Manchester City Council
Report for Resolution

Report to: Neighbourhoods and Environment Scrutiny Committee - 21 June
                   2016
                   Executive – 29 June 2016

Subject: Selective Licensing Pilot - Public Consultation

Report of: Deputy Chief Executive (Growth and Neighbourhoods)
                   Strategic Director (Development)

Summary

The Housing Act 2004 gives the Council the power to introduce the licensing of
private rented homes within a designated area, with the aim of improving the
management and condition of these properties to ensure they have a positive impact
on the neighbourhood.

One of the main themes of the Council's Market Rental Strategy is to support the
professionalisation of the Private Rented Sector by improving property and
management conditions. Licensing is one of the initiatives that can be utilised
alongside other intensive neighbourhood management processes.

Officers have used neighbourhood typologies and local intelligence to identify areas
that meet the criteria to designate a selective licensing area; this can include low
housing demand linked to property condition and high levels of antisocial behaviour,
crime and deprivation. Officers are seeking approval to commence an extensive
consultation exercise to establish whether the declaration of a selective licensing
scheme is required within these identified areas.

Recommendations

Executive is recommended to

1. Approve a consultation with residents, private landlords, businesses and other
    stakeholders to designate selective licensing schemes within the geographical
    areas highlighted in this report.

2. Subject to the outcome of the consultation, delegate authority to the Director of
    Housing and the City Treasurer in consultation with the Deputy Leader with
    responsibility for Housing and Regeneration and the Executive Member for
    Finance and Human Resources to approve up to 4 selective licensing areas
    identified in the report

Wards Affected: Crumpsall, Moss Side, Moston, Rushome and Old Moat

Manchester Strategy outcomes	Summary of the contribution to the strategy
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Good quality and professionally managed private rented homes will contribute to the sustainability of neighbourhoods, ensuring residents have a settled and stable platform to contribute and thrive.
A highly skilled city: world class and home grown talent sustaining the city's economic success	The existing homes and improved neighbourhoods will be well connected to employment opportunities and schools.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	Increasing the supply of good quality affordable homes for private rent will provide the opportunity for Manchester residents to raise their individual and collective aspirations.
A liveable and low carbon city: a destination of choice to live, visit, work	The right mix of quality energy efficient housing is needed to support growth and ensure that our growing population can live and work in the city and enjoy a good quality of life.
A connected city: world class infrastructure and connectivity to drive growth	This approach recognises the importance a balanced housing offer plays within a well connected city and the neighbourhoods within it. It seeks to create neighbourhoods where residents will choose to live and their housing needs and aspirations are met.

Full details are in the body of the report, along with any implications for
- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

Initial budget for the consultation process will be required; this is expected to be approx £30,000 - £50,000 in total for the 4 areas. However, if after public consultation the Council decides to proceed with Selective Licensing these costs can be fully funded via the licence fee.

Financial Consequences – Capital

There are no direct capital consequences to the Council arising from this report

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and
have been relied upon in preparing the report. Copies of the background documents
are available up to 4 years after the date of the meeting. If you would like a copy
please contact one of the contact officers above.

- Draft Residential Growth Strategy, Executive, 4th November 2015
- Manchester Market Rental Strategy, Executive, 15th January 2015
- Manchester Residential Growth Strategy and 2016/17 Action Plan, Executive, 2nd March 2016

1.   Introduction

The Council's Market Rental Strategy was approved in January 2015. One of the main themes of the strategy is to support the professionalisation of the Private Rented Sector and to focus enforcement resources on the worst conditions and landlords in the sector.

One of the initiatives that has been identified to assist with achieving this priority is Selective Licensing (SL). Manchester has previously designated larger selective licensing areas which, after review, have not been extended. This was primarily because they were not sustainable and their impact alongside other measures being implemented at the time was hard to justify. However there are now a number of significant changes and improvements to how we can objectively measure impacts and implement selective licensing. A decision was made to carry out a feasibility study which concluded that there are areas that may benefit from a targeted SL designation as part of a wider intensive neighbourhood management programme.

This report identifies four potential pilot areas that are experiencing conditions that meet the criteria to designate an SL area and seeks approval to consult with residents, landlords and businesses on the proposed designation to further strengthen intensive neighbourhood management and enforcement within the identified areas. The areas will be used to carefully monitor the effectiveness or otherwise of Selective Licensing over a period of at least 3 years.

2.   Context

2.1   The Private Rented Sector in Manchester

The private rented sector has grown rapidly in the last 5 years and now accounts for about a third of homes in the City. Most private rented sector homes are good quality and are relatively affordable to a wide sector of the population. The City Council itself has invested alongside investment partners into a professionally-managed good quality residential development.

