

# Regulatory Committee

9.30am, Monday, 23 August 2021

## Houses in Multiple Occupation – Service Update

Executive/routine  
Wards  
Council Commitments

### 1. Recommendations

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- 1.1 The Regulatory Committee is asked to:
  - 1.1.1 Note the contents of this report;
  - 1.1.2 Agree the change in process in relation to property inspections, with the introduction of a risk-based inspections model;
  - 1.1.3 Agree that decisions on whether to make one and three year grants of House in Multiple Occupation ('HMO') licences will continue to be delegated to the Executive Director of Place and that three year licences will only be suitable for properties which are fully compliant and which have had no problems in the previous licensed period; and
  - 1.1.4 Agree that a review of the current structure for HMO application fees should be undertaken.

**Paul Lawrence**

Executive Director of Place

Contact: Andrew Mitchell, Regulatory Services Manager

E-mail: [andrew.mitchell@edinburgh.gov.uk](mailto:andrew.mitchell@edinburgh.gov.uk) | Tel: 0131 529 4208

## Houses in Multiple Occupation– Service Update

### 2. Executive Summary

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- 2.1 This report updates the Committee on the operation of the Houses in Multiple Occupancy (HMO) licensing system and, in particular, about proposed changes to the property inspection regime.
- 2.2 The three-year licensing system and fee structure, introduced in 2017, reflected the growth in the number of larger shared accommodation properties, and sought to incentivise landlords to improve the standard within the sector by allowing officers to grant three-year HMO licences to suitable properties which have demonstrated compliance with legislation and conditions. This report also recommends that officers should review the current application fee arrangements to ensure that the costs to the Council of dealing with a HMO application are fully recovered.

### 3. Background

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- 3.1 The Council is required to license Houses in Multiple Occupation - where three or more individuals or families live in a property. The Council charges a fee to cover the costs of operating and enforcing the licensing scheme.
- 3.2 HMO licence fees are based on occupancy capacity, with an option of a one or a three year licence. New HMO licences are normally granted for one year, with a minimum period of six months. Existing licence holders applying for a subsequent licence for an individual property are afforded the flexibility of requesting a one or three year licence.
- 3.3 Grants of three year licences are only considered for suitable properties and on a case by case basis, and can be restricted to a one year licence based on the following assessment criteria first introduced in 2017 with a further criterion relative to continuous certification added in 2020. These are:
  - 3.3.1 Premises or landlords that are subject to ongoing monitoring where issues have been identified by officers;
  - 3.3.2 Premises or landlords subject to enforcement action;
  - 3.3.3 Premises or landlords where previous complaints have been upheld;

- 3.3.4 Premises for which remedial work identified on inspection has not been completed within four weeks of the first inspection date, without prior consent from the Council;
- 3.3.5 Premises where the Licensing Sub-Committee has chosen to restrict the period of licence due to concerns raised; and/or
- 3.3.6 Premises where the landlord is unable to provide evidence of continuous safety certificates for the property, during the term of the licence.

## **4. Main report**

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- 4.1 Since the introduction of the changes summarised above, officers have regularly reviewed the operation of the system in order that any unforeseen issues are resolved efficiently. This also allows any matters which require Committee consideration to be raised in a timely manner.
- 4.2 The Licensing Service endeavours to operate a robust and consistent licence application, enforcement and inspection regime for HMO properties. As part of the application process, a HMO property will be inspected by one of the Licensing Service's HMO inspections officers.
- 4.3 Historically, a HMO licence application would not be considered for grant unless the property in question had passed a property inspection in addition to meeting all other requirements, such as the application receiving no objections from Police Scotland. In some instances, that can mean that an application can take longer to process if there are any delays to information being received or if re-inspections are required. Currently it is estimated approximately 70% of HMO applications are incomplete at the time of submission, and over 50% of properties require a re-inspection. In the event of a property requiring a re-inspection, this can cause significant disruption to the Service due to the added administrative tasks, inspection re-scheduling and further documentation checks that are required.
- 4.4 The Licensing Service currently processes approximately 4,000 HMO applications per year, 94% of which are renewals. On average, HMO licence holders have held a licence for a minimum of five years and therefore should be experienced licence holders.
- 4.5 Having now completed the first cycle of three-year HMO renewals, it has been found that approximately 70% of applications have not demonstrated continuous safety certification, as is required by condition HMO1 of the HMO standard conditions of licence. Using this statistic as an indicator, officers are concerned that this might illustrate a wider problem with standards being maintained by licence holders. Accordingly, it is recommended that the Committee considers whether a risk-based property inspection model should be implemented.

