

Selective Licensing – Consultation on Future Proposals

EXECUTIVE



DATE	13th March 2024
PORTFOLIO	Housing and Development Control
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PURPOSE

1. To approve the consultation and evidence gathering for the proposal to designate six areas for selective licensing. The draft case proposal document (attached as Appendix 1) sets out the Council's reasons for proposing to designate the below areas for Selective Licensing. The draft proposed designation area maps and street lists are attached as appendices.
 - a. Trinity (Appendices 2 and 3)
 - b. Queensgate (Appendices 4 and 5)
 - c. Gannow (Appendices 6 and 7)
 - d. Daneshouse and Stoneyholme (Appendices 8 and 9)
 - e. Padiham (Appendices 10 and 11)
 - f. Lyndhurst Road Area (Appendices 12 and 13)
2. To approve the proposed Fee and Charging Structure for consultation. (Appendix 14).
3. To approve the proposed Staffing Structure for consultation. (Appendix 15).

RECOMMENDATION

4. That the carrying out of consultation in relation to the following areas proposed for selective licensing is approved:
 - a. Trinity
 - b. Queensgate
 - c. Gannow
 - d. Daneshouse and Stoneyholme
 - e. Padiham
 - f. Lyndhurst Road Area
5. That the Head of Housing and Development Control is authorised:
 - a. To approve for consultation the final proposed fee structure, staffing structure, case proposal document, proposed designation boundaries and areas for consultation, dates for consultation, Fit and Proper Person Criteria and Licence Conditions; *and*

- b. To carry out consultation in relation to those areas proposed for selective licensing (authorising such officers for that purpose as may be necessary).
6. That the Executive approve the appointment of a Project Assistant at Grade 8 (subject to ongoing Job Evaluation) for the period April 2024 to January 2025.
7. That the Executive approve in principle upfront payment for statutory notices of designation in local newspapers, should the schemes be approved by the Secretary of State.

REASONS FOR RECOMMENDATION

8. To enable the statutory consultation of residents, landlords and stakeholders in the proposed areas.
9. To ensure the consultation includes a proposed fee structure, proposal documents and agreed proposed boundaries and consultation area to assist in the delivery and analysis of the statutory consultation.
10. To enable any issues to be addressed and evaluated before presenting the final proposal for the proposed selective licensing areas to the Executive Committee in August 2024.

SUMMARY OF KEY POINTS

Background to Selective Licensing

11. Poor housing management and low standards in the private rented sector can contribute to the failure of a local housing market. Residents leave the area, house prices fall, speculative landlords move in, and the local community becomes weaker. Low demand and antisocial behaviour can result in unsettled communities, along with other associated social and economic problems. These problems can undermine efforts to regenerate an area.
12. Selective licensing was introduced by the Housing Act 2004. It allows local housing authorities to designate selective licensing areas in neighbourhoods if the area is experiencing one or more of the following conditions:
 - i. Low housing demand (or is likely to become such an area)
 - ii. A significant and persistent problem caused by antisocial behaviour
 - iii. Poor property condition
 - iv. High levels of migration
 - v. High level of deprivation
 - vi. High levels of crime
13. The Renters (Reform) Bill intends to introduce a new Private Rented Sector Database, which will support the future digital Privately Rented Property Portal service. All landlords will be legally required to register themselves and their properties on the Property Portal and could be subject to penalties if they market or

let out a property without registering it and providing the required information.

14. The Property Portal is intended to provide local councils with more data about private sector properties. One of the biggest and most time-consuming barriers faced by local councils is identifying poor quality and non-compliant private rented sector properties and who owns them.
15. Government guidance on the proposed Renters (Reform) Bill indicates that the Property Portal will assist local authorities who currently operate selective licensing schemes, helping Councils to continue delivering positive outcomes for their areas.

The Proposed Areas

16. This report seeks the approval to consult on six proposed selective licensing designations in areas within Trinity, Queensgate, Gannow, Daneshouse and Stoneyholme, Padiham and the Lyndhurst Road area. The Trinity, Queensgate, Gannow and Daneshouse and Stoneyholme areas are subject to current selective licensing designations that come to an end in October 2024. The Padiham and Lyndhurst Road areas have not previously been designated under selective licensing.
17. In addition to those areas listed above, the Council operates two further licensing schemes in Burnley Wood with Healey Wood and the Leyland Road area, which are designated from 2022-2027.
18. The proposal document presents the case for selective licensing and whilst it demonstrates that all six areas suffer the effects of low demand, the four current designations of Trinity, Gannow, Queensgate and Daneshouse and Stoneyholme are showing some signs of improvement. Since the introduction of the current selective licensing designations in 2019 some notable improvements are:
 - A reduction in the percentage of empty homes
 - An increase in average house prices
 - Improvements in energy efficiency ratings
 - Reductions in ASB reports to the Council
19. Whilst improvements can be seen, the areas still rank amongst the highest in the borough for indicators of low demand. Further selective licensing designations will help sustain and build on the improvements being seen and strengthen the housing markets and communities to help address the issues of low demand.
20. The Daneshouse and Stoneyholme designation was also designated on the basis of poor property condition. Concerns surrounding poor property condition were documented in a "Private Sector Improvement Scheme" in 2016, in which it was identified almost half of rented properties in what was to become the licensing area did not have sufficient smoke detection, a valid energy performance certificate, or had serious hazards. In addition, 73% were found to have no gas safety certificate. The introduction of licensing in 2019 has allowed officers to continue to focus proactively on rented properties in this area. Whilst we have seen improvements, there is still sufficient evidence to suggest that further intervention is needed in this area.

