1. **What is Additional (HMO) Licensing?**
Additional (HMO) Licensing under section 56 of the Housing Act 2004 allows the Local Authority to extend the Mandatory HMO licensing scheme to include other types of HMO, that are being managed insufficiently enough to give rise to one or more particular problems either for those occupying the property or for members of the public. It can be applied either to designated areas or across the whole of the Borough and enables local authorities to work with landlords to raise management standards and improve housing conditions.

2. **What is a House in Multiple Occupation (HMO)?**
A ‘House in Multiple Occupation’ is legally defined under sections 254 (and 257) of the Housing Act of 2004. The current definition under s254 actually comprises a series of ‘tests’ which are applied to the premises concerned. If the building (or part of the building) meets all the conditions set out in any of these tests, then it is a HMO.

The term ‘HMO’, covers a wide range of property types and styles. The following examples are all HMO’s:

- An entire house or flat which is let to 3 or more tenants, who form two or more ‘households’ and who share a kitchen, bathroom or toilet.
- A house which has been converted entirely into bedsits or other non-self-contained accommodation and which is let to 3 or more tenants, who form two or more ‘households’ and who share kitchen, bathroom or toilet facilities.
- A converted house which contains one or more flats that are not wholly self-contained (i.e. the flat does not contain within it a kitchen, bathroom and toilet, even though these may be provided elsewhere in the building and may be dedicated for the sole use of that particular occupier) and which is occupied by 3 or more tenants who form two or more ‘households’.
- A building (or part of a building) which is converted and consists entirely of self-contained flats if the conversion did not meet the standards of the 1991 Building Regulations and where more than one-third of the flats are let on short-term tenancies. (Section 257 HMO)
- A building where the Local Housing Authority has served a ‘HMO Declaration’ under section 255 of the Housing Act 2004

In order to be an HMO the property must be used as the tenants’ only or main residence’ and it should also be used solely or mainly to house tenants. Please note that properties which are let to students or migrant workers are (under this legislation) considered as their only or main place of residence. The same applies to properties that are used as domestic refuges.

3. **What does the current Mandatory (HMO) licensing scheme cover?**
The Housing Act 2004 requires landlords of HMOs of a certain description to apply for licences from the council. Mandatory licencing of Houses in Multiple Occupation (HMOs) covers those properties with:

- three or more storeys
- occupied by five or more people forming two or more households (i.e. people not related, living together as a couple, etc), and
- which have an element of shared facilities (e.g. kitchen, bathroom, etc) or where all the units of accommodation are not fully self-contained (i.e. although a kitchen, bathroom or WC are provided for the tenant’s use elsewhere in the building, they are not actually situated within their unit of accommodation.)

More details on HMO licensing standards can be found on the council webpage.
4. Why is the Council introducing Additional (HMO) Licensing when there is already Mandatory Licensing in operation?
Sefton Council has undertaken research which has determined that a significant proportion of HMOs that do not fall under the present into the definition to require a Mandatory licensing regime, are giving rise to problems that include poor housing management and anti-social behaviour complaints. Sefton is satisfied that Additional Licensing of these HMOs will greatly assist in dealing with the problems identified.

5. I already run a Licensed HMO - do I require a Licence for my other houses?
Yes. You must hold a separate Licence for each house that meets the Licensing criteria.

6. What properties are included in the Additional (HMO) Licensing scheme?
ALL properties that meet any of the current legal definitions of a HMO (see Question 2 above), except for those that are already of the ‘prescribed description’ for Mandatory HMO Licensing (see Question 3 above) are included within the scheme.

