

Selective Licensing - Gannow

REPORT TO THE EXECUTIVE



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PORTFOLIO	Housing and the Environment
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PURPOSE

1. To update the Executive on the results of the selective licensing statutory consultation in the Gannow area of the Borough.
2. To recommend that Gannow is designated as a selective licensing area.
3. To recommend a staffing, fee structure and budget approval for the Gannow Selective Licensing Designation Area.

RECOMMENDATION

4. That the Executive approves the area detailed in Plan A as a Selective Licensing Area for a maximum period of five years for the reasons detailed in appendix B Burnley Borough Council Proposal to Approve a Selective Licensing Area.
5. That the Executive approves the fee structure detailed in the report.
6. That the Executive approves the following staffing structure for the five year period of the designation area:
 - * 1 Project Assistant for years 1, 2 and 3 of the designation period reducing to
 - * 0.33 of a Project Assistant for years 4 and 5 of the designation period.
 - * 0.6 of an Administration Officer for year 1, 2 and 3 of the designation period reducing to 0.33 in year 4 of the designation period.
7. That the Executive approves the financial implications detailed in this report and creates a budget of £91, 396 in 2014/15 which will be paid for by the licence fee income.

REASONS FOR RECOMMENDATION

8. 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 area is suffering from low housing demand;
9. The selective licensing designation area is consistent with the overall housing strategy for

the Borough and is key to the Council's wider regeneration strategy to tackle low demand;

10. That selective licensing is an important component of the wider regeneration strategy and is the only option available to the local authority that compels landlords to look at how they manage their rented properties and where required, make improvements to management practices. It is important that significant investment aimed at improving the physical environment and economic conditions of the area are supported by initiatives to ensure the effective management practices are operating for those properties in the private rented sector, and that the area is sustainable as a mixed tenure environment with a range of housing options.
11. An option appraisal detailed in paragraph 144 of Appendix B to this report looks at other powers and projects that are available to the Council with the reasons why they could not be used as an alternative to the proposed Selective Licensing designation. 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 Gannow area.

SUMMARY OF KEY POINTS

12. The Housing Act 2004 introduced selective licensing; 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 the applicant must show 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.
13. On the 20th August 2013 the committee approve the consultation and evidence gathering for the proposal to potentially designate the Gannow area for Selective Licensing.
14. The Council has had regard to the legislative requirements and Government Guidance when making its case for selective licensing. Appendix B to this document details the case to designate the Gannow area as a selective licensing designation area.
15. The Council proposes to designate a Selective Licensing area in the Gannow area of Burnley because the area is experiencing significant low housing demand and the local authority are satisfied that 'designating' an area will, when combined with other measures lead to improved social and economic conditions in the area
Low Demand
16. The proposed designation area is an area of low housing demand evidenced through high incidents of empty properties, comparatively low house prices, a high proportion of private rented properties, incidents of environmental crime and anti-social or criminal behaviour. In summary:
17. There are 937 properties within the proposed designation area, of which approximately 473 (50%) are privately rented homes compared to the Borough average of 19.4%.
18. 14% of the properties in the proposed designation area are empty compared to a Borough average of 7%.

19. During 2012 the median price paid for a terraced house in the proposed Gannow selective licensing area fell by over 15%. The table below shows the drop in house prices:

	2010/11	2011/12	2012/13	2010-2013
Gannow	£50,000	£44,000	£34,750	-30.5%

The average house price for a terraced house in the Borough is £56,413.

20. In 2012/13 the Gannow ward had 20 complaints of housing disrepair cases from private tenants, this is lower than the Queensgate (32) and Bankhall (30) wards and equal to the Rosehill with Burnley Wood Ward (20).
21. 2012/13 figures for the proposed designation area show that there were 216 reports of Environmental Crime which is 23% of the total properties within the area. Mapping these incidents and the private rented homes in the area shows that many of the reports emanate from poorly managed private rented homes.
22. Gannow has lower levels of crime and anti-social behaviour than other comparable parts of the Borough. Between 2012 and June 2013 there were a total of 332 reports to the police regarding anti-social behaviour. The rate of reports of anti-social behaviour per thousand population is lower in Gannow (58.8) than for Burnley (83) and Lancashire (63). Despite Gannow have lower reported levels of Anti-social behaviour the 332 reported cases to the police represents 35% of the properties within the proposed designation area.

Coordinated Approach

23. The Council will be taking a coordinated approach in the proposed designation area to address low housing demand. The Cluster of Empty Homes Programme is currently operating in the proposed designation area and is a central component of the Council's housing strategy. This programme is working with private landlords through selective acquisition and a loans programme to return empty homes back into use. Working together with Selective Licensing this programme will help strengthen the partnership between landlords and the Council and support a more pro-active approach to tackling problem empty properties.
24. By strengthening the partnership between landlords and the Council both Accreditation and Selective Licensing can contribute to the prevention of homelessness through effective tenancy management that minimises anti-social behaviour, tackles rent payment issues in a timely and constructive manner and offers a housing option for some of the most vulnerable households in need of a home.
25. A proportion of the properties will be inspected in the proposed designation area under the Housing Health and Safety Rating Scheme to ensure property condition is improved. Referrals will be made to the Fire and Rescue Service for all properties where smoke detection is not fitted.
26. Selective Licensing will support the strategic aims of the Community Safety Partnership to help reduce crime and disorder. Selective Licensing will work in partnership with the anti-social behaviour team the Police, Landlords and tenants to

encourage and assist Landlords and Agents to deal with issues of anti-social behaviour.

