

## **Appendix 3- Operation of an Additional Licensing Scheme**

### **Types of HMO that might be included in the proposed scheme**

It is proposed that the scheme would cover the whole borough. It is not however proposed that all HMOs would be targeted through licensing, but rather those that present the highest risk to the occupying tenants.

These are:

- Any HMO of two or more storeys, occupied by four or more persons in two or more households and where some or all facilities are shared or missing.
- Any flat occupied by four or more persons in two or more households and where some or all facilities are shared or missing, where the flat is on the second storey or higher.
- Any HMO of two or more storeys, with a resident owner and occupied by four or more other persons in two or more households and where some or all facilities are shared or missing
- All buildings of three or more storeys that have been converted into and consist of four or more self-contained flats where the conversion was not undertaken in accordance with the Building Regulations 1991 (or later) and fail still to so comply; and where both the building and self-contained flats it contains are owned by the same person (none of the individual flats within the building being under separate ownership)
- Any house of two or more storeys comprised of both self-contained and non-self-contained units of accommodation occupied in aggregate by four or more persons in two or more households (not including a resident owner), some of whom share or lack one or more basic amenities such as a bathroom, toilet or cooking facilities

### **What Would the Licence Application Involve?**

It is proposed that the introduction of an Additional Licensing Scheme should reemphasise that the responsibility for HMO property management lies with the landlord and not the Council, in the same way that an MOT proves a certain level of responsibility and maintenance by a driver for their car.

As such, it is proposed that the licensing process should require the landlord to:

- Complete and submit an application form to the Council together with the required fee. The form will ask some simple questions about the property, such as the number of letting rooms or flats, shared bathrooms, toilets and kitchens as well as details of safety measures that have been put in place,

such as the type and installation of a fire detection system. Evidence concerning the following will include:

- Gas safety - Gas safety record (12 months)
- Electrical Safety -Electrical installation condition report (5 years), and portable appliance (PAT) test
- Safety of property in the event of fire- Alarm system, **Emergency lighting.**
- Evidence of arrangements which demonstrate competent property management - **Management records** and copies of tenancy agreements
- Floor plan with room sizes and uses clearly shown
- **A copy of the current EPC where this applies**
- Any proposed licence holder or manager of the property will be required to make a declaration that they are “fit and proper person”
- **Current occupancy details**

This is in line with the current mandatory licensing scheme, but additional evidence has been added to enable the landlord to clearly demonstrate competent property management. Allowing the landlord to do this will assist in reducing the Licensing fee. The requirements are in line with actions that a responsible landlord should be taking. The additional criteria are marked as **bold**.

## **The Licence**

Following the receipt of a complete application, a licence will be granted with standard conditions prior to a full inspection taking place. This will speed up the licensing process.

Where complete applications are received within the first three months of the scheme being introduced, this will be considered an indication of professional property management and a five year licence will be granted. The property will then be risk assessed for inspection within 5 years of the licence issue date.

Where complete applications are not received within the first three months, a one year licence only will be granted and the property will be inspected within the first 12 months. The licence conditions will be based around the current Mandatory Licensing conditions (see Appendix 4) with the following variations:

- Improved Energy Efficiency– this will support the Council's Winter Well Scheme, it will assist in meeting a recommendation in the Barnet's Joint Strategic Needs Assessment 2011-15, it will assist in reducing fuel poverty and it is consistent with requirement in the Energy Act 2011.

- The conditions will also be based around proposed revisions to the Adopted Standards for Houses in Multiple Occupation (Appendix 5). As part of this exercise the standards have been reviewed and amendments made in the light of the pressures currently faced by the private rented sector which includes improved security arrangements to HMOs. Although it has seen a significant reduction in residential burglary, the Borough still has one of the highest per 1,000 residential burglary rates in London.

## **Licence Fees and Charges**

In setting the licence fees, the Council must follow certain principles established by the European Services Directive (ESD) and in particular that the fee must not exceed the actual and direct costs of processing an application and the cost of monitoring compliance by landlords with the terms of their licences. The fee structure is also required to be reasonable and proportionate and cannot include set up charges for the scheme nor overheads or the general running costs of the organisation.

