

## **EXTENSION OF MANDATORY LICENSING OF HOUSES IN MULTIPLE OCCUPATION**

**Housing & Health Advisory Committee - 18 September 2018**

Report of                   Chief Officer, Environmental and Operational Services

Status                      For decision

Also considered by      Cabinet - 11 October 2018

Key Decision              Yes

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### **Executive Summary:**

In December 2017 the Government announced it will extend mandatory licensing of Houses in Multiple Occupation (HMOs) to cover all properties with 5 or more occupiers living in 2 or more households and sharing amenities, regardless of the number of storeys. The necessary regulations have been published and come into force on 1 October 2018.

The regulations extend the description of a licensable HMO to smaller privately rented properties including two storey shared housing, certain converted and purpose built flats in multiple occupation.

As a result of these changes the current figure of 9 licensable HMO could rise to, potentially, 70.

For every licensable HMO a maximum 5 year licence is issued and a fee charged for this process.

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**This report supports the Key Aim of reducing poverty and social exclusion; providing a healthy environment by reducing health inequalities and improve health and wellbeing.**

**Portfolio Holder**      Cllr. Michelle Lowe

**Contact Officer**        James Cox, Ext. 7312

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**Recommendation to the Housing & Health Advisory Committee:** To recommend to Cabinet to approve the approach to deliver the extension of mandatory licensing and the setting of the associated application fees.

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**Reason for recommendation:** To consider and comment upon the approach being taken, including the setting of licence application fees associated with the introduction of the new extended mandatory HMO licensing regime.

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## Introduction and Background

- 1 The Housing Act 2004 introduced provision for licensing in the private rented sector aimed at raising standards in properties considered to present the highest risk to the health, safety and welfare of occupiers along with reducing anti social behaviour. In April 2006 the mandatory licensing regime for Houses in Multiple Occupation (HMOs) came into force.
- 2 The current legislation only requires a licence to be issued by SDC for a very specific type of property, that being 3 or more storeys in height, let to 5 or more people from 2 or more households and all of whom share amenities (kitchens and bathrooms).
- 3 There are currently 9 licensed HMOs in the District. Appendix A sets out in which wards licensed HMOs are currently located.
- 4 The Private Sector Housing team licence and enforce standards in HMOs.
- 5 Licences are issued for a maximum of five years and are granted to landlords who demonstrate they offer good quality accommodation. Where the Council have concerns that management arrangements or property conditions are not wholly satisfactory, licences may be granted for a lesser period or in some cases refused.
- 6 The current licence fee for each new HMO application is either £593.00 or £650 with renewal applications charged at set at the same level.

## Mandatory HMO Licensing Extension Proposals

- 7 On 20 February 2018 the Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018 were laid before parliament stating mandatory licensing was to be extended to cover all properties with **5 or more occupiers living in 2 or more households and sharing amenities, regardless of the number of storeys.**
- 8 The regulations also extended the type of HMOs that require a licence. Firstly, it is now the case that a flat in multiple occupation which is part of a purpose built building of up to two storeys will require a licence. Such a move is in particular aimed at multi occupation flats above and below commercial premises and flats in converted and purpose built buildings.
- 9 In the case of a flat in multiple occupation it will be the individual flat that needs a licence and not the building within which the HMO is situated e.g. where a building has two flats and each is occupied by 5 persons living in 2

or more households, each flat will require a separate HMO licence.

- 10 The benefits of extending HMO licensing include increased regulation of the private rented sector which should improve property condition and management standards.
- 11 Potential impacts include increased costs for landlords relating to the application process and any subsequent improvements/repairs required. Some landlords may also be required to reduce occupancy in their properties, if the property is found not to be suitable for the existing number of tenants.

#### **Estimated Increase in numbers Licensed HMOs**

- 12 Determining the actual number of properties that will require a licence is challenging due to a limited availability of data. However using the data that is available the following estimates provide a basis from which to plan the implementation of mandatory HMO licensing.
- 13 Estimates based on a recently completed stock model suggest an additional 69 HMOs could require licensing. From looking at the suggested addresses of these 69 new licensable HMO's our belief is this number is higher than anticipated. Work to refine this data is continuing in preparation for implementation, and will involve interrogating the current data bases and using our general knowledge.

#### **Resourcing Requirements**

- 14 HMO licensing and enforcement is the responsibility of an 0.8FTE officer who also undertakes other housing and statutory enforcement. Given the uncertainty regarding numbers and therefore income to fund additional officers the work associated with the extension of HMO will be undertaken initially by existing resources and reviewed as necessary. If numbers of HMOs requiring licencing is higher than expected then additional resources may be required.

