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**Report to CABINET**

# **Selective Licensing of Private Rented Properties.**

**Portfolio Holder:**

Cllr Hannah Roberts – Cabinet Member for Housing

**Officer Contact:** Emma Barton – Executive Director of Place & Economic Growth

**Report Author:** Neil Crabtree, Head of Public Protection.

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## **Reason for Decision**

An extensive period of consultation has been carried out regarding the introduction of a second selective licensing scheme for privately rented properties in parts of the borough.

This report details the findings of this consultation and also develops the final proposals for a second selective licensing scheme.

A decision is required to determine whether a second Selective Licensing scheme should be implemented in certain parts of Oldham.

## **Executive Summary**

In 2015 Oldham Council introduced a Selective Licensing Scheme for privately rented properties in certain parts of the Borough as an intervention to address issues of low housing demand. It was a five-year scheme that ended in December 2020.

A review of the scheme was completed May 2019 and updated December 2020, which showed low housing demand had improved in some areas, had stayed the same in others, and had deteriorated in 2 areas. It also identified additional areas which are exhibiting low housing demand.

In January 2020, following Cabinet approval, a statutory consultation for proposals of introducing a new Selective Licensing Scheme commenced and this consultation was relaunched again in January 2021 due to the impact of the Covid pandemic both on the responses to the consultation and the resources available within the Council.

The private rented sector performs an essential role in the Borough's housing market. Many private landlords provide a decent service to their tenants, but the practices of some

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can give the sector a poor reputation and affect the housing demand of an area. Selective licensing can form a part of a wider set of measures to address the causes of low housing demand.

The Housing Act 2004 includes provisions to develop an improved and more professional private rented sector. Section 80 gives powers to local housing authorities to designate areas as subject to selective licensing in respect of privately rented accommodation, provided certain conditions are met. A review of the housing market was carried out in 2019 and updated in 2020 which indicates there is evidence of low housing demand in the proposed areas. This report explains how selective licensing will support a range of measures to tackle the problem.

From the consultation exercise, private landlords have expressed their concerns;

- 1) that the introduction of a new licensing scheme is not required
- 2) that the housing market has changed
- 3) they are unclear on what the previous scheme has achieved and how any new scheme would make a difference.

Other consultees have stated that licensing should be introduced across the borough.

This report acknowledges the feedback from the consultation and seeks to address the concerns. It is clear that different stakeholders have different opinions, and there is no way of achieving an outcome that is satisfactory to all.

Other options have been considered to address problems in the private rented sector, however these are too narrow in addressing management standards and do not provide a holistic, strategic response to raising management standards.

Selective licensing can be an integral part of the Council's wider housing strategy, by improving management standards. Managed well, the private rented sector can offer choice and flexibility within the Borough's housing market with the potential to support economic growth as well as meet housing needs.

The implementation of Selective Licensing does have risks; however, these have been carefully considered. The Council has experience, knowledge, shared best practice and learning from the previous scheme that would greatly benefit any new scheme.

## **Recommendations**

That Cabinet:

1. Note and consider the findings of the reviews and outcome of the statutory consultation.
2. Approve a two-phase Selective Licensing approach.
3. Approve the license fee cost for phase 1 of the selective licensing scheme at £582 per property. The fee is split into two payments, an application fee of £340.34 and a monitoring & compliance fee of £241.66.
4. Note that Phase 2 of the proposal, which involves a further period of consultation and the resultant recommendation potentially being approved by the Secretary of State will require a further budgetary provision of £25,000.

## Selective Licensing

### 1 Background

1.1 The Government introduced licensing powers as they recognise that poor management and associated problems exist in some parts of the private rented sector and these issues contribute towards low housing demand. Selective licensing can tackle problems arising from private rented housing and therefore can contribute to the regeneration of an area, if combined with other regeneration initiatives.

1.2 The table below shows the designated Selective Licensing areas that were previously in operation and implemented on a phased approach.

Selective Licensing Neighbourhoods	Date Designation came into effect	Expiry date of designation
St Mary's	1 <sup>st</sup> May 2015	30 <sup>th</sup> April 2020
Hathershaw & Waterhead	6 <sup>th</sup> July 2015	5 <sup>th</sup> July 2020
Primrose Bank & Hollinwood	1 <sup>st</sup> September 2015	31 <sup>st</sup> August 2020
Alexandra, Oldham Edge & Coldhurst	1 <sup>st</sup> January 2016	31 <sup>st</sup> December 2020

The indicators for low housing demand are:

- The turnover of occupiers of residential premises (in both rented and owner-occupied properties).
- The number of residential premises which are available to buy or rent.
- The length of time for which residential properties remain unoccupied.
- The general appearance of the locality and the number of boarded up shops and properties.
- The value of residential premises in the area, in comparison to the value of similar premises in other areas which the authority considers to be comparable (whether in terms of type of housing, local amenities, availability of transport).
- Rental Yield is also considered. Rental yield is a measure of how much cash an income generating asset produces each year as a percentage of that asset's value. The yield is calculated by working out the annual rent for a dwelling divided by the average value for a property. Higher yields are determined by lower sales values and rental income. The higher the yield the more likely the area is lower in value and therefore in lower housing demand. Low yields tend to indicate higher demand areas.