The licence fee is therefore set only to cover the administration costs of the licence. A review of fees will be undertaken annually and will be adjusted to reflect changes in costs.

Where the landlord requires additional help this will be provided for a slightly larger fee through Assisted Licensing.

Having taken account of this, the Council's indicative proposed fee structure is:

### **Indicative Fee Summary**

	<b>Fee Type</b>	<b>Fee Amount</b>
1	New HMO Licensing Fee for a 1 year licence (paper application)	£ 643.35
2	New HMO Licensing for a 1 year licence - assisted fee (paper application)	£ 833.86
3	New HMO Licensing Fee for a 5 year licence (paper application)	£ 988.80
4	New HMO Licensing Fee for a 5 year licence – assisted fee (paper application)	£ 1,179.31
5	New HMO Licensing Fee for a 1 year licence (online application)	£ 594.77
6	New HMO Licensing Fee for a 1 year licence-assisted fee (online application)	£785.28
7	New HMO Licensing Fee for a 5 year licence	£ 940.22

	(online application)	
8	New HMO Licensing Fee for a 5 year licence Assisted fee (online application)	£1,130.73
9	Renewal HMO Licensing fee (paper application) for a 5 year licence	£894.18
10	Renewal HMO Licensing fee (paper application) for a 5 year licence- assisted application	£1,084.69
11	Renewal HMO Licensing fee (on line application) for a 5 year licence	£845.60
12	Renewal HMO Licensing fee (on line application) assisted fee for a 5 year licence	£1,036.11
13	Fee associated with an abortive visit	£70.97
14	Each extra unit of accommodation over 5 units	£23.66
15	Bouncing cheque	£100 plus inflation
16	Change in Nominated Manager	£82.53
17	Property to be used by Barnet Homes	£0 – fee paid by Barnet Homes

### **Fit and Proper Persons**

In considering an application for a licence under the additional scheme, the Council will consider whether the proposed licence holder is a 'fit and proper person'. A copy of the current assessment used for mandatory licensing is attached in Appendix 5 for information. The criteria for this assessment, is defined in the associated guidance to the legislation.

Part of the assessment involves consultation with the Planning Enforcement Service to check whether the owner has been found guilty of contravening planning legislation.

If the owner is found not to be a "fit and proper person" against these criteria, then he/she must find someone else agreed by the Council to manage the property.

### **What Happens if a Licence Cannot be Granted or Revoked?**

If the Council are unable to grant a licence or the licence is revoked for example if the landlord is no longer found to be a "fit and proper person", they must make an

*Interim Management Order.* The Council (or their appointed service provider) then take over the management of the HMO and collect the rents and have responsibility for the tenancies and upkeep of the property. The ownership of the HMO does not change. The Order can last for up to twelve months although it may be revoked earlier because it has been possible to grant a licence.

## **Penalties and Rewards**

The Council will provide advice and guidance to landlords in relation to the standards expected of their accommodation and to assist them to comply with all the relevant standards and legislative requirements.

The Council recognise that there are many good landlords who want to provide a good standard of accommodation for their tenants. It is proposed that landlords who are accredited with the London Landlords Accreditation Scheme (LLAS) or alternative similar scheme accepted by the Local Authority will be eligible for a discount to the additional licensing fee.

In order to demonstrate that the Council recognises compliant from non-compliant landlords, it is proposed that those that submit their complete application within three months of the Council's declaration will be licensed for five years, and those that don't will be initially licenced for one year. Following expiry of a licence and should an Additional Licensing scheme still continue to be in operation, a decision will be made on the standard of management of the property and the property relicensed accordingly for another year or five years.

The Council will publish on-line a list of all licensed HMOs under the scheme. Members of the public and tenants or prospective tenants will be able to check the database and have the confidence of knowing that an HMO has a licence.

If the scheme is approved and having become operative, it will be an offence to operate an HMO falling within the scope of the scheme without a licence. A fine of up to £20,000 can be imposed upon summary conviction.