However the private rented sector remains fragmented in ownership terms with 70% of landlords owning 3 or less properties. This leads to inconsistent management standards and some neighbourhoods suffer from having a lack of 'ownership' and feel neglected. There are a small number of neighbourhoods with very poor quality landlords, crime and high levels of deprivation.
In some instances these operators receive significant sums of public finance in terms of housing benefit, representing very poor value for money for the public purse. The Manchester Market Rental Strategy sets out how we will work to improve standards and manage growth and one of the measures seen to be able to assist with this priority is the introduction of locally-focussed SL schemes.

2.2   Legal Framework

The Housing Act 2004 gives the council the power to introduce the licensing of private rented homes, within a designated area, with the aim of improving the

management and condition of these properties to ensure they have a positive impact on the neighbourhood.

Selective Licensing is intended to address the impact of poor quality landlords and anti-social tenants primarily, although not exclusively, in areas of low demand with poor quality housing. In an area subject to Selective Licensing, all private landlords must obtain a licence and if they fail to do so, or fail to comply with licence conditions, the local authority (LA) may prosecute the licence holder. This could result in a fine of up to £20,000 or, in extreme cases, the LA may assume management control of the property. The Housing and Planning Act 2016 gives authorities the power to levy a penalty charge of up to £5,000 as an alternative to prosecution. Authorities must first adopt this power and establish a process but this option is likely to be far more beneficial to Manchester than prosecutions as the authority, if successful, is able to retain the penalty fee.

From April 2015, SL areas must be smaller than 20% of the LA stock and include fewer than 20% of private landlords in the LA area, unless confirmation from the Secretary of State has been obtained.

Before taking a decision to designate an area subject to SL, LAs must consider whether there are other alternative means of addressing the issues. This analysis will be part of the consultation process.

2.3   Delivering a Successful Scheme

Our ability to identify who the landlords are prior to declaring an SL scheme is a significant difference to any previous scheme in Manchester. The Council now has access to information from Land Registry to identify landlords up front, enabling a targeted approach to advertising the scheme rather than the previous general advert inviting landlords to come forward. Enforcement will be far more effective at targeting all landlords in a defined area that need a licence and we will be able to quickly follow up once the area is designated. By using the City's neighbourhood typologies, local intelligence and in depth consultation the Council will establish robust and measurable objectives to be delivered through each SL scheme.

3.   Introducing Selective Licensing

3.1   Consultation

Consultation is a legal requirement and must take place before designating an area subject to SL. It should include local residents – tenants, landlords and managing agents; members of the community who live in or operate businesses or services in the designated area and local residents and businesses in the surrounding area who will be affected. The consultation period must be for a minimum of 10 weeks and any representations made must be considered.

The costs of consultation can be recouped from licence fees. However, if the outcome led to not declaring an SL scheme, this cost would have to be borne by the authority.

3.2   Licence conditions

There are mandatory conditions that must be included in the licence – these cover gas safety certificates, safety of electrical appliances, smoke alarms, providing a written tenancy agreement and getting references from prospective tenants. General conditions relating to property management and anti-social behaviour can also be included. They must relate to the residential use of the property and can include measures to deal with anti-social behaviour of tenants and their visitors. Whilst not part of the licence conditions, we would propose to use the license to establish clearly the Council's right to carry out a full range of legitimate enforcement powers such as serving notices for disrepair etc.

3.3   Licence fees

Local Authorities set the level of the licence fees landlords pay. Fees must be transparent and should cover the actual cost of administering the scheme including any stock condition survey works prior to designation. They can include the cost of taking action to make landlords comply with a scheme – either in applying for a licence or in meeting the conditions of the licence. Licence fees cannot cover the costs of taking enforcement action – these can be recovered from landlords who have enforcement action taken against them (this applies whether or not the property is within an SL area).

A good understanding of the number of landlords in the designated area is needed to calculate an appropriate level for licence fees – Land Registry data can be used to help identify landlords. The cost of administering schemes should be self-financing once they are running.

4.   Licensing Conditions & Objectives

4.1   Conditions

When an SL designation is being considered an area has to be experiencing one or more of the following conditions:

4.1.1 Low housing demand (or is likely to become such an area) and the outcome of the scheme will contribute to the improvement of the social or economic condition of that particular area.

4.1.2 A significant and persistent problem caused by anti-social behaviour

       The outcome of the scheme should be a reduction in, or elimination, of anti-social behaviour (caused by tenants in the private sector) in the designated area.

4.1.3 Poor property conditions

       The outcome of the designation would be a general improvement of property conditions in the designated area within the lifetime of the designation

4.1.4 High levels of migration

The outcome of the designation should be to preserve or improve the economic or social conditions of the area during the lifetime of the designation and ensure that a proper standard of management of privately rented property is maintained and that properties do not become overcrowded

4.1.5 High level of deprivation

The outcome of the designation should be (together with other measures) a reduction of the problems with housing in the private rented sector contributing to the high level of deprivation.

