

BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE

2 JULY 2020

MEMBER'S ITEM – SELECTIVE LICENSING

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Regeneration
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Summary

The report seeks to respond to a Member's item submitted by Councillor Curry on selective licensing and provide a basis for consideration by the committee for recommendations to be made to the Cabinet.

1. Budget and policy framework
 - 1.1. Under Medway Constitution Overview and Scrutiny rules (Chapter 4, Part 5, Paragraph 9.1) Councillor Curry has requested that an item on selective licensing is included on the agenda for this meeting.
 - 1.2. The decision to consider whether the Council should explore a selective licensing scheme is a matter for the Cabinet.
 - 1.3. Approval of a scheme for selective licensing can be taken by the Cabinet if the scheme covers less than 20% of the area. Where the proposed designation covers either 20% of the total geographic area of the authority or 20% of the total privately rented stock (based on census figures), the designation requires approval by the Secretary of State.
 - 1.4. Approving an additional licensing scheme is a matter for Cabinet.
2. Background
 - 2.1 On 22 June Councillor Curry submitted a Member's Item seeking the Committee's support for the introduction of a selective licensing scheme in Medway, to be targeted in those areas where deprivation is highest.
 - 2.2 Councillor Curry's item is set out in full at Appendix A.

Director's Response

- 2.3 Part 3 of the Housing Act 2004 gave local authorities the power to designate areas of selective licensing to help tackle concerns over anti-social behaviour and low housing demand. Selective Licensing aims to improve these designated areas by driving up property management practice and property standards in the private rented sector. It may also help to solve other issues contributing to poor property condition and low demand within a neighbourhood. In 2015, the conditions for designation were expanded to include poor property conditions, high crime, high levels of deprivation and high migration. Local authorities can designate an area for selective licensing for five years, but must first demonstrate the evidence for their concerns, look at alternative approaches and consult widely.
- 2.4 In addition to the mandatory licensing of certain houses in multiple occupation (HMOs), the Housing Act 2004 gives local authorities the power to impose additional licensing on HMOs beyond the national mandatory regime. For example, a local authority could extend licensing to include all HMOs in a specific area, or the whole district, to include those not covered by mandatory licensing. The Act permits additional licensing where the local authority believes that a significant proportion of HMOs are poorly managed and giving rise to problems for residents or the general public.
- 2.5 The Government published an independent review into Selective Licensing published in June 2019. The report highlighted that 44 Local Authorities reported to be operating a selective licensing scheme. Four authorities had a scheme that covered 100% of the local area, nine authorities had a scheme that covered 20% or more of the area.
- 2.6 A licence would be granted for five years and any fee should be pro rata depending on the amount of time left on the delegation. Fees range from approximately £500 to £900 per property. Certain exemptions would usually be in place for Registered Providers, student accommodation and other public owned housing. Registered charities may also be exempt from the fee but not the requirement for a licence.

3. Options

- 3.1. The following options are available;
- 3.2 To recommend to the Cabinet that officers commence work to formally assess the need for selective and/or additional licensing
- 3.3 Continue enforcement activity in its current form through the Enforcement and Licensing Policy only, with no selective or additional licensing scheme.

4. Advice and analysis

- 4.1. In relation to the option set out at 3.2;

- 4.2. A selective licensing designation may be made if the area to which it relates satisfies one or more of the following conditions. The area is one experiencing:
- 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.
- 4.3. The Member's item introduces three wards for consideration for selective licensing (River, Luton and Wayfield and Chatham Central). It would be necessary to expand this to cover a Medway wide position to;
- (1) fully explore and identify wards that may benefit from a selective licensing scheme and;
 - (2) provide a full spectrum of issues allowing wards or areas to be ruled out and therefore demonstrating the case for licensing for wards that need it.
- 4.4. Before making a decision to introduce selective licensing the local authority must:
- consult with those who are likely to be affected, including those who live, work or operate businesses in adjoining local authority areas where they will be affected
 - consider whether there are other effective methods of achieving the intended objective.
 - Set out the strategic position in relation to housing need and how licensing will fit with other priorities and the role of other partners in meeting the aim of the licensing scheme.
- 4.5. To develop a new scheme and allow appropriate time for consultation it is likely that from commencement to implementation would take approximately 9-10 months with further time needed if the scheme had to be approved by the Secretary of State (up to 8 weeks).
- 4.6. A significant amount of information is publicly available to analyse, including indices of deprivation, crime statistics, tenure information and house price date. More interrogation and collation of data is needed to better map property condition and property turnover.
- 4.7. In relation to the option set out at 3.3:
- 4.7.1 The Council has recently reviewed its Enforcement and Licensing Policy which frames existing enforcement work to improve the standard of accommodation in the privately rented sector.
- 4.7.2 Significant partnership working is in place to improve outcomes for households in areas of higher deprivation through work with the Medway Task

Force and other partners that is well supported by the Councils Private Sector Housing Team.

- 4.8. The Council can continue its reactive service to respond effectively to complaints from tenants in the privately rented sector.

5. Risk management

- 5.1. Risks at this stage are detailed below;

Risk	Description	Action to avoid or mitigate risk	Risk rating
Resources and financing	Costs charged through the scheme do not cover the cost of administering the scheme.	Costings to be fully mapped to ensure that the scheme is viable	C2
Increased rents to tenants	The costs to landlords are then directly passed on to tenants, increasing rents	Regular monitoring and engagement through homelessness prevention services	B3
Reduced incentive to landlords to operate in designated areas	Landlords sell property to avoid having to licence	Regular monitoring put in place, effective engagement with landlords through consultation.	D4
Resourcing	Lack of available suitably qualified and experienced staff.	Identify career pathways to bring through officers. Benchmark roles to ensure competitiveness	B2
Scheme refused by Secretary of State	If the scheme is 20% or larger it will need approval from the SoS. This brings a risk of refusal.	Detailed analysis to be undertaken to support any recommendation for a scheme. Feedback to be sought from other Council.	D1

6. Consultation

- 6.1. No consultation has been undertaken, any scheme would need a minimum of 10 weeks consultation with local landlords, tenants, businesses and other stakeholders.

7. Climate change implications

- 7.1. [The Council declared a climate change emergency in April 2019](#) - item 1038D refers and has set a target for Medway to become carbon neutral by 2050.
- 7.2. The material improvement of properties and enforcement of standards will result in an increase of the thermal efficiency of homes. This will reduce utility consumption reducing CO2 emissions.
- 7.3. As standards change it is likely that the Council will continue to enforce against properties that do not fall within the scope of the measures set out. This is already the case with EPCs.

8. Financial implications

- 8.1. Production of further work would need to be met from existing resources as no budget has been assigned allocated to this activity.
- 8.2. There is no budget to deliver a local licensing scheme and as such, the cost of administering a scheme would need to be fully covered by the fees and charges collected, or risk creating a budget pressure.

9. Legal implications

- 9.1. The legal implications are set out above.

10. Recommendation

- 10.1. It is recommended that the Committee considers the Member's item.

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Appendices

Appendix A - Member's item on selective licensing