- 4.6 Where there have been no previous concerns, a risk-based inspection model would permit those HMO renewal applications to be processed and granted with a property inspection scheduled during the licensed period. This would have the advantage of a check during the period of the licence to ensure that standards are being maintained. The application would still be sent to Police Scotland and the Scottish Fire Service as normal, and the inspection would be scheduled on the basis of risk, with those properties which are thought to be higher risk being inspected prior to being considered. To this end, officers are currently liaising with the Scottish Fire Service to create a risk-assessment system. This approach would allow applications to be processed more efficiently and would afford officers more time to deal with applications or properties which have given cause for concern.
- 4.7 At present, the vast majority of applications for a HMO licence are granted due to a significant level of officer support. Accordingly, the overall risk to public safety and neighbours is low, however the level of officer involvement to achieve this is unsustainable. Any properties which are a cause of concern will be inspected prior to the grant of any licence or will have an inspection scheduled shortly after the application is considered. The new inspection model will also help to drive up standards in the sector, as it will require properties to be maintained to the required standard throughout the licence period and not only when an inspection is scheduled during the application period, which has been a cause for concern for officers for some time.
- 4.8 One of the central reasons behind the introduction of a three-year licence for HMOs was to support further targeted enforcement work to ensure that all properties met the required standard and complied with the legislative requirements set out in the Housing (Scotland) Act 2006. Licence holders were incentivised to maintain their properties to a high standard as they could benefit from obtaining a three-year HMO licence for the same cost as a one year licence. This was on the basis that the work involved in processing and granting a licence for three years would come at no extra cost to the Council. Unfortunately, this has not been the case and officers are typically spending significantly longer on HMO continuation applications for a three-year licence.
- 4.9 Accordingly, officers propose to review the current HMO application fee arrangements and consider if any changes are required to reflect the current costs to the Council of dealing with an application.

## **5. Next Steps**

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- 5.1 If agreed, officers will commence work to review the fee structure for HMO licenses with the outcome being reported to Committee, with any recommendations for changes, early in 2022. As part of this process, the service will engage with stakeholders to ensure the views of the trade are taken into consideration.

- 5.2 Officers will continue to develop the risk -based system with the Scottish Fire Service.

## **6. Financial impact**

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- 6.1 At present, there will be no financial impact to the Licensing Service as the current HMO fee structure will remain unchanged.

## **7. Stakeholder/Community Impact**

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- 7.1 The Licensing Service will ensure that any change to the current HMO process will be widely communicated to HMO licence holders and agents. This will be achieved by emailing all HMO licence holders and agents to notify them, as well as using the Licensing Service Twitter account and monthly COVID Business Newsletter to update those affected. Officers will also continue to meet with HMO agents to provide them with relevant updates and discuss any issues that may affect the trade.

## **8. Background reading/external references**

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- 8.1 [HMO Standard Conditions](#)  
8.2 [Housing \(Scotland\) Act 2006](#)

## **9. Appendices**

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- 9.1 Appendix 1 – Current HMO Licence Application fees

# Valid – 2021/22



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## HOUSE IN MULTIPLE OCCUPATION LICENCE APPLICATION FEES

HMO licence application fees are based on occupant capacity with an option of a one or three year licence as approved by the Councils Regulatory Committee on 21 April 2017

Please note:

- HMO licences in their first year may be granted for a minimum period of 6 months
- Existing licence holders applying for a second or subsequent application ('renewal') for individual properties can apply for either a one or three year licence \*

\* The grant of a three year licence will only be considered for suitable properties on a case by case basis and can be restricted to one year licence based on the following assessment criteria:

- Premises/landlords that are subject to ongoing monitoring where issues have been identified by council officers
- Premises/landlords that are subject to enforcement action
- Premises/landlords where previous complaints have been upheld
- Premises that have failed to complete remedial work, identified upon inspection, within four weeks from the first inspection date, without prior consent of the council

Number of Occupants	Fee (£) (1 or 3 year application)
3	653
4	871
5	1,089
6	1,387
7	1,648
8	1,924
9	2,202
10	2,481
11	2,759
12	3,037
13	3,315
14	3,594
15	3,872
16	4,150
17	4,429
18	4,707
19	4,985
20	5,264
21-30	5,869
31-40	6,474

41-50	7,079		
51-60	7,684		
61-70	8,289		
71-80	8,894		
81-90	9,499		
91-100	10,104		
101-150	11,072		
151-200	12,040		
201-250	13,008		
251-300	13,976		
301-350	14,885		
351-400	14,944		
401-450	16,880		
451-500	17,848		
501-550	18,816		
551-600	19,784		
> 600	Increase of £967 per banding of 100		

Percentage discount available for charity registered with The Scottish Charity Regulator (OSCR) and linked to homeless and / or vulnerable adult accommodation

Educational institutions – Property owned and managed by a charity registered with The Scottish Charity Regulator (OSCR) would be considered eligible for a 50% fee reduction

### MISCELLANEOUS FEES

CERTIFIED COPY LICENCE

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