4.1.6 High levels of crime

The outcome of the designation (together with the other measures) should lead to a reduction in crime in the area.

4.2 Proposed SL Designation areas

After analysing neighbourhood typologies and local intelligence, officers and ward members have identified areas that are experiencing one or more of the above SL conditions, and may benefit from a designation. These conditions must become the basis of measurable improvement objectives for each area. It is possible to add further objectives in addition to these and these will be considered as part of the consultation

All 4 areas are identified on the attached maps and after data analysis and discussion with local neighbourhood teams and ward members, the following qualifying criteria are deemed to have been met within each area;

4.2.1 Area 1; Crumpsall

- Anti-social behaviour – linked to environmental and waste management
- Poor property conditions – obvious signs of poor condition externally.
- High levels of migration
- High level of deprivation
- High levels of crime

4.2.2 Rusholme

- Anti-social behaviour - linked to environmental and waste management
- Poor property conditions – visually poor conditions externally
- High levels of migration
- High level of deprivation
- High levels of crime

4.2.3 Moston

- Anti-social behaviour – poor environmental and waste management

- Poor property conditions – visual signs of neglected maintenance
- High levels of migration – issues around community cohesion
- High level of deprivation

4.2.4 Old Moat (Withington)

- High concentration of rental type (Student Accommodation)
- Anti-social behaviour
- Increased levels of crime

Although these areas have been identified, an in depth consultation process must be followed to gauge public opinion, this feedback along with the neighbourhood typologies will be used to evidence, and to test if Selective Licensing along with other enforcement measures would improve the objectives set out for each area.

Appendix 1 shows the proposed areas at street level and neighbourhood typologies for each area considered.

5.   Selective Licensing Consultation

5.1   Legal Requirements for Consultation

Current legislation requires an intensive consultation period of 10 weeks to gauge public opinion and gather feedback in order to implement a designation. The Council is required to consult fully with local residents, tenants and landlords, managing agents and local businesses, both within the proposed areas and in the surrounding areas.

5.2   Consultation Method

Consultation will take place incrementally using a staged approach; this pilot approach will be used to make sure operational resources can be focused on one area at a time. This will also help to improve the consultation process when moving onto other areas using lessons learned, however following analysis of the first pilot maybe feasible to consult with more than one area if resources permit.

One of the consultation methods will be contacting residents, landlords letting agents and business directly via letter. The letter will explain what SL is, how it could improve the neighbourhood, how it would operate and how they may be affected. The letter will direct them to an online consultation page to complete an online form to obtain their views. The webpage will contain information regarding selective licensing and the process the Council will need to undertake to operate such a scheme. Another method of consulting with the wider community will be drop-in events held in local libraries and community centres which will be advertised in the local press and local buildings.

We will also consult national landlord agencies who support and advocate for a number of private rented sector landlords across the country.

5.3   Consultation Plan

The consultation plan has been developed to ensure that each step of the process is carried out and meets the legal framework. A summary of the processes within the consultation plan for the first area can be seen below:

- Consultation report to Executive - June, *If approved to consult:*
- Member and Press Briefings - July
- Organise drop in consultation events - July
- Add a consultation page and inbox on corporate website - July
- Consultation period - starts end July
- Consultation period - ends October
- Gather feedback and analyse data - October
- Publicise results of consultation - October
- Delegated approval to designate an area - November

5.4   Consultation Evaluation

Following the closure of the consultation period the responses will be evaluated and published on the Council's website. The responses will be considered and will inform officer recommendations to Executive Members before making a final decision as to whether to proceed with selective licensing.

6.   Conclusion

Executive is asked to approve the principles outlined in Section 5 of this report and authorise officers to consult with residents, tenants, landlords, businesses and property management agencies with regards to the proposed SL schemes. Officers will report back following the consultation process and provide analysis and recommendations on whether SL schemes can meet local objectives to assist neighbourhood improvements as part of an intensive management solution.

7.   Key Policies and Considerations

(a) Equal Opportunities

7.1   This approach to consultation will enable engagement of a diverse range of local communities, through appropriate consultation it will give all stakeholders opportunities to engage in the development of locally focussed SL scheme.

(b) Risk Management

7.2   The reduction of risk will be managed via the project risk register, however in the event of consultation approval risk areas will be mitigated and managed through the governance arrangements associated with Market Rental Sector Board.