#### **Licence Fees**

- 15 HMO licensing is meant to be self funding and the process by which the fees are set needs to be open and transparent. The fees for undertaking the licence process of an HMO with no more than 5 units of accommodation is proposed to be set at £654.00 with any additional habitable rooms including bedrooms being charged at £23.00. This fee structure helps to simplify the fee process.
- 16 Renewal applications will be charged a proposed fee of £412.00. This reduction is possible as some processing stages will not be required and information on the property will already be held.

- 17 Costs associated with a change of HMO licence holder will, if occurs within 12 months of previous licence being proposed is £306, after a year the usual licence fee becomes applicable.
- 18 For landlords who have become members of the various accrediting schemes run county and nationwide, a 10% discount will apply.

### **Impact of Landlord Licensing**

- 19 Mandatory HMO licensing allows SDC to apply additional standards to the private rented properties affected through licence conditions. Compliance inspections are then undertaken to determine whether the conditions of the licence are being adhered to.
- 20 Where non-compliance is found then Private Sector Housing can undertake enforcement action against landlords by means of enforcement via notices and prosecution. Civil penalties will be brought in shortly to provide further incentives for a landlord to underworks and maintain standards.

### **New mandatory licence conditions**

- 21 In addition to extending the coverage of HMO licencing, two additional licence conditions will also be brought into effect.
- 22 For the first time a national minimum room size for sleeping has been introduced which is only applicable to properties required to hold a HMO licence. From 1 October conditions must be imposed within the licence stating the following minimum sleeping room sizes:
  - 6.51m<sup>2</sup> for one person over 10 years of age
  - 10.22m<sup>2</sup> for two persons over 10 years of age
  - 4.64m<sup>2</sup> for one child under the age of 10 years
  - Below 4.64m<sup>2</sup> a room must not be used for sleeping accommodation.
- 23 Waste disposal is also regulated for the first time, although there is no specific guidance provided, although a licenced HMO will need to comply with the refuse arrangements of the local authority.

### **Key Implications**

#### Financial

There are no financial implications of the introduction of HMO licensing with the fees recovering costs for the Licensing function

#### Legal Implications and Risk Assessment Statement.

As the legislation is an extension of statutory requirements currently being undertaken no legal implication and risk assessment is required

## Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## Community Impact and Outcomes

It is the aim of the extension of the HMO licensing to be able to provide a greater degree of control on certain property's, this will allow action to be taken against both residents or landlords of a licensable HMO if their actions fall below minimum standards.

## **Conclusion**

To agree the proposals for the implementation of the extension of HMO licensing, effective from 1<sup>st</sup> October 2018, note the degree of uncertainty on the numbers requiring licensing and therefore the impact upon resources and the level of fees associated with the processing of applications.

**Appendices** Appendix A - Ward data for numbers of current licensable HMOs.

Appendix B - Ward data for numbers suggested as requiring licencing from 1st October.

**Background Papers** The Licensing of Houses in Multiple Occupation (Prescribed Description) (England) Order 2018

[www.legislation.gov.uk/uksi/2018/221/made](http://www.legislation.gov.uk/uksi/2018/221/made)

Guidance for local housing authorities on extending mandatory licensing of houses in multiple occupation.

[www.gov.uk/government/publications/houses-in-multiple-occupation-and-residential-property-licensing-reform-guidance-for-local-housing-authorities.](http://www.gov.uk/government/publications/houses-in-multiple-occupation-and-residential-property-licensing-reform-guidance-for-local-housing-authorities)

**Richard Wilson**

**Chief Officer Environmental & Operational Services**

## **Appendix A**

### **Ward data for numbers of current licensable HMOs**

Ward	Number
Sevenoaks Town & St John's	3
Crockenhill & Well Hill	1
Halstead, Knockholt & Badgers Mount	1
Farningham, Horton Kirby & South Darenth	1
Dunton Green & Riverhead	1
Westerham & Crockham Hill	2
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## Appendix B

### Ward data for numbers suggested as requiring licencing from 1st October

Ward	Number
Ash and New Ash Green	2
Brasted, Chevening and Sundridge	7
Cowden and Hever	1
Crockenhill and Well Hill	1
Dunton Green and Riverhead	4
Edenbridge North and East	1
Edenbridge South and West	3
Farningham, Horton Kirby and South Darenth	4
Fawkham and West Kingsdown	4
Halstead, Knockholt and Badgers Mount	4
Hartley and Hodsoll Street	1
Kemsing	1
Leigh and Chiddingstone Causeway	2
Otford and Shoreham	6
Penshurst, Fordcombe and Chiddingstone	4
Seal and Weald	4

Sevenoaks Eastern	2
Sevenoaks Kippington	2
Sevenoaks Northern	1
Sevenoaks Town and St. John's	12
Swanley White Oak	1
Westerham and Crockham Hill	2
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