7. Which properties are exempt from Additional (HMO) licensing?
There are some properties that are exempt from licensing. However, they must fall into one of the following categories:

- Buildings occupied by only two persons, who do not form a single ‘household’
- Buildings predominantly ‘owner-occupied’ including those where the owner and his or her family share the house or flat with no more than two other unrelated persons.
- Buildings occupied by students but managed by the educational establishment in question, under an ‘Approved Code of Practice’
- Buildings managed by the Local Housing Authority, Registered Social Landlords, the Police, Fire or Health Authority.
- Buildings occupied by religious communities.
- Buildings regulated under other specific pieces of legislation such as: Children Act 1989, Care Homes Regulations 2001, Children’s Homes Regulations 2001, etc

8. Where will the scheme operate?
The Additional (HMO) Licensing designated areas include parts of Seaforth, Waterloo, Brighton-le-Sands and Southport, the list of roads and maps of the area can be seen in the below documents
   o https://www.sefton.gov.uk/media/1309633/al-designation_final.pdf

9. What evidence do you have that Additional (HMO) Licensing will help?
Additional (HMO) Licensing schemes have been introduced by a number of Local Authorities and have resulted in generally improved levels of property management across the board. Reports indicate that improved interaction between landlords and local authority plus the increasing influence of good, professional and compliant landlords / agents operating within locality, have had a beneficial effect on housing standards and on the communities and businesses effected.

10. What standards will a landlord have to meet to get a licence?
Additional (HMO) Licensing requires landlords or their agents to demonstrate they are ‘fit and proper’ and have no criminal convictions which may affect their management of the property. They must also have satisfactory management and financial arrangements, as well as having adequate procedures in place for dealing with problem tenants. Management arrangements will include things such as making sure the property is safe to live in and issuing the tenant with a written tenancy agreement. Licence holders will also have to provide annual gas safety records and adhere to a number of conditions as part of their licence. The licence conditions can be seen at www.sefton.gov.uk/private-housing
Examples of evidence required include:

- Gas safety - Gas safety record (12 months)
- Electrical Installation Condition Report (EICR), Fire Alarm and Emergency lighting certificates, where applicable
- Floor plan with room sizes and uses clearly shown
- Any proposed licence holder or manager of the property will be required to make a declaration that they are a “fit and proper person”
- Current occupancy details

11. Will my property be inspected by the Council?
Sefton Council intends to inspect all licensed properties during the period of the licence to ensure compliance with licence conditions.

12. What does a “fit and proper person” mean?
Sefton Council will carry out checks to make sure that the person applying for a licence is a “fit and proper person”. In deciding whether someone is “fit and proper”, Sefton must take into account, amongst other matters:

(a) Any offences involving fraud or other dishonesty, or violence or drugs, or any offence listed in Schedule 3 to the Sexual Offences Act 2003.
(b) Any unlawful discrimination on grounds of sex, colour, race, ethnic or national origins or disability in, or in connection with the carrying on of any business.
(c) Any contravention of any provision of the law relating to housing or of landlord and tenant law.
(d) Any person involved in the management of the property has sufficient level of competence to be so involved.
(e) Any person involved in the management of the house is a fit and proper person to be so involved.

Sefton can also decide if a person is not “fit and proper” as a result of association with other persons who would not be considered “fit and proper” where this would affect the management of a licensed property.

13. I have been passed as a fit and proper person Sefton and/or by another local authority do I have to complete this again?
Yes you will need to complete a Fit and Proper declaration as part of the online application process since up to date information on a person’s suitability to be a fit and proper person is required. We cannot also guarantee that using another Local Authority’s information is, therefore, up to date.

14. What will happen if I do not apply for a licence?
It is a criminal offence to operate without a licence in a designated area and could result in the landlord/owner being prosecuted. On conviction the landlord/owner could face a fine of any amount and any rent collected during the unlicensed period could be reclaimed by either the tenant or the council.

The local authority can also apply to the First-tier Property Chamber for a ‘rent repayment order’ to recoup any housing benefit the landlord has received during the unlicensed period (maximum 12 months). No offence is committed however if there is an outstanding application for a licence on record or a ‘temporary exemption notice’ is in force.
15. Cost of Scheme

How much would the Licence cost and is this tax deductible?