(c) Legal Considerations

7.3   At this stage, the recommendations are primarily linked to public consultation and planning for approval of the project, as this process develops the potential

risks will be more clearly defined. However, considerations need to be taken into account regarding the legal consultation process, this process will be developed along side our legal, communication and press colleagues.

Proposed Selective Licensing Area - Crumpsall

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Ordnance Survey 100019568.

Key

⬜ Proposed Area
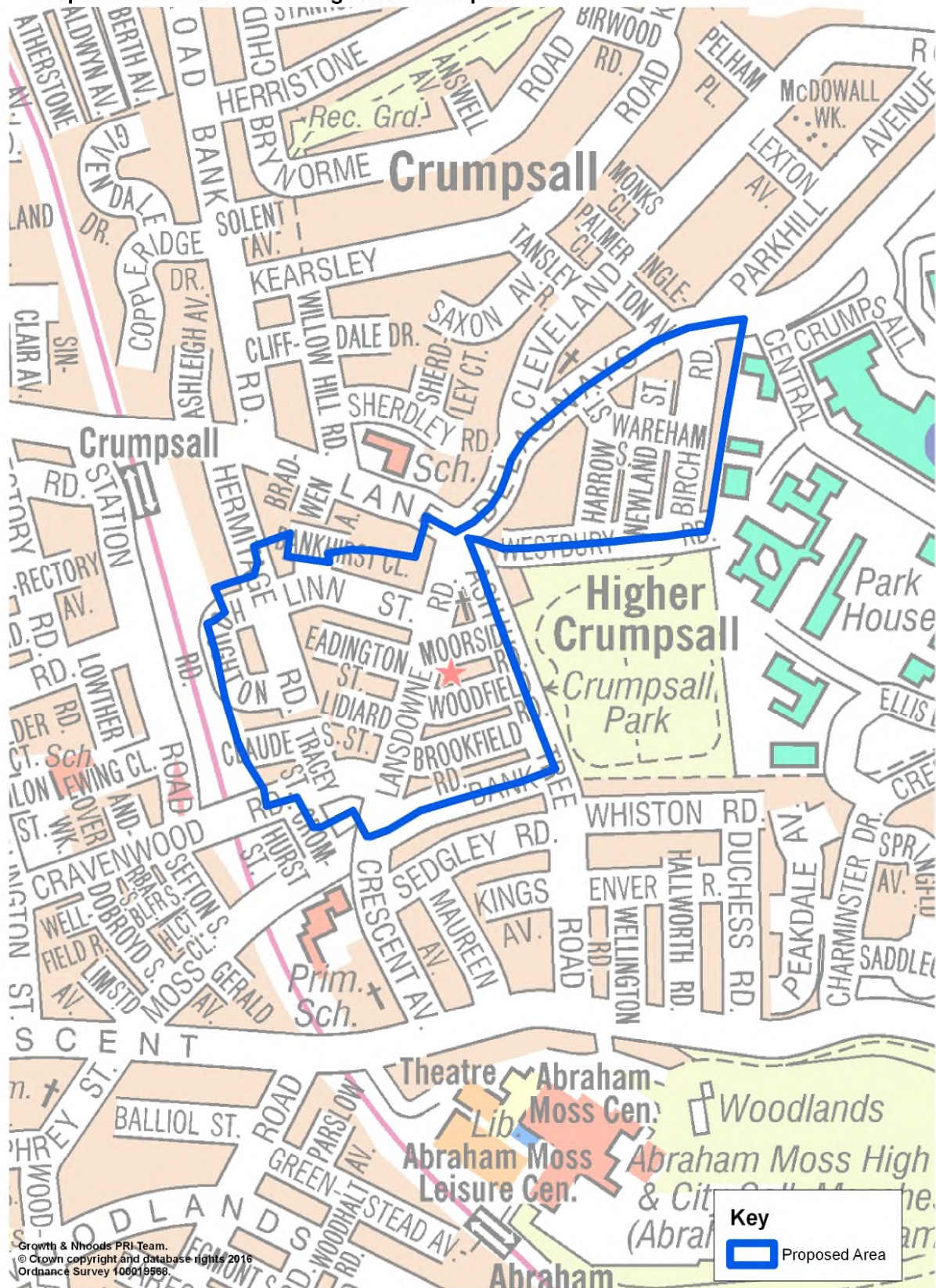
CRUMPSALL AREA

Total Stock	713
Stock exc. Empty Homes	662

(MCC Council Tax data - April 2016)

Tenure Info (Census 2011)		Dwellings (Estimate)
Owner Occupied	23.3%	154
Private Rented	53.9%	357
Social Housing	12.8%	85
Other	10%	66

