

DRAFT

HOUSING AND ENVIRONMENT COMMITTEE

24 August, 2010

HOUSE IN MULTIPLE OCCUPATION (HMO) LICENCE APPLICATION FEES

1. Reference was made to article 7 of the minute of meeting of the Licensing Committee of 2 June, 2010, whereby members had instructed that a report they had before them for consideration 'Houses in Multiple Occupation (HMO) Licence Application Fees' be referred to this Committee, and also that this Committee considers (a) the employment of an enforcement officer; (b) the level of application fees; and (c) the banding of application fees. The Committee had before it on this day, the report as submitted to the Licensing Committee, the relevant minute extract in this regard, and further information on (1) the role of HMOs; (2) the purpose of obtaining an HMO licence; (3) fees and banding; (4) renewal fees; (5) potential income based on 2009/10 applications; (6) the financial implications of the options available to the Committee; and (7) legal issues associated with the issue in hand.

By way of background the report advised that the financial year 2009/10 saw a marked increase in the fees, from £475 to £1000, as well as rebanding. 87% of HMO applications received were for properties with three to five occupants, and the rebanding in 2009/10 affected all of these properties, more than doubling their previous fee.

The report suggested that the fee increase for 2010/11 (from £1,000 to £1,200 for properties with three to five occupants) should be reconsidered, as a large surplus had been created last financial year of £204,920, and it was projected that a large surplus would also be created this year, and officers did not feel this could be justified. The report also highlighted the possibility of the Council implementing a reduced fee for renewal licences, as had been the case until

financial year 2006/07, in order to encourage landlords to maintain their properties as HMOs.

The report proposed three options as follows for rebanding the HMO properties and setting new fee scales against each, with the potential income being based on 2009/10 applications (with the assumption that this would continue throughout 2010/11 and 2011/12):

	Option 1		Option 2		Option 3	
Number of tenants	New application	Renewal	New application	Renewal	New application	Renewal
3 – 5	£900	£700	£800	£600	£900	£450
6 – 10	£1,200	£900	£1,100	£825	£1,200	£600
11 – 20	£1,500	£1,200	£1,400	£1,050	£1,500	£750
20 plus	£1,800	£1,400	£1,700	£1,275	£1,800	£900
Income by application type	£86,880	£142,049	£77,090	£122,550	£86,280	£88,208
Total annual income	£228,929		£199,640		£174,488	

With the three requests for deputation having been agreed at an earlier point in the meeting (article 3 of this minute refers), the Convener invited first Mr O’Kane to address the Committee, followed by Mr and Mrs Forster, and finally, Mr Parker and Mr Kilpatrick.

Mr O’Kane, who was speaking on behalf of a number of private landlords throughout the city, advised that he had contacted all Scottish local authorities on this issue. Around twenty five Councils had responded and all of those had confirmed to him that, unlike Aberdeen City Council, they did not transfer any surplus made through HMO licence fees to their General Funds. Mr O’Kane

suggested that fees should reflect the costs only and requested that the Committee approve option three as detailed within the report.

Mr and Mrs Forster, who were speaking on behalf of the Scottish Association of Landlords (SAL), advised the Committee as to the purpose and set up of SAL, and suggested that if HMO licence fee application prices were not reduced, that more landlords would chose to rent their properties to two tenants, rather than three (as HMO licences were not required for properties where there were only two tenants). Mrs Forster requested that the Council consider introducing signed declarations of compliance, and also supported option three as detailed within the report.

Mr Parker (who was speaking on behalf of Aberdeen University Students' Association) and Mr Kilpatrick (who was speaking on behalf of Aberdeen College Students' Association) also suggested that the rising fees gave landlords no incentive to rent to three students, when they could raise their rents and rent to two students, or rent to a family and not require an HMO licence. They intimated their concern that students may, in some cases, end up renting from unscrupulous landlords who may not ensure that their properties were kept to a high standard. They suggested that HMO licence numbers should have to be displayed alongside any advertisement made by a landlord for a property with three bedrooms or more, and requested that the Committee (1) set the application licence fees on an annual basis; (2) do not transfer surplus to the General Fund as had been previous practice, but ring fence to an HMO budget; and (3) that smaller properties be required to pay lesser fees than larger properties. With regards to the options outlined in the report, Mr Parker and Mr Kilpatrick also indicated that option three would be their preferred option.

