

**Manchester City Council
Report for Information**

Report to: Neighbourhoods and Environment Scrutiny Committee – 4 March 2020

Subject: Review of Selective Licensing Pilot areas

Report of: Strategic Director (Neighbourhoods)

Summary

The Selective Licensing Pilot areas have now been in operation for three years in Crumpsall, over two years in Moss Side and almost two years in Moston and Old Moat. This report reviews all four schemes, comments on their effectiveness so far and makes a recommendation to consider further Selective Licensing schemes.

Recommendations

To note the progress made in existing Selective Licensing areas and comment on proposals to consider further schemes, which will require public consultation.

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

Alignment to the Our Manchester Strategy Outcomes (if applicable):

Manchester Strategy outcomes	Summary of how this report aligns to the OMS
A thriving and sustainable city: supporting a diverse and distinctive economy that creates jobs and opportunities	Good quality and professionally managed private rented homes 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	Improving the private rented housing offer helps to attract and retain talent.
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 access quality accommodation in neighbourhoods where people are happier to settle for a longer period of time.

<p>A liveable and low carbon city: a destination of choice to live, visit, work</p>	<p>The right mix of quality, energy efficient housing is needed to support growth, meet carbon reduction targets, and ensure that our growing population can live and work in the city and enjoy a good quality of life.</p>
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	<p>A balanced housing offer plays an important part within a well-connected city and its neighbourhoods. Improving housing available to rent helps to create neighbourhoods where residents will choose to live and where their housing needs are met.</p>

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Background documents (available for public inspection): None

1.0 Introduction

- 1.1 Selective licensing is intended to respond to problems of poor property management, crime and anti-social behaviour (ASB) within a defined geographical area. All privately rented properties within a designated area require a licence, with some exemptions for example property rented to family members, Registered Providers and Council run housing.
- 1.2 The introduction of selective licensing is not mandatory, and can only be implemented following a public consultation lasting at least 10 weeks.
- 1.3 Where implemented Selective Licensing is a tool to require sustainable improvements to private rented accommodation, increasing the quality of existing stock in the private rented sector in terms of both physical conditions and management standards.
- 1.4 Manchester currently has four selective licensing areas, encompassing approximately 2,000 private rented properties. Each Selective Licensing scheme is designated for 5 years. The pilot areas and duration of each scheme are as follows:

Crumpsall	13 March 2017 - 12 March 2022
Moss Side	8 Jan 2018 - 7 Jan 2023
Moston	23 Apr 2018 - 22 Apr 2023
Old Moat	23 Apr 2018 - 22 Apr 2023

- 1.5 At the end of a designation, the scheme will cease to have effect, unless it is renewed.
- 1.6 A Selective Licence currently costs £650 and can be issued for up to 5 years. Licences of a shorter length can be issued where there are concerns about management arrangements. In the first 3 months before each designation came into effect, licence applications were charged a discounted rate of £400 to encourage applications and reduce costs associated with identifying suspect properties.
- 1.7 The schemes are designed to be self-funded, with the licence fee meeting the costs of administering the schemes.

2.0 Progress within Pilot Areas

- 2.1 Applications are made online and determined by the Housing Compliance and Enforcement Team. Following assessment of an application and associated documentation (e.g. gas safety certificates) a licence can be granted or refused. Where a licence application is refused, alternative management arrangements must be made, or where necessary the Council can make a Management Order to take responsibility for the property.

- 2.2 Following grant of a licence, a compliance inspection is carried out at those properties which have been flagged as part of the application process, where complaints have been received or where there are indications an inspection is required. The team will inspect 50% of all licensed properties during the course of the 5 year designation.
- 2.3 The following table provides information on the number of suspected private rented properties in each pilot area, the number of selective licence applications received, the number of licences issued and the number of compliance inspections carried out.
- 2.4 The second column in the table refers to the number of PRS properties identified at the start of the scheme. It should be noted that the number of premises initially identified minus the number of exempt properties will not add up to the number of licences granted. There are a number of reasons for this. During the lifetime of the scheme there will be properties that were initially exempt e.g. occupied by a family member who subsequently moved out and the property was then rented and licensed; or more than one licence application can be received or granted for the same property if there has been a change of owner.