Private Rented claiming Housing Benefit	30.1%	199

Deprivation	Area	
	Manchester 006A	Manchester 008E
(IMD 2015)	Delaunays Rd Area	Lansdowne Road
National Rank (Where 1 = Most Deprived)	1,519	1,925
% Rank (e.g 5% = top 5% most deprived)	5%	10%
Income	8%	10%
Employment	3%	8%
Health	1%	3%
Barriers to Housing & Services	34%	32%
Crime	10%	1%
Living Environment	26%	7%

Anti Social Behaviour	Crumpsall		Manchester
(2015 - reported to Police)	Incidents	Per 1000 Households	Per 1000 Households
Rowdy and Inconsiderate	92	139	81
Neighbours	31	47	17
Other	72	109	56
Total	195	295	153

	Crumpsall		Manchester
Victim Based Crime (2015)	Incidents	Per 1000 Households	Per 1000 Households
Burglary (non dwelling)	7	11	11
Burglary in a dwelling	33	50	21
Criminal damage /Arson	28	42	34
Other Victim Based Crime	178	269	180

Neighbourhood Incidents (2015)	Crumpsall		Manchester
(Via Customer Service Centre)	Incidents	Per 1000 Households	Per 1000 Households
Housing Issues	21	32	12
Domestic Noise	3	5	10
Fly Tipping	228	344	102
Street Cleansing	13	20	34
Untidy Gardens	5	8	5
Total	270	408	164

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Proposed Selective Licensing Area - Moston Lane

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Ordnance Survey 100019568.