The table below shows the agreed licence fees and association discounts offered. Yes, the licence fees are tax deductible and examples of before and after tax calculations are included below. The fee is based on the cost of delivering the Licensing scheme over the 5 year period.

Fees per property

<table>
<thead>
<tr>
<th>Additional (HMO) Licensing</th>
<th>£</th>
<th>Annual Equiv.</th>
<th>Weekly Equiv.</th>
<th>20% Tax Deduct</th>
<th>40% Tax Deduct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Fee</td>
<td>850</td>
<td>170</td>
<td>3.27</td>
<td>170 (680)</td>
<td>340 (510)</td>
</tr>
<tr>
<td>Accreditation</td>
<td>700</td>
<td>140</td>
<td>2.69</td>
<td>140 (560)</td>
<td>280 (420)</td>
</tr>
<tr>
<td>Accredited Managing Agent (licence holder)</td>
<td>650</td>
<td>130</td>
<td>2.50</td>
<td>130 (520)</td>
<td>260 (390)</td>
</tr>
<tr>
<td>Early Bird</td>
<td>800</td>
<td>160</td>
<td>3.08</td>
<td>160 (640)</td>
<td>320 (480)</td>
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</tbody>
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In addition:

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<table>
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<tr>
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<tbody>
<tr>
<td>7-12 units</td>
<td>150</td>
</tr>
<tr>
<td>13-20 units</td>
<td>250</td>
</tr>
<tr>
<td>21+ units</td>
<td>350</td>
</tr>
</tbody>
</table>

16. Who is responsible for paying the licence fee?
The licence holder will be responsible for paying the licence fee for each property.

17. Who made the decision to approve the scheme and when does it start?
The responses from the consultation were reviewed by elected members and a decision to implement the scheme was made by Cabinet at their meeting on 7 September 2017. The scheme will start on 1 March 2018.

18. Has the Council learnt from the failing of management of other LA’s licensing schemes?
Sefton Council Officers have spoken to, visited and reviewed practices of other local authority licensing schemes and has taken account of those ‘lessons learnt’.

19. Is the Council using Licensing fees to raise money?
The Council is not permitted to obtain financial gain from the fees paid through the licensing process. The fee charged will cover the costs associated with administering the Licensing Schemes.

20. Will landlords sell up?
The fee for a licence is affordable. We believe that irresponsible landlords who do not keep their properties in good condition and do not manage them properly might decide to sell, in order to avoid licensing. This will, however, open up their properties to people that will manage them well. Licensing will improve the image of the sector as a whole and will help encourage responsible landlords to invest in Sefton.

21. What will the council do to support landlords under its schemes?
The council intends to enhance its good working relationship with responsible private sector landlords as part of the licensing schemes.

Specific support measures will include:

- A reduced licensing fee for properties accredited with Sefton’s Property Accreditation Scheme
- A reduced fee on 5 year licenses for applications received within the first 3 months of the scheme’s commencement date
Support will be provided to landlords in relation to the licence standards
Training courses at a reduced fee will be offered to help landlords understand their rights and responsibilities
Online resources such as sample letters and tenancy agreements will be provided
Opportunity to attend Landlords' Forums

22. I'm a tenant of a HMO within the designated area. How will Additional (HMO) Licensing affect me?
Additional (HMO) Licensing requires landlords to adhere to a number of conditions as part of their licence. Officers from Sefton Council plan to inspect the property to ensure it is in a satisfactory condition and that any hazards present are appropriately addressed by your landlord. This provides you with the reassurance that checks have been done to ensure that the property is of a suitable standard and suitable for occupation.

23. I'm a resident living within the area. How will Additional (HMO) Licensing affect me?
Additional (HMO) Licensing aims to ensure that HMOs in your area are being properly managed and will enable the Council to take enforcement action against a wider range of properties where necessary. The additional controls will assist in addressing issues such as with property condition or anti-social behaviour and should result in benefits to all residents, businesses and visitors to the local area.

