

## Selective Licensing

### REPORT TO THE EXECUTIVE



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<b>PORTFOLIO</b>	<b>Housing and Leisure</b>
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### PURPOSE

1. To update the Executive on the results of the selective licensing consultation in the following areas:  
Trinity  
Gannow  
Queensgate  
Daneshouse and Stoneyholme
2. To consider further selective licensing designation areas in Trinity, Gannow and Queensgate and to consider a new selective licensing designation for the Daneshouse and Stoneyholme area, along with the fee structure, staffing structure, budget implications and licence conditions.

### RECOMMENDATION

3. That the Executive approves the areas detailed in plans A to D and Street lists A to D as selective licensing areas for a maximum period of 5 years for the reasons detailed in Appendix A, Burnley Borough Council's Proposal to Approve Selective Licensing Areas.
4. That the Executive approves the submission of an application to the Secretary of State for the confirmation of the Trinity, Gannow, Queensgate, Daneshouse and Stoneyholme selective licensing designation areas.
5. That the Executive approve the Fee Structure and Charging Policy in Appendix B to this report.
6. That the Executive approves the staffing structure in Appendix C to this report.
7. That the Executive approves the Licensing Conditions detailed in Appendix D to this report.
8. That the Executive recommends to Full Council the approval of the financial implications detailed in this report and creates a budget of £314,496 for Quarter 2 of 2019/20 which will be recovered through the fee income.

## REASONS FOR RECOMMENDATION

9. The Council have satisfied the statutory tests in Section 80 of the Housing Act 2004, in relation to the conditions required to designate an area for selective licensing in that; the proposed designation areas are suffering from low housing demand. In addition, the Daneshouse and Stoneyholme proposed designation area has poor property condition within the private rented sector.
10. Making a designation will when combined with other measures taken in the area by the local authority or by other persons together with the local authority, contribute to the improvement of the social or economic conditions in the area.
11. The pockets of significantly high numbers of private rented properties are exacerbating the problem of low demand through poor property management and poor housing conditions. Selective licensing will help to address the problems associated with low demand by compelling those landlords that are not operating to minimum required standards to improve the management practices and the condition of their properties. This will improve the housing offer which in turn will help improve the unpopular perspective that residents have of these neighbourhoods.
12. Proactive inspections in the proposed Daneshouse and Stoneyholme selective licensing area have shown that the privately rented properties are in poor condition and a high percentage of the properties have category 1 hazards, inadequate smoke detection and the absence of a Gas Safety Certificate.
13. The continued introduction of selective licensing areas in Burnley is key to the Council's strategy to tackle low demand, improve the quality of homes within the borough and create a balanced housing market to support social and economic improvements.
14. Housing plays a fundamental role in delivering sustainable neighbourhoods, facilitating social and environmental improvements and promoting economic growth. The Council believe that selective licensing has an important role to play and offers valuable support to existing initiatives to tackle empty homes, prevent homelessness, create high quality neighbourhoods and reduce anti-social behaviour.
15. An option appraisal detailed in paragraph 10 of appendix A to this report looks at other powers and options that are available to the Council with the reasons why they could not be used as an alternative to the proposed selective licensing designations. They will be used as support tools as part of an integrated programme of measures to improve the social, economic and environmental conditions of the areas.
16. In April 2015 a new General Approval came into force where by local authorities will be required to obtain confirmation from the Secretary of State for any selective licensing schemes which cover more than 20% of the geographical area or would affect more than 20% of privately rented homes in the local authority area. When combined with the current selective licensing areas of Ingham and Lawrence Street, Burnley Wood with Healey Wood and the Leyland Road area, the new proposals will affect 45% of privately rented homes in Burnley.
17. The Council have taken all reasonable steps to consult persons likely to be affected by the proposed designations and have considered all representations made.

18. In the Trinity, Gannow and Queensgate proposed designation areas the majority of respondents supported the Council's proposals for selective licensing.
19. In the Daneshouse and Stoneyholme area the majority of all respondents did not support the Council's proposals. However, when the respondents are split between landlords and homeowners the majority of the homeowners (55%) did agree with the Council's proposals. While the Council have fully considered the representations received, the factors of low demand and the significant poor housing conditions support the case to progress with selective licensing.