Key
Proposed Area
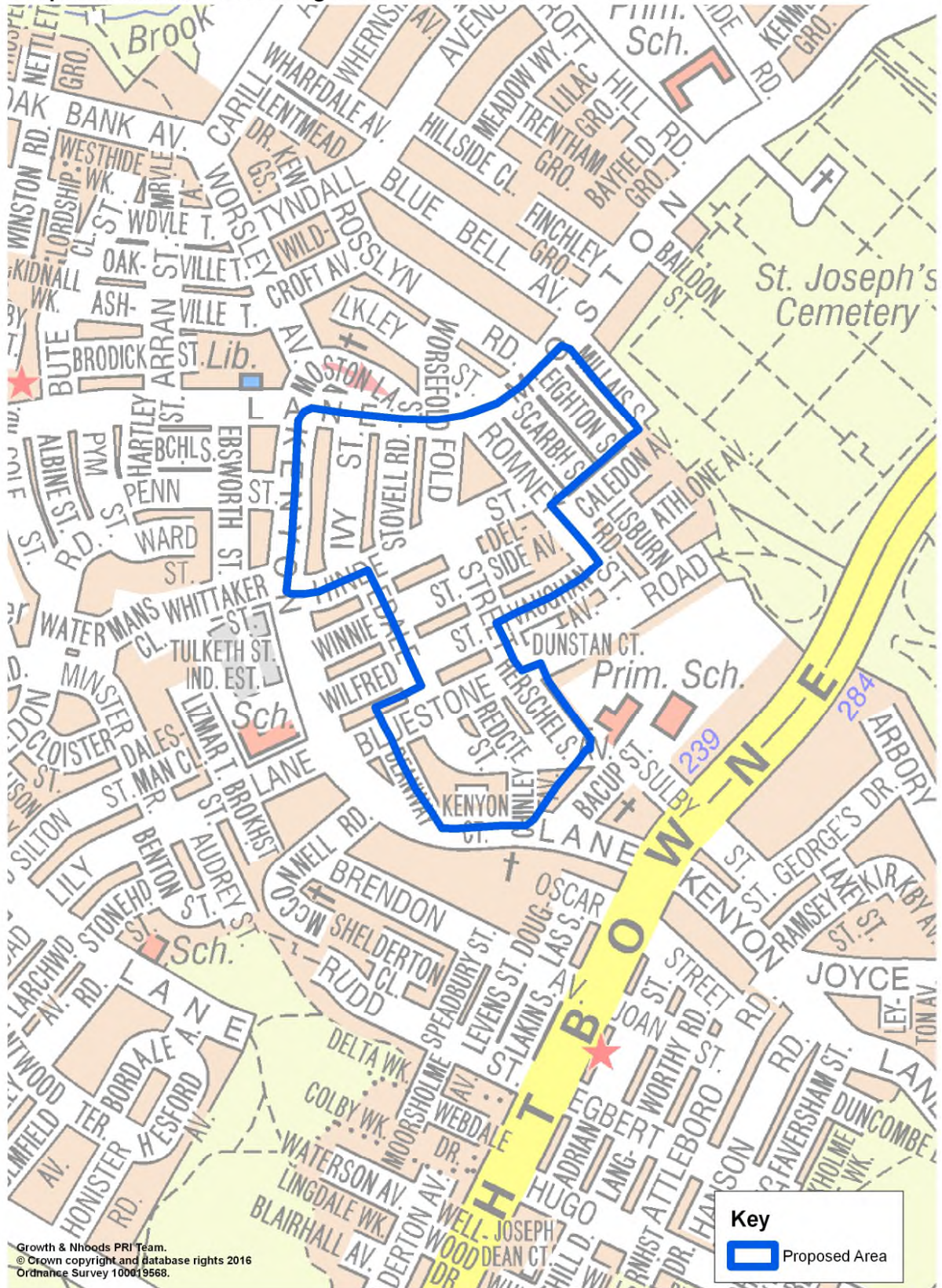
MOSTON LANE AREA

Total Stock	623
Stock exc. Empty Homes	581

(MCC Council Tax data - April 2016)

Tenure Info (Census 2011)		Dwellings (Estimate)
Owner Occupied	45.2%	263
Private Rented	40.2%	234
Social Housing	13.3%	77
Other	1.3%	8

Private Rented claiming Housing Benefit	37%	213

Deprivation	Area
(IMD 2015)	Manchester 007D
National Rank (Where 1 = Most Deprived)	4010
% Rank (e.g 5% = top 5% most deprived)	12%
Income	11%
Employment	12%
Health	12%
Barriers to Housing & Services	56%
Crime	10%
Living Environment	9%

Anti Social Behaviour	Moston Lane		Manchester
(2015 - reported to Police)	Incidents	Per 1000 Households	Per 1000 Households
Rowdy and Inconsiderate	104	179	81
Neighbours	12	21	17
Other	53	91	56
Total	169	291	153

	Moston Lane		Manchester
Victim Based Crime (2015)	Incidents	Per 1000 Households	Per 1000 Households
Burglary (non dwelling)	7	12	11
Burglary in a dwelling	11	19	21
Criminal damage /Arson	15	26	34
Other Victim Based Crime	96	165	180

Neighbourhood Incidents (2015)	Moston Lane		Manchester
(Via Customer Service Centre)	Incidents	Per 1000 Households	Per 1000 Households
Housing Issues	19	33	12
Domestic Noise	13	22	10
Fly Tipping	269	463	102
Street Cleansing	16	28	34
Untidy Gardens	10	17	5
Total	327	563	164

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Proposed Selective Licensing Area - Old Moat