Results of the Statutory Consultation

27. The consultation exercise was carried out from the 14th October 2013 until the 5th January 2014. The detailed results are contained in appendices 6, 7, and 8 of Appendix B, Burnley Borough Council's Proposal to Approve a Selective Licensing Area.

Appendix B is available on the Council's website at

<http://www.burnley.gov.uk/about-council/council-meetings/executive-8>

In summary the results showed that:

28. The majority of residents think that the top three biggest problems in the proposed designation area are people not wanting to stay in the area badly managed private rented properties and low house prices. Followed by a high turnover of private rented tenants and rubbish.
29. The vast majority of residents felt that significantly more problems are caused by privately rented properties than by other properties.
30. The table below shows the responses to the question: "Do you agree or disagree with the Council's proposals to introduce selective in the Gannow?"

	No. Respondents	Yes	No	Don't know
Residents	98	92 (93.9)	5 (5.1%)	1 (1%)
Landlords	55	8 (14.5%)	41 (75.5%)	6 (10.9%)

31. Detailed below are extracted comments from appendix B7 "The Landlords Survey Results Gannow". The extracted comments show the main reasons why landlords appear to disagree with the scheme are that

***I would agree but the fee is too high; the fee is too high and will drive away investment;**

This has not been seen in the Trinity area; new landlords have invested in the area during the designation period.

***Good Landlords should not pay a fee or be penalised for "Bad" Landlords;**

There is a 30% reduction for those landlords that are already engaged with the Council through the Good Landlord and Agent Scheme (GLAS).

***Licensing has not worked in other areas of the Borough or Country;**

The Trinity designation area has seen improvements in property condition, property management and reductions in environmental crime and anti-social behaviour.

***The Council should be tackling the social landlord sector;**

Under the legislation for selective licensing Registered Providers of social housing are exempt; the Council will however engage with those organisations that have social rented properties within the designation area.

32. At a special meeting of the Private Rented Sector Forum on the 14th February 2014 discussions were held regarding the boundary of the designation area. The forum agreed to the boundary with the recommendation that further low demand areas of the Borough be investigated to determine whether selective licensing should be introduced there. The forum believe this would limit "bad" tenants and landlords

moving to other areas and would be fairer for all landlords. The Forum also expressed their hope that the fees would reduce due to economies of scale if more areas were designated for selective licensing.

33. Whilst the vast majority of residents are in favour of selective licensing, the landlords operating in the proposed designation area are not. Despite this the Council are proposing selective licensing in the Gannow area as a necessary legislative power to compel landlords to improve management practices and address tenant behaviour. The private rented sector is an important component of a sustainable mixed tenure neighbourhood if it is of good quality and well managed. The Council are confident that selective licensing will improve property management and condition; assist in reducing anti-social behaviour and environmental crime driving up standards in the private rented sector and helping to address the low housing demand within the proposed designation area.

Fee Structure

34. As expected when fixing a fee for the application of a licence the Council have taken into account Part 3 of the Housing Act 2004 and had regard to the European Services Directives and the ruling of the Hemming v Westminster City Council Court of Appeal case.
35. The fee structure is:
- £750 for 1 landlord with 1 property;
 - £670 for each additional property
 - Those landlords that are accredited by the Good Landlord and Agent Scheme will receive a 30% discount. To be eligible for the discount landlords must have been accredited by the date the designation area comes into force.
36. A discount of £100 will be applied to the overall cost of the fee if the applicant submits a fully completed application form and all requested documentation within 3 months of the designation area coming into force. Payment must be received in full or a direct debit payment plan agreed over a maximum period of 4 years. Failure to continue to make the annual direct debit payment will result in the loss of the early application discount.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

37. The total required budget for the Gannow Designation Area over the 5 year period from June 2014 to June 2019 is £378,577. This budget is based upon the minimum staffing structure required to effectively administer and monitor the selective licensing designation area. This expenditure will be met from the selective licensing fee income.
38. The estimated income is based upon the anticipated number of licensing applications that could be received; there is a risk that less income will be generated. Income and expenditure will be monitored closely and staffing structures would be reviewed if the estimated income reduces as the programme progresses.

POLICY IMPLICATIONS

39. The Council's housing strategy is framed within the Pennine Lancashire Housing Strategy and Burnley share's a number of key strategic objectives with partnering local authorities

across Pennine Lancashire. The strategy sets out a series of actions intended to support the transformation of the economy in Pennine Lancashire and recognises the importance of both growth and renewal in the housing market. The strategy contains a specific aim to progress “the development and promotion of landlord licensing and accreditation to foster closer working with local authorities enabling promotion of private rented accommodation as a ‘decent’ alternative to social housing.”

DETAILS OF CONSULTATION

40. Private Rented Sector Forum, Ward Councillors, the National Landlords Association, The Residential landlords Association, residents, businesses and landlords/managing agents within the proposed designation area.
41. Councillor Howard Baker (Executive Member Housing and Environment), Steve Hartley (Finance), Sam McConnell and Mark Driver (Streetscene), David Talbot (People, Law and Regulation).
42. If the proposed designation area is approved by the Executive further notifications are required by law over a period of three months. As a minimum this includes notifying all interested parties such as landlords, tenants and residents. Publishing the designation on the Council’s website. Placing notices in the designation area and advertising the approved designation area in 2 local papers for a period of 10 weeks.

BACKGROUND PAPERS

43. None.

FURTHER INFORMATION

PLEASE CONTACT:

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ALSO:

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Development**