard fee reduces to **£298**.

## **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 of re-registration, it has been decided 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 Local Authority's discretion.

## **Passporting into licensing**

Where local authorities operate Registration Schemes with control measures the Government has decided that these are sufficiently akin to licensing to warrant arrangements that passport the schemes into the licensing regime. All three Registration Schemes in Harrogate fall into this category.

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 described above would be applied.

## **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 it has been decided 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 administration and/or officer costs involved in making amendments to the licence or revoking the licence.