

PART A - Initial Impact Assessment

Proposal Name: Review of HMO Fees and Charging Structure

EIA ID: 2286

EIA Author: Malcolm Ramsay

Proposal Outline: Cabinet first approved a mandatory licensing scheme for Houses in Multiple Occupation (HMOs) in April 2006, as prescribed within the Housing Act 2004. Substantial changes to the scheme were approved in 2018 when the definition of licensable HMO properties was expanded, and new building standards were imposed. Following a detailed review of current fees and charging arrangements, we are asking Committee to approve increases to the HMO licence fees and amendments to the charging structure.

Proposal Type:

Year Of Proposal: 23/24

Lead Director for proposal: Catherine Hughes

Service Area: Private Housing Standards

EIA Start Date: 8/1/2023

Lead Equality Objective: Understanding Communities

Equality Lead Officer: Louise Nunn

Committees:

Policy Committees

- Housing

Portfolio**Primary Portfolio:**

Neighbourhood Services

EIA is cross portfolio:

No

EIA is joint with another organisation:

No

Overview of Impact**Overview Summary:**

The proposed changes to HMO fees and charging structure will ensure that the licensing scheme covers its costs, and complies with case law precedents regarding the charging of fees for licence schemes in two separate parts. HMO licensing needs to maintain strong presence within the City, protecting tenants from poor practice and unsafe properties; making it harder for people in need of housing to be exploited by unscrupulous landlords, targeting illegal and unlicensed HMOs across Sheffield. The move to an all-digital application process and the green discount for properties with higher energy performance ratings will make a contribution to efforts to combat climate change. The effect of the move to all-digital applications on older or disabled licence holders should be considered. These groups are known to have less access to the internet and to be less digitally enabled. Many current HMO landlords are from older generations, but less is known about any levels of disability as this information is not gathered on the licence application. HMO property ownership is commonly used as a form of income to replace or augment pension income. We have a reasonable expectation that people will only access the licensing scheme as part of their business of letting and managing HMOs, therefore that they will take a businesslike approach, having the capability and resources to either complete the digital application

themselves or to employ someone else to do this on their behalf. Many landlords already employ a property manager or letting agent who does this work on their behalf. To mitigate the change and ensure that access to the service is kept as open as possible, we will offer assistance from Council officers to complete the digital application form (over the phone rather than in person) which should address the needs of existing landlords who are renewing their licence and struggling to use the digital form. A charge of £40 per hour or part hour will be made for this service. The economic impact of the revised fees will be applicable mostly to HMO landlords and possibly their tenants if some or all of the additional fee costs are passed on in rental charges. We would maintain that the wider protections offered by the licencing scheme more than outbalance the additional costs involved. Links to the City-wide objectives in SCC's Corporate Plan 2022-23 can be illustrated as follows:

- Fair, inclusive and empowered communities - HMO licencing protects HMO tenants by imposing minimum standards for their accommodation, and by giving them a means to raise concerns about the condition of their housing or the management practices of their landlords
- Strong and connected neighbourhoods – Working in partnership with many of Sheffield's excellent HMO landlords, a well-resourced HMO licencing team will be able to respond to reports of illegal HMOs and take action against them
- Tackling inequalities and supporting people through the cost of living crisis The availability of good quality HMO accommodation is an important contributor to the diversity of Sheffield's housing stock, and offers a relatively low-cost housing option for workers in key industries, students and others on low incomes
- Healthy lives Amongst the property conditions which are checked by HMO inspectors, issues which could directly impact on the health and wellbeing of tenants, such as damp and mould, inadequate heating will be detected and addressed.
- Clean economic growth – incentives for greener properties with higher energy performance
- Happy young people, safe and opportunities to reach potential - The large number of students occupying high quality licenced HMOs in Sheffield illustrates the importance of the HMO sector in meeting the needs of young people and helping them to succeed in their studies.

Consultation and other engagement

Cumulative Impact

Does the proposal have a cumulative impact: No

Impact areas: Across a Community of Identity/Interest

Initial Sign-Off

Full impact assessment required: No

Review Date: 8/1/2023

Action Plan & Supporting Evidence

Outline of action plan:

Action plan evidence:

Changes made as a result of action plan:

Mitigation

Significant risk after mitigation measures:

Outline of impact and risks:

Review Date

Review Date:

8/1/2023

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