The Committee asked a number of questions of all three deputations, and of officers. In particular officers confirmed that the Council was currently not charged by Grampian Police, Grampian Fire and Rescue Service or the Anti

Social Behaviour Investigations Team for any work they undertake in relation to the licence applications, but further that there was no guarantee that this work would not be charged for in the future.

The report recommended:-

that the Committee:-

- (a) approve the introduction of a revised fee structure, to include a separate initial application and renewal fee; and amend the bed spaces bandings;
- (b) set House in Multiple Occupation (HMO) licence application fees as follows, as per option one as detailed within the report:

Number of tenants	New application	Renewal
3 – 5	£900	£700
6 – 10	£1,200	£900
11 – 20	£1,500	£1,200
20 plus	£1,800	£1,400

- (c) refer recommendations (a) and (b) above to the meeting of the Finance and Resources Committee of 28 September, 2010 for ratification, with an implementation date of 1 October, 2010;
- (d) instruct that the appropriate Committee(s) consider the setting of HMO licence fees on an annual basis; and that when considering the setting of these fees that they ensure that the fees receivable will be sufficient to meet the expenses of the Council in exercising their HMO licensing function; and
- (e) instruct the Director of Housing and Environment to report to the next meeting of this Committee of 26 October, 2010, with a business case requesting the employment of appropriate enforcement and administrative officers in relation to HMO licensing.

The Convener, seconded by the Vice Convener, moved:-

that the Committee:-

- (1) **approve the introduction of a revised fee structure to include a separate initial application and renewal fee;**
- (2) **instructs that HMO licence fees and bands be set as follows:**

Number of tenants	New Application	Renewal
3 – 5	£900	£700
6 – 10	£1,200	£900
11 – 20	£1,500	£1,200
21 – 50	£1,800	£1,400
51 plus	£2,100	£1,600

- (3) **refers recommendations (1) and (2) to the meeting of the Finance and Resources Committee of 28 September, 2010 for ratification, with implementation from 1 October, 2010;**
- (4) instructs that the appropriate Committee(s) considers the setting of HMO licence application fees on an annual basis; and that when considering the setting of these fees that they ensure that the fees receivable will be sufficient to meet the expenses of the Council in exercising their HMO licensing function;
- (5) instructs the Director of Housing and Environment to report to the next meeting of this Committee with a business case requesting the employment of appropriate enforcement and administrative officers in relation to the HMO licensing;
- (6) instructs the Director of Housing and Environment to write to the Scottish Government to request a change in legislation to the effect that any landlord advertising a House of Multiple Occupancy for

rent, would be required to include in the advert, their HMO registration number; and

- (7) instructs officers to report back on the possibility of introducing signed declarations of compliance in future years.

Councillor Hunter, seconded by Councillor Cooney, moved as an amendment:-
that the Committee:-

- (1) approves the introduction of a revised fee structure to include a separate initial application and renewal fee;
- (2) instruct that HMO licence fees and bands be set as per option three as detailed within the report, as follows:

Number of tenants	New Application	Renewal
3 – 5	£900	£450
6 – 10	£1,200	£600
11 – 20	£1,500	£750
21 – 50	£1,800	£900

- (3) refers recommendations (1) and (2) to the meeting of the Finance and Resources Committee of 28 September, 2010 for ratification, with implementation from 1 October, 2010;
- (4) instructs that the appropriate Committee(s) considers the setting of HMO licence application fees on an annual basis; and that when considering the setting of these fees that they ensure that the fees receivable will be sufficient to meet the expenses of the Council in exercising their HMO licensing function;
- (5) instructs the Director of Housing and Environment to report to the next meeting of this Committee with a business case requesting the employment of appropriate enforcement and administrative officers in relation to the HMO licensing;

- (6) instructs the Director of Housing and Environment to write to the Scottish Government to request a change in legislation to the effect that any landlord advertising a House of Multiple Occupancy for rent, would be required to include in the advert, their HMO registration number; and
- (7) instructs officers to report back on the possibility of introducing signed declarations of compliance in future years.

On a division, there voted:- for the motion (9) – the Convener; the Vice Convener; and Councillors Cormack, Cormie, Dunbar, McCaig, Noble, Robertson and Yuill; for the amendment (4) – Councillors Collie, Cooney, Crockett and Hunter.

The Committee resolved:-

to adopt the successful motion.