

Manchester City Council Report for Resolution

Report to: Neighbourhoods and Environment Scrutiny Committee - 2 September 2020
Executive - 9 September 2020

Subject: Extension to Selective Licensing Schemes - Public Consultation

Report of: Strategic Director (Neighbourhoods)

Summary

The Housing Act 2004 gives Local Authorities 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.

One of the main themes of the refreshed Private Rented Sector Strategy is to improve property and management conditions in the private rented sector with a particular focus on the poorest quality properties. Selective licensing is a useful tool to apply targeted interventions in the most challenging areas of the City.

Officers have used local intelligence, lessons learnt from the selective licensing pilots as well as reviewing local data on crime, ASB, waste and housing related complaints, along with deprivation statistics, 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

The Neighbourhoods and Environment Scrutiny Committee is asked to note and comment on the contents of the report.

The 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 listed in paragraph 4.2 of this report; and
2. Subject to the outcome of the consultation, delegate authority to the Director of Neighbourhoods in consultation with the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources to approve up to 12 selective licensing areas identified in the report.

Wards Affected:

Clayton and Openshaw, Harpurhey, Gorton and Abbey Hey, Longsight, Rusholme, Moss

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 well 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	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.
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 £70,000–85,000. 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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1.0 Introduction

The Council's Private Rented Sector Strategy is currently being reviewed. It has identified one of its main themes as tackling poor quality management in the Private Rented Sector and aims to focus enforcement resources on the worst property conditions and landlords in the sector.

One of the tools identified to assist with achieving this is Selective Licensing (SL). In 2017 the Executive agreed 4 pilot areas for SL. A review has been carried out in relation to these schemes that came into force in 2017 and 2018. The Neighbourhoods and Environment Scrutiny Committee received a report on this review on 4th March 2020. In general it was found that the schemes had a positive impact where implemented.

This report identifies 12 potential areas that are experiencing conditions that meet the criteria to designate a SL area and seeks approval to consult with residents, landlords and businesses on the proposed designation to replicate and strengthen the work undertaken in the pilot SL areas.

2.0 Context

2.1 The Private Rented Sector in Manchester

The private rented sector has doubled in size in the past 10 years and continues to grow. Recent data shows that Manchester was the fastest growing city and third fastest growing local authority area and market renting in the city had expanded more rapidly than anywhere else in the country to provide homes for over 75,000 households – more than doubling in size.

The majority of landlords provide a quality service for the growing number of residents who cannot, or do not want to, buy a home. However, there are some landlords who provide poor quality housing and exploit the most vulnerable people in the city. These poor conditions give rise to particular concern for the longer-term health consequences of living in damp, mouldy properties with poor thermal comfort. Lack of security and higher rents are significant issues for tenants along with property conditions.

There are a small number of neighbourhoods with very poor quality landlords, crime and high levels of deprivation. In some instances these landlords receive significant sums of public finance in terms of housing benefit, representing very poor value for money for the public purse. The draft Private Rented Sector Strategy sets out how we will work to improve standards and manage growth and one of the measures proposed 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 property and management standards primarily in areas of low demand or high deprivation and with poor quality housing.

In an area subject to Selective Licensing, all private landlords must obtain a licence. If they fail to do so, or fail to comply with the conditions bound by the licence, the local authority (LA) can issue civil penalties or prosecute the landlord. The Housing and Planning Act 2016 gives authorities the power to issue a civil penalty charge of up to £30,000 as an alternative to prosecution. Where a prosecution case is taken the fine is unlimited. In extreme cases the LA may issue a management order and assume management control of the property.

Since 1st April 2015 local authorities have had to seek confirmation from the Secretary of State for any selective licensing scheme covering more than 20% of their geographical area, or affecting more than 20% of privately rented homes in the local authority area.

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

The council was able to identify landlords prior to declaring the pilot SL schemes introduced in 2017 and 2018 through access to information from land registry, enabling a targeted approach to advertising the scheme. This also enabled targeted enforcement of identified landlords in the defined areas who needed a licence and had not applied and resulted in an overall majority being licensed, freeing up time and resources to target suspect properties where landlords were unknown. The introduction of a reduced licence fee for early applications also helped to generate a high volume of licence applications at the beginning of each scheme.

The use of Civil Penalty enforcement powers as an alternative to prosecution has demonstrated successful outcomes with 14 civil penalties notices issued for breaches of licence conditions or for failing to apply for a licence which has resulted in fines of £10,055.6

As a result of the current schemes 1,741 properties have been licensed, 281 have been inspected, and 214 have had remedial works undertaken to improve property conditions. Work has been undertaken through engagement with landlords via either enforcement notice or formal hazard awareness letters.

3.0 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 business 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 a 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 requirements to provide the LA with gas safety certificates, safety of electrical appliances, smoke alarms, providing a written tenancy agreement and obtaining references from prospective tenants. General conditions relating to property management and anti-social behaviour can also be included. Conditions must relate to the residential use of the property and can include measures to deal with anti-social behaviour of tenants and their visitors.

Appendix 1 - Proposed licence conditions

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.

A good understanding of the number of landlords in the designated area is needed to calculate an appropriate level for licence fees. As noted in para 2.3 Land Registry data can be used to help identify landlords. The cost of administering schemes should be self-financing once they are operating.

A change in case law in 2018 means that Councils are no longer able to charge the full licence fee as an upfront cost on the submission of a licence application. Landlords must be provided with the option to pay the fee in two parts. This consists of an application fee and a fee at the time the licence is granted. If the licence is not granted for any reason the landlord is not required to pay the latter part of the fee.

