

REPORT FROM: Regeneration Service
Economic and Housing Regeneration Manager

TO: Executive

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SELECTIVE LICENSING

PURPOSE OF REPORT

To seek approval from the Executive to continue to investigate the need for selective licensing, initially in the Southfield area as an appropriate course of action.

RECOMMENDATIONS

- (1) That we continue to look at the data for Southfield and adjoining wards to identify the specific area that would benefit from selective licensing
- (2) A report is submitted to a future meeting of the Executive to gain approval to consult on the introduction of Selective Licensing
- (3) That Waterside and adjoining areas are looked at subsequently as a further selective licensing area
- (4) That an Environmental Health Officer is appointed to assist in the work to enable the designation of selective licensing areas.

REASONS FOR RECOMMENDATIONS

- (1) To ensure that the area to be designated can be shown to be an area of low demand housing .
- (2) To seek approval to consult on the designated area with the community and partner organisations in line with government guidance
- (3) To tackle further areas of low demand
- (4) To ensure that the designation takes place as quickly as possible.

Background

The legislation governing the introduction of selective licencing is contained in the Housing Act 2004 and supported by guidance documents published by the Department of Communities and Local Government.

Selective licensing is a regulatory tool provided by Part 3 of the Housing Act 2004 and gives Local authorities power to designate the whole or parts of their district providing one of two specific conditions are met:

- a. The area is, or is likely to become an area of low housing demand and that making a designation will, when combined with other measures taken in the area by the local housing authority, or by persons together with the local housing authority, contribute to the improvement of the social or economic conditions in the area; or
- b. that the area is experiencing a significant and persistent problem caused by anti-social behaviour; and that some of or all of the private landlords who have let premises in the area (whether under lease or licence) are failing to action to combat the problem that it would be appropriate for them to take; and that making a designation will, when combined with other measures taken in the area by the local housing authority, or by persons together with the local housing authority, lead to a reduction in, or the elimination of, the problem.

The Act goes further to state that: 'In order to determine whether the area is an area of low demand the local housing authority must consider the values of residential properties in an area compared to properties in a similar area, the turnover of occupiers of residential premises and the numbers of residential premises to buy or rent in an area and the length of time that they remain unoccupied.' The guidance suggests we must also consider the mix of tenure in an area, the lack of facilities and the impact that the rental sector is having on the local community through poor property conditions anti-social behaviour and criminal activity.

Section 81 of the Act requires local authorities to show how selective licensing will improve an area and how it will work alongside other measures that are already being taken. In particular the authority must ensure that in exercising the powers it is consistent with the Council overall housing strategy, its homeless and empty homes policies.

The Council must only make a designation if they have considered other courses of action available to them to achieve the improvement of the area, that they consider that making the designation will assist in achieving the improvements and that they have taken reasonable steps to consult all persons that are likely to be affected by the designation and that all representations are considered and responded to.

The guidance issued by the Department of Communities and Local Government sets out a minimum consultation period of ten weeks. However this is qualified and the consultation must not be brought to an end if there is still meaningful dialogue between the council and interested parties.

Low Demand

There are currently 39,620 houses in the Borough of Pendle. The housing stock is substantially different from the national average with 55% built before 1919 compared with 23.6% nationally. This is especially the case in the inner areas of the three main towns of the Borough. These inner areas are also characterised by a high proportion of two up, two down terraced housing which makes up 58% of the housing in these areas.

The tenure statistics from the 2011 census show that owner occupation across the borough was 75.1% in Pendle compared with 68.7% for England and Wales and that the percentage of private rented properties was 18% compared to 16.7% nationally and with only 11% rented from social landlords compared to 18% nationally.

The level of vacant housing across the borough is currently 3.9%. However, there are clusters of vacant properties in some parts of the borough with vacancy rates as high as 10%. Selective licensing is not specifically designed to reduce the levels of empty properties but there is anecdotal evidence from other local authorities that suggests the introduction of Licensing has had an impact on numbers of empty properties.

The low demand for housing in parts of Pendle has been a problem for some time and manifests itself in a high level of vacant properties low property values and high levels of private renting coupled with poor housing conditions.

We previously looked at the introduction of selective licensing in parts of the Borough in 2007 but the guidance we received at the time was that the conditions were not bad enough to warrant Selective licensing. At that time approval was needed from the Secretary of State whereas now it is for local Councils to agree designation.

Parts of the Borough were designated as being in low demand under the Governments Housing Market Renewal pathfinder in 2002 and the boundary was drawn up using data on three key variables Property prices, empty homes and numbers of privately rented homes. The boundary of this intervention area defined an area that was considered to be in low demand and the areas under consideration all fell in this boundary.

Whilst significant effort was put in to the improvement of these areas with the curtailment of the Housing Market Renewal pathfinder programme there are still significant problems in some parts of the borough.

We have looked at the data available for all 20 wards across the district and have identified Bradley, Brierfield, Clover Hill, Horsfield, Southfield, Walverden, Waterside and Whitefield as having at least three of the factors that determine low demand. The Marsden ward data also shows a high level of turnover for the numbers of private rented properties but does not have any other low demand indicators above the Pendle average.

The ward level data shows that the low demand areas in these wards are concentrated in the inner areas close to the town centre. The table in appendix 1 shows the level of private rented properties and the turnover of properties over the last 12 months.