## **SUMMARY OF KEY POINTS**

### **Background**

20. The Housing Act 2004, which came into force in 2006, introduced selective licensing. In 2015 further legislation expanded the criteria in which local authorities could introduce a designation area.
21. If an area is designated for selective licensing all privately rented properties in that area must apply to the local authority for a licence. To be granted a licence it must be shown by the applicant that they are a "fit and proper" person and that they have satisfactory arrangements in place to effectively manage the property and their tenancies. Failure to apply for a licence is a criminal offence.
22. The Council have been operating selective licensing since October 2008, as part of a wider regeneration strategy for the Borough; the first designation area being in Trinity. Trinity was further designated in January 2014 and ended on the 15<sup>th</sup> January 2019. The Gannow and Queensgate areas were designated for selective licensing in July 2014 and are due to end on the 15<sup>th</sup> July 2019.
23. In February 2016 the Council had considered selective licensing for the Daneshouse area. At this time the majority of residents and landlords did not agree with the Council's proposals. Subsequently the Council agreed to monitor the area for a further 24 months to determine whether conditions improved. Appendix A to this report shows that conditions have not improved.
24. On the 3<sup>rd</sup> July 2018 the Executive approved the consultation and evidence gathering for a potential further designation in the Trinity, Gannow and Queensgate area. In addition, approval was given to consult on a new designation area in the Daneshouse and Stoneyholme area.
25. During the proposed designation process the Council has had regard to the legislative requirements and Government guidance (Selective licensing in the private rented sector 2015). In particular:
- a) That the four proposed designation areas of Gannow, Trinity, Queensgate and Daneshouse and Stoneyholme are in low housing demand;
  - b) That the proposed designation area of Daneshouse and Stonelyholme has poor property conditions in the private rented sector;
  - c) That selective licensing forms part of a wider regeneration strategy to reduce the

problems associated with low housing demand and poor property conditions.

- d) Consideration has been given to other options as a possible alternative to selective licensing;
- e) Consideration has been given to the representations received during the consultation process.

## Low Demand

26. Low demand in the proposed selective licensing areas is most clearly manifested in high vacancy rates, low property values and high numbers of private rented properties. In addition, there are relatively high incidents of environmental crime and reports of anti-social behaviour, which have a negative impact on demand within the areas, further weakening the housing market.

27. The tables below are a snap shot of the statistics detailed in appendix A to this report. It summarises the statistical evidence in relation to low housing demand in the proposed selective licensing designation areas. Although not all the designation areas follow ward boundaries, or fall entirely within one ward, the tables compare each designation to the ward where the majority of the designation is situated.

	<b>Daneshouse &amp; Stoneyholme Ward</b>	<b>Daneshouse &amp; Stoneyholme Designation</b>	<b>Trinity Ward</b>	<b>Trinity Designation</b>
No. Properties	-	1807	-	1400
% of private rented sector properties	26% (2011 Census)	31% (2017)	32.8% (2011 Census)	45% (2017)
Property Values £ (March 2017)	£79,170	£38,554	£60,029	£39,011
% of Empty Properties (March 2017)	11%	9%	11%	14%
ASB (Council 2016/17)	59	37	60	27
Environmental Crime (2016/17)	177	157	277	278
Disrepair cases (2016/17)	38		42	
ASB/Police/1000 population. (Dec 16 to Nov 17)	249.1	-	183.2	-

	<b>Gannow Ward</b>	<b>Gannow Designation</b>	<b>Queensgate Ward</b>	<b>Queensgate Designation</b>	<b>Burnley</b>
No. Properties	-	937	-	1684	-
% of private rented properties	19.1% (2011 Census)	49% (2017)	25% (2011 Census)	43% (2017)	19.4% (2011 Census)
Property Values £ (March 2017)	£88,412	£44,311	£58,306	£42,743	£88,187
% of empty homes (March 2017)	6%	13%	9%	12%	6%
ASB	72	39	47	35	612

(Council 2016/17)					
Environmental Crime (2016/17)	156	172	234	298	2025
Disrepair cases (2016/17)	11		37		279
ASB/Police/1000 population (Dec 16 to Nov 17)	75.6	-	138.8	-	-

28. As can be seen from the table above the proposed designation areas are exhibiting the accepted factors of low demand and in most areas at a greater concentration than the relative wards:

- a) All proposed areas have a significantly higher percentage of private rented properties compared to the Borough and the ward that they are situated in.
- b) All proposed areas have a lower average house price than the Borough and the ward that they are situated in.
- c) All proposed areas have a higher number of vacant properties compared to the Borough.
- d) Except for Daneshouse and Stoneyholme, the proposed areas have a higher number of vacant properties than the ward that they are situated in.
- e) All proposed areas are situated in a ward that is ranked in the top 10 for the highest incidents of anti-social behaviour reported to the Police and the top 6 for the highest number of reports to the Council.
- f) All proposed areas are situated in a ward that is ranked in the top 6 for the highest incidents of environmental crime reported to the Council.

### Poor Housing Conditions

29. In September 2016 the Council's Housing Service started a Private Sector Improvement Scheme within the proposed selective licensing area for Daneshouse and Stoneyholme. Page 17 of appendix A contains the full results. In summary, out of 93 completed inspections of private rented properties, just less than half (47%) were found to have category 1 hazards. Category 1 hazards pose a significant risk to occupiers. Local authorities have a mandatory duty to address category 1 hazards.

