

Introduction

The Housing Improvement Team currently sets charges in relation to HMO Licensing and carrying out Works in Default.

Mandatory HMO Licensing

The Housing Act 2004 (The 'Act') introduced a mandatory requirement for certain specified types of Houses in Multiple Occupation (HMOs) to be licensed by the Council. An HMO must have a licence if it consists of three or more storeys and is let to five or more persons who consist of two or more households. Certain properties are exempt from the licensing regime, including certain blocks of self contained flats and properties owned or managed by prescribed public sector landlords. The Act enables each Local Authority to set an appropriate level of fee to administer HMO licensing. The current licensing fee is £164 for each household within the dwelling and this is renewable every five years. The re-licensing at the new fee will bring in a minimum of £250K over a two year period which will cover the staffing costs to administer as re-licensing should be a much quicker process as all details are already on the file and all works required would have been completed

Works in Default

The Council currently charge a 30% fee on top of the cost of works which is a figure recommended by the audit commission. The amount of work in default was reduced last year to avoid an increasing number of irrecoverable debts.

Analysis of cost and income

The current cost of the HMO enforcement team is some £3,170k per annum. This compares to the annual income over the past four years of:

2006/07 - £192,664

2007/08 - £38,656

2008/09 - £34,192

2009/10 - £20,367

The reason for the large variance in the figures is that mandatory licensing was introduced in 2006/07 which resulted in a significant number of HMOs being licensed in that year. Subsequent annual income has therefore been restricted to the discovery of new, unlicensed properties. As Mandatory licenses have to be renewed every five years the Council can anticipate another increase in income in 2011/12 (see below).

Fees and Charges Proposals**Mandatory HMO Licensing**

Increase in charges from £164 to £208 per unit within the dwelling. This fee structure will be presented to Cabinet in April/May in conjunction with an HMO licensing report. Re-licensing starts in September 2011 which will bring in an income of an estimated £250,000. The increased fee represents a more accurate assessment of officer time based on the experience gained to date.

Additional HMO Licensing, Harringay Ward

This is likely to start September 2011 (further to the Cabinet report referenced above) and there are likely to be 300 properties that fall in to these criteria, as a minimum. Likely income is in the region of £300,000. This scheme will be suitable to be moved to other wards. Re-licensing of this scheme is likely to be 3 yearly. The mandatory scheme is every 5 years, Consideration will be given to reducing this to 3 years or less for landlords with a poor track record.

Works in Default

No changes in charges but there may be an increase in overall income through a more effective approach to the way work is undertaken and the associated costs are recovered. It would be reasonable to assume an additional £20,000 each year through such changes.

Service of Notices (Housing Act 2004)

Current charge £nil, the proposed charge is £50 per hour (of officer time). The service of Improvement and Prohibition Notices under the 2004 Act and assessed under the Housing Health and Safety Rating System is extremely time consuming and complex and they are subject to challenge. The preparation time of these notices are between 15/20 hours and in some cases more. There is the potential that 50 of this type of notice could be served each year. This could result in an income of up to £50,000 per annum.

Entry clearance inspections

Current charge £nil, the proposed charge is £50 per hour (of officer time). This relates to inspections required by Embassies and High Commissions regarding the suitability of the accommodation the person is going to live in. Each inspection / documentation takes 3-4 hours and we have between 15/20 applications each year. This could potentially produce an income of £3,000 per annum.

Concessions and Discounts

There are some concessions. The Council charges 20% instead of 30% on the cost of works in default when the owner agrees for the Council to undertake the work on their behalf. There are likely to be some concessions for accredited landlords in respect of licensing fees.

Methods of Payment

Current method for licensing is a cheque for fee with application form. In some cases, related to work in default, the owner is allowed to pay by instalments.

Schedule of Charges

The following table shows existing charges, proposed charges and associated increases in income (£/%)

Item	Current	Proposed	Increase %	Comment
Mandatory HMO Licensing	£164 for each household within the dwelling	£208	25%	There are presently 255 licensed HMO's. This fee structure will be presented to cabinet in April/May in association with an Additional HMO licensing report. Re-licensing starts September 2011 which will bring in an income of £250K minimum.
Additional HMO licensing, Harringay Ward		£208	100%	This is likely to start September 2011 and there are likely to be 300 properties that fall in to these criteria, as a minimum. Likely income is in region of £300K. This scheme will be suitable to be moved to other wards. Re-licensing of this scheme is likely to be 3 yearly.
Work in Default of Owners/Landlords	30% + cost of works	Same	n/a	We need to get smarter in the way we undertake the works and recover the costs. We should be using our internal works organisation to deliver the necessary works and to keep business in

				house and look to efficient ways of recovery. We may need to look for debt recovery agencies or sell the debt for small debt amounts. We can increase this amount of activity if the recovery method is reviewed.
Service of Notices Housing Act 2004		£50 per hour officer time	100%	The service of Improvement and Prohibition Notices under the 2004 Act and assessed under the Housing Health and Safety Rating System is extremely time consuming and complex. It is subject to challenge. The preparation time of these notices are between 15/20 hours and in some cases more. Potential that 50 of this type of notice could be served each year.
Entry Clearance Inspections		£50 per hour	100%	Inspections required by Embassies and High Commissions regarding the suitability of the accommodation the person is going to live in. Each inspection/documentation takes 3-4 hours and we have between 15/20 applications each year.