Of the eight wards that give rise to concern the wards of Southfield and Clover Hill in Nelson, Waterside and Horsfield in Colne and Brierfield have high turnover of property, a disproportionate level of private rented properties and property values are depressed with some streets showing values at nearly 50% of their 2007/8 values. There is also evidence to show that there is a higher level of antisocial behaviour in these areas. Whilst Marsden Ward shows no other low demand factors other than property turnover we feel it would be useful to include this ward in the area to be investigated further to see if specific parts of the ward need to be included. Having established problems at ward level it will now be necessary to look on a street by street basis to establish the main problem areas, as it is not expected that all streets in the above wards will suffer from low demand. This further work may show that there are small pockets of adjoining wards that should be included in any scheme, but any licensing area needs to be one continuous area rather than a series of areas.

The level of reported antisocial behaviour across the district has fallen by 16% over the last 12 months compared with the previous year. In the eight wards that we have identified seven have seen a reduction in the levels of antisocial behaviour with only an increase of 2% being reported in the remaining ward

Resources to implement Selective licensing

The Housing Act 2004 makes it clear that the designation of a selective licensing area should be self-financing and the cost of running the scheme should be covered from the fee generated. However, there is a large amount of work to do in getting to the stage when the designation comes into force. Having spoken to neighbouring authorities who have introduced selective licensing in their districts they have suggested that there is a need for dedicated members of staff to carry out the work and respond to the representations. Burnley Borough Council who are currently looking to introduce Selective licensing in another area of their district has one officer and three administrative staff working on the scheme.

The appointment of an Environmental Health Officer will be needed to specifically work on the designation of selective licensing areas. This appointment will require additional funding until the designation is approved. Following approval these costs can be incorporated into the licence fee. There is also a need for additional administrative resources. However we feel that with the departmental changes that are being made as part of the restructure we will initially be able to resource this from existing staff.

A bid through the Transformational Challenge Award for funding to extend our rogue landlord scheme and to provide start-up funding for the designation of selective licensing was unsuccessful.

Conclusion

The data available shows a number of wards that may benefit from the introduction of selective licensing. However, it is evident that the area with the greatest problems is within Southfield ward and adjacent areas.

With the resources currently available it is proposed that we concentrate our efforts initially on defining the specific boundary in the Southfield area and prepare the necessary documentation for consultation on the designation of a Selective Licensing in this part of the Borough.

We will subsequently look at Waterside and adjoining areas as a further selective licensing area. This will allow us to learn from the experience of setting up the first area.

IMPLICATIONS

Policy: There are no policy implications arising from this report. The Pennine Lancashire Housing Strategy includes for the use of Selective licensing.

Financial: As indicated in the report, Selective Licencing should be self-financing, with the costs of the licencing regime being met from licence fees paid by Landlords in the designated area. However, there are up-front costs, as yet to be determined, in determining the area to be designated and in establishing the Scheme. Equally, work is still to be undertaken on the overall costs of the Scheme and, therefore, what the likely level of the license fee for Landlords will be.

Subject to Councillors agreement to proceed with Selective Licensing as set out in the report, it is proposed to appoint an Environmental Health Officer to deliver this work. This is expected to cost c£40k in a full year and, until sufficient income is generated from the licence fees paid, will be funded from the additional New Homes Bonus received by the Council in 2015/16.

Legal: The designation of Selective licensing is covered in the Housing Act 2004 and all local authorities have been given the powers to designate a licensing area without the consent of the Secretary of State. However, the designation it can be subject to legal challenge through judicial review

Risk Management: None

Health and Safety: None

Sustainability: The designation of a selective licensing area should encourage neighbourhoods to become stable communities

Community Safety: The introduction of licencing in an area should reduce the incidence of crime and antisocial behaviour

Equality and Diversity: None

APPENDICES

Appendix 1

Table showing Wards with low demand factors

LIST OF BACKGROUND PAPERS

Council tax data

2011 census

Pendle ASB statistics

Pendle crime statistics

2007 EHCS

Appendix 1

	Population	No. of households	Crime	Crime rate per person	Terraced housing %	Vacant housing no.	Vacant housing %	Private rented no.	Private Rented %	Dwellings with Cat 1 hazards %	Private Rented with Cat 1	Turnover	turnover % of stock	ASB %
Bradley	6,489	2,451	482	0.074	61	127	5.2	604	25.0	30.5	184	744	30	-20
Brierfield	4,862	1,892	316	0.065	51	121	6.4	345	18.2	30.5	105	622	32	-16
Clover Hill	5,381	2,220	365	0.068	65	129	5.8	392	22.4	30.5	120	693	31	-28
Horsfield	5,089	2,462	487	0.096	59	60	2.4	501	20.3	30.5	153	650	26	-17
Marsden	3,489	1,496	183	0.052	53	37	2.5	216	14.4	30.5	66	574	38	-19
Southfield	6,074	2,396	459	0.076	57	156	6.5	627	26.2	30.5	191	1247	52	-2
Walverden	3,848	1,421	194	0.050	67	91	6.4	272	19.1	30.5	83	522	36	-35
Waterside	5,180	2,409	677	0.131	62	100	4.2	656	27.2	30.5	200	745	30	2
Whitefield	3,854	1,206	449	0.117	84	119	9.9	288	23.9	30.5	88	693	57	-37
Pendle	89,452	37,392	5,333	0.060	55	1,468	3.9	6,760	18.1	30.5	2,062	10660	27	-16
England					24		4.0		16.8					

Wards in red proposed for selective licensing. At least 3 low demand factors above Pendle average

Source	
Population:	2011 Census
No. of households	2011 Census
Crime:	Total calls to Police 2012 (Lancashire MADE)
Terraced Housing:	2011 Census
Vacant Housing	2014 Council Tax
Private Rented	2011 Census
Cat 1 Hazards	2007 EHCS, National figures
Turnover	2014 Council Tax