30. 49% of the properties did not have adequate smoke detection, and most concerning, 78% of the properties that were inspected did not have a Gas Safety Certificate prior to the inspection. This is basic property management and has been a legal requirement since 1998. This is unacceptable and shows that landlords operating in the proposed designation area are either unaware of their obligations or are choosing not to fulfil them. Licensing ensures that landlords meet this legal requirement by requesting a Gas Safety Certificate with the application form and annually thereafter.

31. If you take the number of failings found during the Private Sector Improvement Scheme and aggregate the number up to represent a percentage of the total private rented properties (560) within the proposed designation area there would be:

- a. 263 further properties with category 1 hazards;

- b. 274 further properties without adequate smoke detection;
- c. 436 further properties without an annual gas safety check

### Selective Licensing as Part of a Wider Regeneration Strategy

32. There is an improving picture in the Trinity, Gannow and Queensgate selective licensing designation areas. Appendix A to this report shows that house prices have risen moderately, empty properties have reduced and anti-social behaviour along with environmental crime is showing a downward trend.
33. Notwithstanding these improvements the proposed designation areas are still in low housing demand. Not continuing with selective licensing at this stage would present a risk that the improvements seen will not be sustained or built on without new selective licensing designations in place for a further 5 years.

### Results of the Statutory Consultation

34. Before a new designation area can be approved, it is a legal requirement for any authority considering the introduction of selective licensing to undertake a full public consultation for a period of not less than 10 weeks. The Council's consultation process started on the 3<sup>rd</sup> September 2018 and ran until 16<sup>th</sup> November 2018.
35. The consultation included the hand delivery of questionnaires, online questionnaires, resident drop in sessions, landlord evenings and meetings with key stakeholder such as the landlord associations and the Police.
36. The full results of the consultation are contained in appendix A to this report. The table below summaries the results of the consultation in relation to the question "Do you agree or disagree with the Council's proposals to introduce selective licensing?"

	No. Responses	Agree	Disagree
Trinity	106	70 (66%)	36 (34%)
Gannow	65	38 (58%)	27 (42%)
Queensgate	83	52 (63%)	31 (37%)
Daneshouse and Stoneyholme	84	31 (37%)	53 (63%)

37. With the exception of Daneshouse and Stoneyhome the majority of respondents agreed with the Council's proposal to introduce selective licensing. The full results of the consultation show that the majority of home owners were in favour of the proposed designation area in the Daneshouse and Stoneyholme area as can be seen from the table below. The figures in red are the results from a previous consultation exercise regarding selective licensing in Daneshouse in 2015.

Description of Respondent	Agree	Disagree	Total Response by Category
Landlord	3 (12.5%) 0%	21 (87.5%) (94.1%)	24
Homeowner	21 (55%) (43%)	17 (45%) (51.2%)	38

Privately Renting Tenant	1 (20%)	4 (80%)	5
Housing Association Tenant	2 (50%)	2 (50%)	4
Other	1 (50%)	1 (50%)	2
Landlord/Homeowner	1 (20%)	4 (80%)	5
Privately Renting Tenant/Homeowner	0 (0%)	1 (100%)	1
Landlord/Privately Renting Tenant/Homeowner	0 (0%)	3 (100 %)	3
Local Business/Homeowner	1 (100 %)	0 (0%)	1
Homeowner/Other	1 (100%)	0 (0%)	1
<b>Total</b>	<b>31 (37%)</b>	<b>53 (63%)</b>	<b>84</b>

## Next Steps

38. Should the Council's Executive approve the designation of selective licensing in the proposed areas an application will be submitted to the Secretary of State for confirmation in February 2019. The guidance states that the Secretary of State will aim to make a decision in relation to an application within 8 weeks. For the purposes of the project plan 3 months have been allocated for this process. If the areas are confirmed within 3 months the proposed designation areas will come into force at the beginning of August 2019.

## FINANCIAL IMPLICATIONS AND BUDGET PROVISION

39. It is proposed that in the main the administration of the new designation areas will be self-financing through the fee structure. There is a risk that the Council will not receive or recover all of the fee income to cover all of the costs associated with administering the schemes. This has not however been the experience in the current selective licensing areas.

40. A total budget of £314,496 to administer all four proposed designation areas will be required in Quarter 2 of 2019/20; this will then be recovered through the fee income.

## POLICY IMPLICATIONS

41. There are no direct policy implications with the proposals contained within this report. The Council's Strategic Plan has a key priority of making the borough a place of choice and a central commitment to realising this ambition is to improve the management of the private rented sector. Selective licensing will be delivered under this existing policy framework.

## DETAILS OF CONSULTATION

42. Private Rented Sector Forum

## BACKGROUND PAPERS

43. None

**FURTHER INFORMATION****PLEASE CONTACT: Clare Jackson – 01282 477231****ALSO: Paul Gatrell 01282 477230**