24. What happens if licence conditions are breached?
If a licence is issued and the conditions are subsequently breached, this could lead to a fine of any amount for each breach. A breach of licence conditions could also lead to the revocation of the licence and unless a suitable alternative licence holder could be found, the Council may take over the management of the property by issuing an Interim Management Order (IMO).

25. Will the Council give support to landlords who experience anti-social behaviour (ASB) from their tenants?
Yes, the fees from the licensing schemes would fund part of a post within the ASB Team to provide support for private landlords. The Council is aware that many landlords can be intimidated by some tenants and find tackling this issue a real concern. Leaving ASB to escalate can cause excessive strains emotionally and financially on landlords in particular. The ASB Team will offer advice, provide sample documentation and be able to mediate between landlords and their tenants.

Sefton Council will inform tenants that landlords would be bound by licence conditions and, therefore, required by ourselves to deal appropriately with any ASB. Over a period of time, it is expected that tenants causing persistent ASB will soon realise that their options for housing in local communities may become limited.

Landlords who address ASB and follow the procedure/advice of the ASB Team will also be able to provide ample evidence, presentable to a court if a case progressed to eviction.

26. Will there be a problem in other areas with displacement/homelessness of tenants evicted?
It is recognised that there may be a risk of displacement, however, there has been no evidence to say that this has happened in other authorities.

Selective and Additional Licensing should not lead to homelessness. Licensing aims to stabilise tenants in better managed homes, reducing the high turnover that can lead to homelessness. There may be cases where tenants need to be re-housed from accommodation that is found to pose an immediate risk to their health and safety. In these cases, the Housing Standards Team will work closely with the Council’s Housing Options service to ensure that alternative accommodation is offered where appropriate.
27. How will the Council ensure ‘Rogue’ landlords are found and action is taken?
Sefton Council is committed to ensuring the success of the scheme. Criminal Prosecutions and Civil penalties will form part of a rigorous enforcement approach.

Sefton Council has access to a number of data sources to identify privately rented properties and pursue those evading licensing or failing to comply with conditions.

28. What about good landlords who already manage their properties well?
A number of landlords already deliver good quality, well managed homes. Unfortunately, we cannot exempt them from the scheme but we will be encouraging those landlords to apply to accredit their properties and benefit from the reduced fee. Further information, additional free benefits and to apply for your properties to be accredited can be found at https://www.sefton.gov.uk/housing/private-housing/property-accreditation-scheme.aspx

29. Why is the Council in its current economic climate introducing a scheme which may run at a loss?
It is felt that if the schemes are successful (or partly) and goes some way to addresses issues within the community and improve living conditions leading to improved health for occupiers it represents good value for money since there will be reduced demand on other Council and Health Services overall.

30. I will evict my tenant and leave my property empty since I cannot afford the licence fee.
Obviously this is your choice, however, you would be advised to calculate the rental income less licence fee, compared to no rental income, possible 150% council tax, and potential losses from vandalism and deterioration associated with leaving a property vacant.

31. I will increase the rent to recoup the licence cost
Recovering licence cost through rents is a business decision which you may consider.

32. Will landlords of smaller properties have to pay the same fee as Landlords of larger, high rent properties?
Yes. The fee is based on the time taken to process the licence application. The majority of this process is the same however large the property. We have included an additional charge for those with 7 or more units to take account of additional processing and inspection time.

33. Are registered charities exempt from licensing
No, charities are not exempt from licensing. Only registered social landlords or those regulated through other enactments are exempt. If in doubt contact us.

34. Who can I contact if I have any queries about Selective or Additional (HMO) Licensing schemes?
Housing Standards Team
Sefton Council
1st Floor Magdalen House
30 Trinity Road
Bootle   L20 3NJ    Email: landlord.licensing@sefton.gov.uk