

## Annex

### Income Generation Measures Relevant to Enforcement Service Areas

#### Private Sector Housing

*Purpose of the paper: to provide members with information on relevant income generation measures relevant to enforcement services. Information to include:*

- *Building Control – increase in development fee income*
- *Licensing – licence / application fee income*
- *Parking – bearing in mind restrictions around this.*
- **Private Sector Housing**

#### 1. Measures already identified

##### Licensing fee income from Private Sector Housing licensing schemes.

(a) All Councils are required to operate a Mandatory Licensing Scheme for certain Houses in Multiple Occupation (HMOs). The type of HMOs covered are prescribed by *The Licensing of Houses in Multiple Occupation and Other Houses (Prescribed Descriptions) (England) Order 2006 SI 371* as follows:

- Houses of three or more storeys,
- occupied by five or more unrelated individuals,
- who share one or more basic amenity.

1.1. The Council is empowered to charge a fee for processing licensing applications (Section 63, Housing Act 2004). When fixing fees under this section, they can take into account all costs incurred in carrying out their licensing functions and their functions under Chapter 1 of Part 4 in relation to HMOs. The fee may be set to cover these costs but may not be set higher so as to generate a surplus.

1.2. In addition to operating the mandatory licensing scheme councils can designate all or part of their area as an Additional Licensing area and thereby specify a wider category of HMO required to be licensed than the mandatory criteria outlined above. Doing so would significantly increase the numbers of HMOs requiring licensing with a corresponding increase in fee income. The Council is currently investigating the feasibility of additional licensing on both a Ward by Ward and borough-wide basis as part of a separate work stream.

1.3. Thirdly, subject to certain criteria laid down in regulations, councils can introduce “selective licensing schemes” for all or part of their area (although depending on the size of the proposals these may require Secretary of State consent). Selective licensing schemes apply to all private rented dwellings in the designated area that are not covered by the mandatory or additional schemes. Again, the Council is currently investigating the feasibility of additional licensing on both a Ward by Ward and borough-wide basis as part of a separate work stream.

1.4. Hackney has not, to date, designated any of its area as subject to additional or selective licensing schemes and only the mandatory scheme is in operation. However, as noted above, the viability of various options for additional and selective licensing schemes is currently being assessed.

In view of the above there is potential to generate fee income to fund further licensing schemes. However, it is not possible at this time to predict the level of fee income that could be generated; for the following reasons:

- The Council does not have data on the numbers of HMOs of each category that exist in the borough or on private rented properties generally or their condition. This data is essential to ascertain the numbers of potentially licensable properties and to design any viable further licensing business model. Officers are currently procuring a housing predictive modelling exercise which will address this issue and give a profile of the Private Rented Sector in Hackney, including the number of HMOs in each licensing category. This will then be used to update the service plan for the Private Sector Housing service for 2016 onwards. Until this data is available it is not possible to predict potential fee income from further licensing schemes (or their viability) for private sector housing in Hackney for 2016/17 or subsequent years. The outcome of the procurement exercise and the predictive modelling data and report is expected in March 2016.
- Income forecasting has been made more difficult still in that the Government is about to issue a consultation paper on proposals for the future of Mandatory Licensing Schemes for HMOs. The content of the consultation is not yet certain but it is thought to include proposals for a wider category of HMO to be included in the mandatory licensing scheme. These proposals could significantly increase the number of HMOs that the council would be required to licence along with the fee income received and associated costs incurred. The actual numbers will of course be dependent upon how far the criteria are broadened and this is currently unknown.
- Wider criteria for mandatory licensing may obviate or alter the need for any additional HMO licensing scheme (and potentially any selective licensing scheme) and this impact cannot be assessed until the consultation is completed and the new criteria are prescribed by the Secretary of State. Alternatively, the criteria may remain unchanged in which case decisions on any additional or discretionary licensing schemes will then need to be made under the existing framework in line with the work that is already in train on this issue.

## **2. Summary**

2.1. Owing to the high level of uncertainty around the regulatory framework for licensing in future years and the absence of reliable data on the housing stock profile and condition, it is not possible at this time to forecast potential licensing fee income (or associated costs) for future years or to provide a definitive assessment on the potential viability of additional or selective licensing schemes.

(b) The reasons this is being proposed, including:

- a. How much income this would generate

For the reasons detailed above it is not possible at this time to forecast licensing fee income (or associated costs) for future years.

- b. How this has been calculated

N/A

c. and d. Other benefits and drawbacks/implications

It is not possible to predict the benefits or drawbacks/Implications at the present time for the reasons detailed above. Private Sector Housing will be re-aligning its services in the light of current legislative changes, the outcome of other work on the service offer that is currently in train, and upon receipt of accurate stock profile data expected in March 2016.

**3. Other options:**

Please set out any alternatives considered and rejected, with reasons.

3.1. No other alternatives are being considered at present in the context of the points made above.