Key

Proposed Area
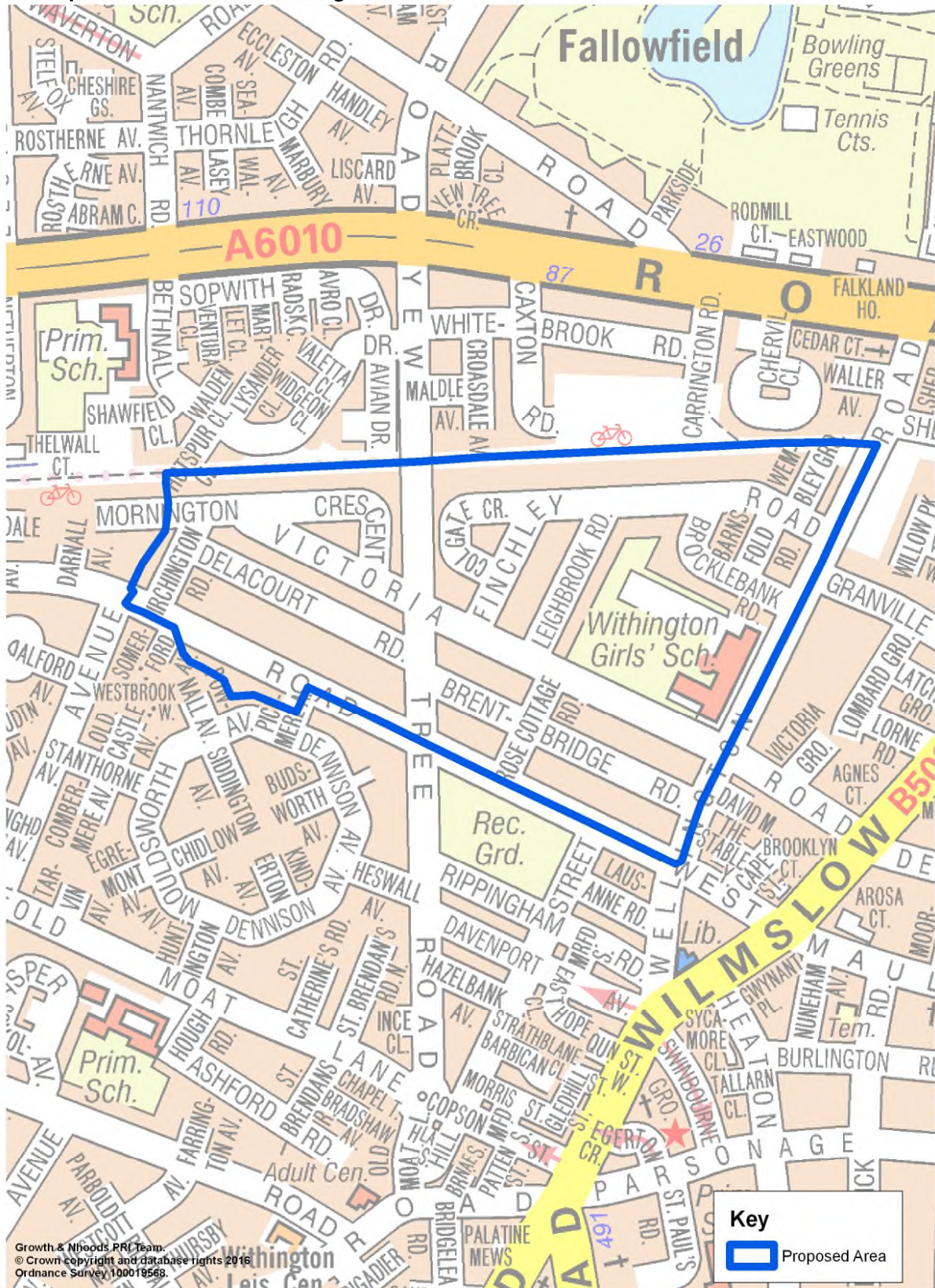
OLD MOAT AREA

Total Stock	659
Stock exc. Empty Homes	613

(MCC Council Tax data - April 2016)

Tenure Info (Census 2011)		Dwellings (Estimate)
Owner Occupied	43.5%	267
Private Rented	43.6%	267
Social Housing	10.5%	64
Other	2.4%	15

Student Exemptions	21%	128

Private Rented claiming Housing Benefit	10%	60

Deprivation	Area
(IMD 2015)	Manchester 035D
National Rank (Where 1 = Most Deprived)	9500
% Rank (e.g 5% = top 5% most deprived)	29%
Income	36%
Employment	57%
Health	25%
Barriers to Housing & Services	16%
Crime	10%
Living Environment	23%

Anti Social Behaviour	Old Moat		Manchester
(2015 - reported to Police)	Incidents	Per 1000 Households	Per 1000 Households
Rowdy and Inconsiderate	32	52	81
Neighbours	51	83	17
Other	39	64	56
Total	122	199	153

	Old Moat		Manchester
Victim Based Crime (2015)	Incidents	Per 1000 Households	Per 1000 Households
Burglary (non dwelling)	4	7	11
Burglary in a dwelling	79	129	21
Criminal damage /Arson	27	44	34
Other Victim Based Crime	102	166	180

Neighbourhood Incidents (2015)	Old Moat		Manchester
(Via Customer Service Centre)	Incidents	Per 1000 Households	Per 1000 Households
Housing Issues	9	15	12
Domestic Noise	30	49	10
Fly Tipping	26	42	102
Street Cleansing	16	26	34
Untidy Gardens	12	20	5
Total	93	152	164