4.0 Licensing Considerations & Objectives

4.1 Qualifying Criteria

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

- 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 should 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 (Years 1 and 2)

After analysing local data , officers have identified areas that are experiencing one or more of the above circumstances and may benefit from a designation. These qualifying criteria 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 process.

All the 12 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 considered to have been met within each area:

4.2.1 Area 1; Ben Street- Clayton and Openshaw (approx 105 PRS properties)

- Anti-social behaviour - linked to environmental and waste management
- High levels of crime
- High level of deprivation

4.2.2 Area 2; Trinity- Harpurhey (approx 430 PRS properties)

- Anti-social behaviour - linked to environmental and waste management
- Poor property conditions

- High level of deprivation
- High levels of crime

4.2.3 Area 3; Ladders- Gorton and Abbey Hey (approx 773 PRS properties)

- Anti-social behaviour – poor environmental and waste management
- Poor property conditions
- High level of deprivation
- High levels of crime

4.2.4 Area 4; Flats above shops Hyde Road- Gorton/ Abbey Hey (approx 94 PRS properties)

- High levels of crime
- Anti-social behaviour – poor environmental and waste management
- Poor property conditions – visual signs of neglected maintenance
- High level of deprivation

4.2.5 Area 5; Royals- Longsight (approx 64 PRS properties)

- High levels of crime
- Anti-social behaviour – poor environmental and waste management
- Poor property conditions
- High level of deprivation

4.2.6 Area 6; Laidon Road/ Dickenson Road- Rusholme (approx 37 PRS properties)

- Anti-social behaviour - linked to environmental and waste management
- Poor property conditions
- High level of deprivation
- High levels of crime

4.2.7 Area 7; Claremont Rd/Great Western Street- Moss Side (approx 318 PRS properties)

- Anti-social behaviour - linked to environmental and waste management
- Poor property conditions
- High level of deprivation
- High levels of crime

4.2.8 Area 8; Heywood Street- Cheetham (approx 248 PRS properties)

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

4.2.9 Area 9; Birch Lane- Rusholme (approx 69 PRS properties)

- Anti-social behaviour - linked to environmental and waste management

- Poor property conditions – visually poor conditions externally
- High level of deprivation
- High levels of crime

4.2.10 Area 10; Esmond/Avondale- Cheetham (approx 76 PRS properties)

- Anti-social behaviour - linked to environmental and waste management
- Poor property conditions
- High levels of crime

4.2.11 Area 11; Flats above shops Cheetham Hill Road -Cheetham (approx 60 PRS properties)

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

4.2.12 Area 12; Matthews Lane- Levenshulme (approx 159 PRS properties)

- Anti-social behaviour - linked to environmental and waste management
- Poor property conditions
- High level of deprivation
- High 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 local statistics 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 2 shows maps of proposed areas.

Appendix 3 shows the local statistics for each area considered.

4.3 Further SL areas to be considered in future years (Years 3 and 4)

Additional SL areas will be considered following designation of any of the schemes listed in 4.2. These additional areas are listed below. Proactive work will be carried out in some of these areas by the Housing Compliance and Enforcement Team in the meantime, and any future request to consult on SL designations for the areas below will be brought to Executive in a further report following Years 1 and 2.

Heathcote/ Sanby Road - Longsight (approx 174 PRS properties)

Enver Road - Crumpsall (approx 139 PRS properties)

Whiteway Street - Harpurhey (approx 95 PRS properties)

Clarendon Road - Whalley Range (approx 131 PRS properties)

Leng Road/ Melrose Street - Newton Heath (approx 228 PRS properties)

Flats above shops Stockport Road - Ardwick, Rusholme, Longsight and Levenshulme (approx 234 PRS properties)

Northmoor Road - Longsight (approx 444 properties)

Chorlton District Centre - Chorlton (approx 46 PRS properties)

5.0 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 was successful during the consultation for the current pilot schemes. This ensured operational resources were focussed on one area at a time.

One of the consultation methods will be contacting residents, landlords, letting agents and businesses 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, used for the current SL schemes, will be drop in events held in local libraries and community centres, advertised in the local press and local public buildings. Subject to any Coronavirus restrictions in place at the time, it is proposed to hold these again, ensuring any covid secure arrangements required are in place. Virtual consultation sessions will be undertaken where Coronavirus restrictions prevent drop in sessions.

We will also consult the national landlord associations 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 can be seen below with timescales for the first areas to be consulted on:

- Consultation report to Executive September, If approved to consult:
- Member and Press Briefings in October
- Organise drop in/ virtual consultation events October/November
- Add a consultation page and inbox on corporate website October
- Consultation period starts January
- Consultation period ends March
- Gather feedback and analyse data March
- Publicise results of consultation April

- Delegated approval to designate an area – May 2021

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.

6.0 Conclusion

Executive is asked to approve the consultation plan 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 listed in 4.2. Subject to the outcome of the consultation, Executive is also asked to delegate authority to the Director of Neighbourhoods in consultation with the Executive Member for Housing and Regeneration and the Executive Member for Finance and Human Resources to approve up to 12 selective licensing areas identified in the report.

7.0 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 schemes.

(b) Risk Management

- 7.2 Risk will be managed via a project risk register, if consultation is approved risk areas will be mitigated and managed through the current governance arrangements associated with Private Rented Sector Strategy.

(c) Legal Considerations

- 7.3 At this stage the recommendations are primarily linked to public consultation and planning for any approval of the project and this process will be developed alongside our legal, communication and press colleagues.