Pilot Area	No. PRS	No. exempt	Applications Received	Licences Granted	Compliance Inspections
Crumpsall	358	54	350	340	68
Moston	394	71	295	252	41
Moss Side	1217	274	1033	795	106
Old Moat	312	30	254	153	1
TOTAL	2,281	429	1,932	1540	216

- 2.5 During compliance inspections officers assess property conditions under the Housing Health and Safety Rating System (HHSRS) as well as assessing compliance against licence conditions. The Housing Health and Safety Rating System (HHSRS) is a risk-based evaluation tool used by officers as an evaluation of the potential risks to health and safety from any deficiency identified in domestic dwellings, in order to take action to reduce/remove threat of harm to occupants.
- 2.6 The following table sets out findings following compliance inspections. A number of inspections are ongoing and therefore a number of outcomes are yet to be determined.
- 2.7 The number of non-compliant properties in Moston and Moss Side is low, however this may change as properties licensed later in the scheme are inspected.

Pilot Area	Fully Compliant	Broadly Compliant	Non-Compliant	% Non-Compliant (enforcement required)
Crumpsall	6	42	19	28%
Moston	7	29	1	3%
Moss Side	20	72	4	4%
Old Moat	0	1	0	0%

3.0 Enforcement

- 3.1 Enforcement notices are served on landlords where poor property conditions are found. Civil Penalty Notices can also be issued or prosecutions instigated in relation to breaches of legislation.
- 3.2 Within the selective licensing areas 16 improvement notices have been served relating to property conditions, and 3 suspended prohibition orders have been served. All enforcement notices served carry a demand charge of £300 per notice to account for officer time.
- 3.3 A total of 10 Civil Penalty Notices have been issued in the selective licensing areas with fines totalling £48,000. Of the Civil penalties notices served: 8 were issued in relation to operating without a licence; 1 related to failing to comply with an improvement notice served; and 1 related to breach of licence conditions and failing to comply with an improvement notice.
- 3.4 A portfolio landlord issued with 15 licences for a period of 1 year has taken steps to improve management standards. This has had a positive impact on the local neighbourhood and the landlord has now been through the process of reapplying for all 15 licences for the remainder of the designation.
- 3.5 The team are working to ensure that the remaining properties suspected of requiring a licence in Moss Side, Moston and Old Moat apply, and our focus has also now moved on to increasing the number of compliance inspections carried out.

4.0 Impact

- 4.1 The designations are nearing the halfway point and whilst the overall impact will only be evident at the end of the designation period, a review of data on anti-social behaviour (ASB) and neighbourhood issues such as noise and fly tipping has been undertaken. This data is summarised below and the information is available in full at Appendix 1.
- 4.2 The Crumpsall pilot was the first area to be designated in March 2017 so at the time of writing the scheme has been operational for almost 3 years. The

information on ASB and Neighbourhood issues pre and post selective licensing does not provide a causal link between selective licensing and these issues, but it does provide a useful indicator of improvements in some areas.

The statistics indicate that in the Crumpsall area there has been a considerable decrease in ASB incidents. Rowdy and inconsiderate behaviour has decreased by 64%, ASB from Neighbours by almost a third and overall ASB by 51%.

Flytipping has also decreased from 250 incidents in 2017, when selective licensing came into force, to 194 in 2019. Domestic noise has decreased from 11 to 7 incidents

There have been slight increases in housing related issues which initially halved in 2018 but increased from 17 in 2017 to 22 in 2019. Street cleansing also increased from 23 to 35 and untidy gardens from 11 to 12.

- 4.3 In Moston ASB incidents have also reduced with rowdy and inconsiderate behaviour reducing by 70%, neighbour nuisance increasing slightly by 8% but overall ASB is down by 52%. Neighbourhood issues have not seen the same degree of improvement with slight increases in housing, street cleansing and untidy gardens reported but have seen slight improvements in domestic noise. Incidents of flytipping have fluctuated over the years but are showing an increase between 2018 and 2019. However, as it is just over 2 years since the designation it is still early in the life of the scheme to draw conclusions on whether it will have a positive environmental impact overall.
- 4.4 In Old Moat there has been a decrease of 3% in rowdy and inconsiderate behaviour, 60% decrease in neighbour nuisance and overall reduction of 35% in ASB. As it is less than 2 years since the designation of Old Moat, again it is too early to draw conclusions but the statistics indicate that following there are early signs of improvements across all the neighbourhood indicators other than street cleansing and untidy gardens which show slight increases.
- 4.5 In Moss Side incidents of ASB have increased across the board and although flytipping initially increased, it has decreased in the second year of the scheme. Again it is early in the scheme to judge any impact. It should also be noted that there are a number of wider challenges in the areas within which the pilots are located, which selective licensing alone cannot resolve. However, there are a number of positive indicators suggesting that overall there are more positive than negative signs that selective licensing may be contributing to improving areas.
- 4.6 In order to try to understand the views of those living or renting properties within the schemes, tenants and landlords from all designations have recently been invited to complete short questionnaires.