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Proposed Selective Licensing Area - Rusholme
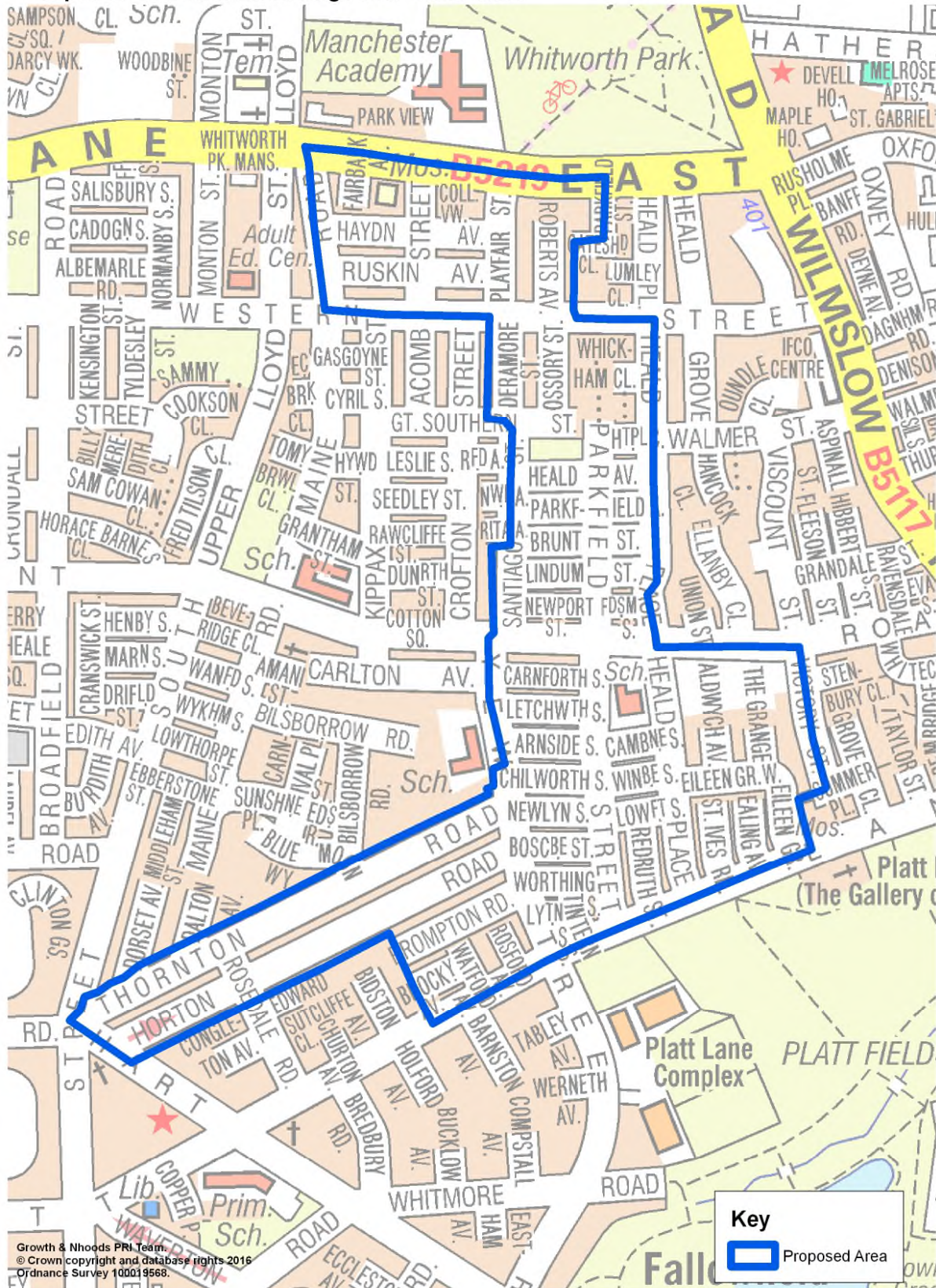
Key

Proposed Area

RUSHOLME AREA

Total Stock	2254
Stock exc. Empty Homes	2145

(MCC Council Tax data - April 2016)

Housing Tenure(Census 2011)		Dwellings (Estimate)
Owner Occupied	27.1%	580
Private Rented	50.2%	1078
Social Housing	20.7%	443
Other	1.6%	34

Student Exemptions	10.0%	215

Housing Benefit Private Rent	18.7%	401

Deprivation	Area				
(IMD 2015)	Manchester 025A	Manchester 025B	Manchester 025C	Manchester 025D	Manchester 025E
	Newlyn/Boscombe/Thornton St	Carnforth/Letchworth/Carlton	Haydn/Ruskin/Roberts Ave	Heald Ave - Claremont	Heald Place Area
National Rank (Where 1 = Most Deprived)	8,816	1,754	6,365	1,089	3,549
% Rank (e.g 5% = top 5% most deprived)	27%	5%	19%	3%	11%
Income	25%	3%	25%	3%	17%
Employment	33%	13%	43%	10%	26%
Health	16%	2%	9%	1%	2%
Barriers to Housing & Services	50%	15%	12%	13%	20%
Crime	40%	10%	10%	1%	1%
Living Environment	10%	19%	13%	29%	5%

Anti Social Behaviour	Rusholme		Manchester
(2015 - reported to Police)	Incidents	Per 1000 Households	Per 1000 Households
Rowdy and Inconsiderate	239	111	81
Neighbours	57	27	17
Other	177	83	56
Total	473	221	153

	Rusholme		Manchester
Victim Based Crime (2015)	Incidents	Per 1000 Households	Per 1000 Households
Burglary (non dwelling)	16	7	11
Burglary in a dwelling	185	86	21
Criminal damage /Arson	107	50	34
Other Victim Based Crime	447	208	180

Neighbourhood Incidents (2015)	Rusholme		Manchester
(Via Customer Service Centre)	Incidents	Per 1000 Households	Per 1000 Households
Housing Issues	43	20	12
Domestic Noise	25	12	10
Fly Tipping	644	300	102
Street Cleansing	130	61	34
Untidy Gardens	10	5	5
Total	852	397	164

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