21. Padiham and the Lyndhurst Road area have not previously been subject to selective licensing, however initial data suggests that they may be areas of low demand, or are at risk of becoming areas of low demand. Both areas are estimated to have higher than average levels of category 1 hazards, and there appear to be landlords operating in these areas who are not compliant with energy efficiency regulations. There is evidence to suggest both areas could benefit from a selective licensing scheme.

Results of Statistical Evidence

22. In order to determine whether the proposed designation areas are a priority in terms of considering the introduction or continuation of selective licensing a statistical comparison has been undertaken across the borough.

23. Information has been analysed from a number of sources, including modelling data from the “Integrated Dwelling Level Housing Stock Modelling and Database” compiled for Burnley Council by Building Research Establishment Limited (BRE) in 2023. Officers began by plotting data which estimated the location of the private rented sector across the entire borough. This enabled officers to identify areas with a high number of rented properties. Further analysis of variables including estimated hazards and disrepair enabled officers to identify areas which warranted further investigation. Both Padiham and the Lyndhurst Road Area were identified as areas of high private renting which warranted further investigation.

24. Additional data from a number of key variables including: private rented properties, vacant properties, housing disrepair complaints, property inspections, environmental crime, and antisocial behaviour were then analysed across the borough at ward level. The wards in which the proposed designation areas are situated exhibit some of the highest problems in the borough on these measures. A further concentrated analysis was undertaken using statistics within the proposed designation areas. This shows that the proposed designation areas have high levels of private rented properties that are in poor condition and that the areas exhibit signs of low house demand.

Consultation For a Selective Licensing Designation

25. Before a new designation can be approved, the Council must consult for a period of not less than 10 weeks. It is proposed that this consultation process commences in April 2024 and runs for 10 weeks into June. The formal consultation will invite all residents, landlords, businesses and agencies working in the designation areas to comment on the proposals. Council staff will meet with representative groups and individuals to discuss the proposals, as well as attend public and private meetings and produce written information. The results of this consultation will be carefully scrutinised and will feed into the final proposal to the Council’s Executive Committee.

26. It is proposed that the following methods be used to ensure that a full consultation exercise is completed:

- Posters in the area, local businesses, schools, community centres, health centres, public buildings etc.,

- Leaflets to residents, placed in local businesses, community centres, health centres, public buildings etc.,
- Resident Questionnaires delivered to every household in the proposed consultation areas,
- Landlord Questionnaire emailed or posted to every known landlord and agent in the designation areas,
- Questionnaires emailed or posted to local businesses in the consultation areas,
- Public event for residents to attend,
- Consultation of the Private Rented Sector Forum,
- Landlord meetings.

27. Following the consultation period, it is anticipated that the results will be presented to the Executive in August 2024.

Staff Resources

28. Existing resources within the private sector housing team will be utilised to prepare for the statutory consultation process, which will include:

- The preparation of questionnaires;
- Finding and inputting landlord details/property details;
- Sending out questionnaires;
- Organising landlord and residents consultation events;

29. For the statutory consultation period of April-June 2024, and from July 2024 an additional full time Project Assistant will be required to:

- Input responses from landlord and residents questionnaires
- Send out reminder letters/emails during the consultation period
- Analyse the results and prepare reports from the information gathered via questionnaires
- Prepare presentations and key information for the landlord and resident events
- Attend landlord and resident events
- Meet with landlord representative groups such as the National Landlords Association
- Respond to all queries and comments raised during the consultation returns by letter and emails
- Deal with all enquiries via email, letter, telephone and in person during the consultation period.
- Obtain and manage contact information for landlords in proposed additional areas.

Proposed Fee Structure

30. The Housing Act 2004 enables local authorities to charge a fee for all functions associated with the administration of a selective licensing scheme.

31. Each application will need to be subject to the “fit and proper person” criteria, with information being provided to enable the decision making process to take place.

The decision to grant or refuse a licence will have to follow the prescribed format as outlined in the Housing Act, with statutory notices and periods for objection.

32. All fees will be calculated based on the staff needed to cover the processing of the estimated number of applications and the monitoring and development of the scheme. Costing estimates for the scheme include salaries and on costs and all anticipated non-salary revenue spend e.g. printing costs, legal fees.

Secretary of State Approval

33. If the proposed designation areas, when combined with the current selective licensing schemes, affect more than 20% of private rented properties in the Borough then confirmation must be sought from the Secretary of State.
34. The current selective licensing areas of Burnley Wood with Healey Wood and the Leyland Road area currently affect 9% of the private rented sector. Following the statutory consultation period, if the Executive subsequently approves the proposed designation areas, the combined designations will affect more than 20% of the private rented sector.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

35. The additional staff required during the statutory consultation period will require a budget of £37,102 (subject to Job Evaluation) for the period of April 2024 to January 2025. Consultation with the Head of Finance and Property is required to establish where this will initially be met from, and it will be repaid from licensing fee income providing the Council receives approval from the Secretary of State to designate the schemes.
36. Should the proposed designations be approved by the Secretary of State, the Council will be required to publish a number of statutory notices in local newspapers. The estimated cost to publish the notices for six areas is £60,000, which would then be repaid from fee income throughout the scheme.

POLICY IMPLICATIONS

37. None as the approval is seeking permission to undertake a consultation exercise only.

DETAILS OF CONSULTATION

38. The Private Rented Sector Forum, Streetscene, Governance and Law, People and Development, Finance and Property.

BACKGROUND PAPERS

39. None.

FURTHER INFORMATION PLEASE CONTACT:

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