Of 24 tenants spoken to:

- 83% were not aware that their landlord required a licence
- 13% thought that the scheme had improved the management of their property, 21% thought it might have, and 13% did not think it had
- 67% said they did not have issues with disrepair at the property
- 52% thought that licensing might have helped improve the neighbourhood, 26% thought it had and 22% thought it hadn't
- 91% had been informed about their responsibilities around waste and recycling and 100% knew when their bins were collected
- 57% knew how to report issues with waste or fly-tipping in their area
- 87% knew who to contact if they had disrepair in their property

4.7 Comments made by tenants included:

"(My) agency sorted out a leak quickly"

"It is bringing the quality of private rent up to a legal standard"

"Good response from Landlord"

4.8 Of 50 landlords who completed the questionnaire (by e-mail):

- 42% owned 1 property and 50% owned between 2-5 properties
- 20% found the online application process very easy or easy to use
- 34% found the online application process difficult or very difficult to use

4.9 When asked about key benefits of the scheme, some landlords agreed with the following statements:

- Better regulation of private rented properties - 23%
- Improved property conditions - 26%
- Better understanding of legal requirements - 16%
- Reduction in ASB and crime - 10%
- Tenants staying longer in properties - 6%
- Reduction in waste issues - 10%

16 landlords (32%) said they had not noticed any difference or thought the scheme was an exercise in generating income.

4.10 When asked if there had been any negative impacts 28 responded to say there had. Comments included:

- Increased costs
- Landlords complying anyway, so scheme unnecessary
- Length of time to obtain licence too long
- Being dragged into waste issues, rather than tenant dealing with
- Not clear how those flouting regulations are being dealt with
- Only good landlords are being asked to pay for a licence
- Cost of licence disproportionate to running the scheme
- Difficult to trust Council's intentions as scheme failed before

- Guidance for landlords before inspections needs to be improved
- 4.11 When asked if they felt there had been an improvement in the management of other PRS properties in the area, 87% felt there had not been. It is not surprising that most of the landlords, who completed the survey, are not positive about selective licensing as it does require closer scrutiny of their performance as a landlord, increases responsibilities in respect of their tenants' behaviour and requires an application fee to be paid.
- 4.12 There have however also been some positive comments from landlords which include:
- Principle of selective licensing is sound
 - Managing agents feel scheme improves condition of properties
- 4.13 A key benefit of selective licensing in respect of landlords is that there is now a large and growing contact database of landlords which will help to improve communication and enable genuine dialogue with landlords.

5.0 Feedback from Neighbourhoods and Case Studies

- 5.1 The North Neighbourhood Compliance Team have reported that the key issues they typically deal with in the selective licensing areas are related to the external appearance and maintenance of properties and waste management. Their observations are that there has been a visual improvement in the selective licensing areas, with a reduction in the time spent on investigations and enforcement.
- 5.2 The North Neighbourhood Team have advised that although there are still some problems regarding the general environment on certain roads, where bins and litter are left on the street, they have also seen significant improvements and complaints have reduced. The need for multi-agency interventions has also reduced.

The Neighbourhood Team have not yet seen significant positive changes in working with landlords and managing agents within the Selective Licensing scheme areas and this would be welcomed.

- 5.3 A resident from a Moss Side resident group fed back the following;

“When selective licensing was due to be implemented, landlords who no-one had ever seen before suddenly appeared out of the blue and started doing things to their houses. These had been really absent. Some of these properties had looked awful for years, and not been touched and now the landlords were turning up sending in workmen to do bits and pieces. This included stuff that wasn't on the licensing criteria, such as attaching a nice looking gate where there had just been a semi-collapsing wreck of a gatepost fronting a sad looking unloved dump of a garden, and even some of the walls

got painted. These landlords wanted to make a good impression. No gate, and weeds sky high hadn't bothered them before."

Case Study 1 - Investigation of unlicensed premises in Crumpsall

A suspected licensable property was identified in Crumpsall and investigated by the Housing Compliance & Enforcement team.

An officer visited the property, confirmed the property was rented and contacted the landlord. As the tenant was moving out and the property would be vacant, a selective licence was not required at this stage. A letter was sent to the landlord, explaining that should the circumstances change and the property become tenanted, the landlord would be required to apply for a licence.

The officer visited again and found the property had been occupied by new tenants. An investigation commenced and the landlord admitted during an interview under caution that he had failed to apply.

The landlord submitted an application following the interview, however, as evidence of an offence had been obtained, the landlord was issued with a financial penalty of £7,500 for failing to apply for a licence.

Case Study 2 - Compliance inspection in Crumpsall

A compliance inspection was carried out at a property in Crumpsall to check whether the landlord was compliant with the licence conditions, had adequate management arrangements to deal with waste and that the property was in a good condition.

