

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**  
**EXECUTIVE MANAGEMENT TEAM'S REPORT TO THE**  
**CABINET**

**Date 20<sup>th</sup> January 2016**

**REPORT TITLE**      **Selective Licensing proposal**

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**Portfolio:**          **Planning & Housing**

**Ward(s) affected:**   **Kidsgrove**

**Purpose of the Report**

To present the case for Selective Licensing in The Miners Estate in Kidsgrove based on it being an area of low housing demand and to recommend the next steps.

**Recommendations**

- a) **To confirm Cabinet believes the Selective Licensing Proposal in the supplementary appendix is appropriately evidence based and robust.**
- b) **Subject to a peer review by another local authority, to agree moving forward to a ten week consultation of local residents, landlord's, businesses and other stakeholders.**
- c) **To require a report on the outcome of the consultation which will consider the representations made.**

**Reasons**

The Council believes Selective Licensing is necessary on the Miners Estate to address low housing demand and high levels of private renting, ensuring privately rented properties are in good condition and well managed, reducing turnover in privately rented properties, strengthening the mixed tenure community, reducing the fear of antisocial behaviour and starting to improve the health and wellbeing of residents.

**1.      Background**

- 1.1      Selective licensing was introduced in the Housing Act 2004 as a means to improve standards of property management in the private rented sector. Schemes can be proposed if an area is experiencing one or more of the following;
  - low housing demand (or is likely to become such an area),
  - a significant and persistent problem caused by anti-social behaviour,
  - poor property conditions,
  - high levels of migration,
  - high level of deprivation,
  - high levels of crime.
- 1.2      The proposal for The Miners Estate is attached as appendix 1 and is based on low housing demand. The key indicators for this being low property values, exceptionally

high levels of renting and high turnover of households. Evidence relating to these and other contributory factors is detailed in the proposal.

- 1.3 Any Selective Licencing scheme must be shown to be consistent with the overall strategies and plans for the authority. How the proposal helps further the aims of the Housing Strategy, Homelessness Strategy, Sustainable Communities Plan, Empty Homes Strategy and Safer Communities Strategy is also detailed in the proposal.
- 1.4 The Council must also consider whether there are any other courses of action available that would achieve the same objectives. Only where there is no practical and beneficial alternative to a selective licensing designation should a scheme be proposed. The options are considered in the proposal and in section three of this report.
- 1.5 If a selective licensing scheme is approved, the landlord of every privately rented property in the designated area would have to obtain a licence from the council, unless the property already has a House in Multiple Occupation (HMO) licence or is owned by a registered social landlord. To obtain a licence an applicant must be a 'fit and proper person' and must then adhere to specific licence conditions.

## 2. **Issues**

- 2.1. Properties on the Miners Estate were built by the Coal Board in the 1950s to a non-traditional, pre-fabricated, Schindler design. Between 1990-95 a major refurbishment programme overseen by the Council helped to rectify defects with this non-traditional construction. Those owning property prior to a cut-off date when defects became evident were eligible for and were offered grants under the Housing Defects Act 1984. Whilst those who had purchased after the date were ineligible. This has led to approximately half of the properties being reinstated.
- 2.2 Mortgage companies are not willing to lend on the original construction properties, limiting their market to cash buyers. While this limits their value it does not affect the rental return hence making the properties attractive to landlords. This has led to the high incidence of private renting.
- 2.3 The key issues affecting the estate are:
  - Approximately 45% of the properties in the Miners Estate in Kidsgrove are privately rented, this is well above the borough average of 10% and the national average of 16%.
  - Property values of the non-reinstated homes are approximately 63% less than the borough average for a 3 bed semi-detached.
  - Analysis of recent sales shows the number of privately rented houses to be increasing.
  - Council tax records show an increasing occupancy turnover suggesting instability in tenancies.
  - The estate is amongst the 20% most deprived areas in the country.
  - The area is highlighted as one of the four hotspots for antisocial behaviour in the borough.

### 3. Options Considered

3.1 The table below compares the three main options.

<b>Option</b>	<b>Strength</b>	<b>Weakness</b>	<b>Risk</b>
Accreditation	Shows commitment from landlords to be recognised as good, improving reputations and partnership working. Prompts landlords to go beyond legal minimum standards. Improves property condition and tenancy relations.	Voluntary Does not require references to be taken up prior to new tenancies	No compulsion for all landlords to join, so only likely to be the motivated ones. Unlikely to impact on all properties and tenants.
Enforcement	Allows focus of activities to be targeted at worst priorities.	Relies on tenant reporting, even with proactive inspections relies on tenants wishing to be involved. Does not target management practices and anti – social behaviour.	Unlikely to impact on all properties and tenants.
Selective Licensing	Tackles anti-social behaviour and landlord management practices as well as housing condition. Gives commitment and targeted resource to a distinct area. Can be funded by licence income.	Covers a maximum of five years during which time need to be able to demonstrate that the low demand identified has been addressed.	Resource intensive, Landlords may leave properties empty rather than obtain a licence, Landlords may leave the area / sell their properties further reducing demand, Landlords may avoid licensing / try to illegally evict tenants, Anti-social behaviour may be displaced to surrounding areas.

### 4. Proposal

4.1 Based on the review of the evidence, associated policies and option appraisal the Council believes Selective Licensing is necessary on the Miners Estate to address low housing demand and high levels of private renting, ensuring privately rented properties are in good condition and well managed, reducing turnover in privately

rented properties, strengthening the mixed tenure community, reducing the fear of antisocial behaviour and starting to improve the health and wellbeing of residents.

## 5. **Reasons for Preferred Solution**

The preferred solution addresses not just property condition but also property management which is essential for meeting the aims of the proposal.

## 6. **Outcomes Linked to Sustainable Community Strategy and Corporate Priorities**

6.1 The proposal will contribute to:

- creating a healthy and active community by improving housing conditions and reducing anti-social behaviour,
- our Co-operative Council aims by protecting the interests of our citizens and;
- demonstrating effective Partnership Working.

## 7. **Legal and Statutory Implications**

7.1 Selective Licensing Schemes can be declared under the Housing Act 2004. The requirements of the Act and relevant guidance must be followed in making a declaration otherwise the Council will be open to legal challenge.

7.2 Prior to declaring a selective licensing proposal the Council must undertake a 10 week consultation. Taking reasonable steps to consult persons who are likely to be affected by the designation. Following the consultation the results must be published and made available to the local community demonstrating whether these have been acted on or not.

## 8. **Equality Impact Assessment**

8.1 The proposal will directly affect landlords of properties in the Miners Estate, Kidsgrove. All landlords will have the opportunity to make representations during the public consultation which must be fully considered. The positive impacts will directly benefit tenants in the private rented sector and residents on the Miners Estate.

## 9. **Financial and Resource Implications**

9.1 The consultation exercise will be resource intensive taking approximately 3 weeks of officer time to produce information sheets and questionnaires, collate addresses, undertake mail outs, press releases, undertake drop in sessions, maintain the momentum through ten weeks, analysing and reporting on the responses received. Additionally there will be postage costs of mails outs and supplying pre-paid envelopes to support responses.

## 10. **Major Risks**

10.1 There are no major risks associated with the recommendations in this report.

## 11. **Key Decision Information**

This is not key decision.

## 12. **List of Appendices (available on request)**

Communities and Local Government - Selective licensing in the private rented sector  
- A Guide for local authorities - March 2015

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/418551/150327\\_Guidance\\_on\\_selective\\_licensing\\_applications\\_FINAL\\_updated\\_isbn.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/418551/150327_Guidance_on_selective_licensing_applications_FINAL_updated_isbn.pdf)