The property had been selected for a compliance inspection due to previous complaints of disrepair. On inspection a number of disrepair matters were found, including Category 1 hazards. This included gaps in the patio door allowing draughts, no fire separation in the basement, damp in the living room, a drop in excess of 60cm to access the rear garden, waste water discharging in the rear garden, and a damaged gutter with overgrown vegetation.

An Improvement Notice was served on the landlord requiring him to carry out remedial work to the hazards found in the property. The property was re-inspected following the expiry of the notice and the officer found that no work had been carried out.

The landlord was investigated for breach of an Improvement notice and issued with a financial penalty of £10,500 for failing to comply.

Remedial works were subsequently carried out.

Case study 3 - Joint working in Old Moat

A referral was received from the South Neighbourhood Compliance Team who were investigating waste issues at a property. The officer noted concerns with a rear external fire escape serving first floor flats above a commercial premises.

A joint site visit was arranged by the Housing Compliance Officer along with the Neighbourhood Compliance officer and the managing agents for the flats.

The agent was advised to carry out a number of repairs within a short timeframe, the rear fire escape stairs were repaired, and all the waste to the side and rear of the building was cleared.

Colleagues from Greater Manchester Fire and Rescue Service were invited to a second site visit where fire precautions throughout the common parts of the building and within the shop unit to the ground floor were investigated. Advice was provided to the shop owner on steps required to ensure adequate fire separation between the shop and the dwellings above and on the fire detection within the shop unit.

During investigations, it became clear that the three flats should have been licensed under selective licensing. The agent has since submitted licence applications which are being processed.

6.0 Lessons Learned

- 6.1 Identifying landlords as far as possible through land registry and Council Tax data, prior to declaring each selective licensing scheme, enabled a more targeted approach to advertising the scheme and following up suspect properties.
- 6.2 Additional staffing in the first year of each scheme would have increased the speed of processing and issuing licences. This was implemented for the extension to HMO licensing and has worked well so will be replicated during the next phase of selective licensing.
- 6.3 Smaller, targeted areas enable a more focussed approach and prevent the schemes from becoming a bureaucratic exercise. The Moss Side scheme is the largest of the current schemes with over 1,200 PRS properties and this size of scheme is more difficult to manage. Schemes of around 300 - 600 PRS properties are likely to work well.
- 6.4 Offering a discount to landlords for 3 months before each designation came into effect proved popular, generated a good level of applications at an early stage, and reduced the need for investigative work.
- 6.5 In consideration of the feedback received from tenants and landlords, there is a need to increase awareness of the schemes among tenants, and there is a need to communicate more with landlords, especially around positive impacts, the use of the licence fee and ongoing work to tackle those landlords who do not comply. This will be taken forward in future schemes.

7.0 Further Selective Licensing Schemes

- 7.1 From April 2015 local authorities have been required to obtain confirmation from the Secretary of State for any selective licensing scheme which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes in the local authority area.
- 7.2 A designation may be made to combat problems in an area experiencing low housing demand, significant and persistent ASB, poor property conditions, a high level of migration, a high level of deprivation or high levels of crime.
- 7.3 A local authority must be clear about what objectives it hopes to achieve with a designation from the outset. It must also consider whether other courses of action available would achieve the same objective.
- 7.4 From discussions with colleagues within the Neighbourhoods Directorate and their discussions with local members through ward coordination and casework, it is likely that there are other small areas of the city that may meet one or more of the criteria in paragraph 7.2 and may benefit from a selective licensing scheme.
- 7.5 From the work carried out by the proactive Rogue Landlords Team, there are also significant concerns about the condition and management of some flats above shops, on main arterial routes in particular.
- 7.6 Appendix 2 includes the process and timeline for agreeing new selective licensing areas along with some areas that may be suitable to be included in the next phase of selective licensing (a further 4 areas). These have been identified by both compliance and neighbourhood team officers from their knowledge and ongoing discussions with members about challenging areas. Their suitability needs to be assessed against the criteria i.e. low housing demand, an area with significant and persistent ASB, poor property conditions, a high level of migration, a high level of deprivation or high levels of crime.
- 7.7 Current housing stock in the private rented sector in Manchester is estimated to be around 88,000 properties. There is therefore scope to introduce further small schemes without requiring approval from the Secretary of State.

8.0 Recommendation

- 8.1 The Committee is asked to note the findings of this review of the selective licence areas at the midway point of the schemes. The Committee is asked to provide feedback and to consider supporting work to agree four additional areas for new selective licensing schemes, each covering between approximately 300 - 600 private rented properties.