(Appendix 1: Outcome of Selective Licensing 2015 – 2020)

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- 1.3 An independent review of the whole Borough assessing six indicators reflective of determining low housing demand was completed in May 2019. This review, required by the Housing Act 2004, examined the impact achieved using Selective Licensing in designated areas and provided information for the Council to determine any future interventions

The low housing demand indicators were collated and analysed at Ward and Lower Super Output Level (LSOAs). The LSOA level provides a smaller geographical area than Ward Level. There are 141 LSOAs in the Borough of Oldham. It would not be accurate to state a Ward has low housing demand when the statistics relating to low housing demand relate to one or two smaller geographical areas (LSOAs) within the whole Ward.

(Appendix 2: Statistical Review May 2019 & Appendix 3: Statistical Review Update December 2020)

- 1.4 The reviews give an indication of the situation, not a definitive view. Therefore, the review needs to be considered in conjunction with the Council's local knowledge and experience on whether an area requires intervention, whether other interventions have, are or are going to be put in place in the area.

The reviews showed that 2 of the designated areas 2015 - 2020 had deteriorated, 6 had shown improvement and 8 had maintained. It is important to consider that the improvement of an area does not mean that that the area is still not exhibiting signs of low housing demand. In addition, an area that has maintained does not mean that Selective Licensing has not had an impact, as the area may have worsened should Selective Licensing not have occurred.

Appendix 4 provides the 37 LSOAs that have been identified under the review as exhibiting low housing demand indicators.

21 of the 37 LSOAs exhibiting the worst low housing demand were identified as the areas for statutory consultation for consideration of a new Selective Licensing Scheme.

The majority of the 21 LSOAs were included in the previous licensing scheme, except for LSOAs in Waterhead, St James, Shaw, Werneth and Chadderton South.

- 1.5 A perceptions survey was sent to several key stakeholders including Licensed Landlords. 16.3% of respondents would like to see Selective Licensing continue. A significant percentage of respondents gave a no opinion response to several questions.

Appendix 5: Perceptions Survey 2019.

- 1.6 The Housing Act 2004 and non-statutory guidance states that when considering a Selective Licensing scheme, the Local Authority must:

- **Have robust evidence.**

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The review provides the robust evidence of low housing demand.

- **Take reasonable steps to consult persons who are likely to be affected by the designation for a minimum of 10 weeks.**

The Council has consulted extensively with persons who could be affected by the proposed Selective Licensing scheme including the surrounding areas. This includes landlords, managing agents, residents across all tenures of housing type, businesses, stakeholders and landlord and tenant associations.

The statutory consultation period commenced in January 2019. Although this consultation was still live and available during the pandemic, it was acknowledged that further consultation was required due to the significant impact and restrictions of the pandemic. Between January 2021 and April 2021, additional elements of the consultation program took place as well as the acceptance of any later submissions.

Appendix 6: Consultation Program and Documents

- **Consider any representations made in accordance with the consultation.**

Appendix 7: Consultation Outcome

Appendix 8: Consultation representations

- 1.7 The purpose of the scheme, when combined with other measures being delivered by partners, will lead to a reduction in or elimination of the blight of low housing demand, leading to improvements of the social and economic conditions of the sector.
- 1.8 Selective Licensing is intended to address the impact of poor-quality private landlords and anti-social tenants through management conditions. Poor quality does not necessarily mean landlords who intend to flout the law. Experiences from the previous scheme reveal that many private sector landlords were unaware that they were landlords and had little understanding of their responsibilities. This included many experiencing significant problems from their tenants and not knowing what to do or where to obtain advice. The Council already has powers to deal with property conditions, individuals causing anti-social behaviour, illegal eviction and harassment, however this does not extend to the management of private sector properties.
- 1.9 The Council values the private rented sector and wants to see a strong, healthy and vibrant sector that makes a positive contribution to Oldham's housing market. The private rented sector is sometimes the only housing option for some of the most vulnerable people in our society. Many Private Landlords who recognise and carry out their responsibilities well do go that extra mile by providing crucial additional support beyond their responsibilities at their own cost and time including being a caring person for their tenant connecting and championing on behalf of their tenant to any relevant additional services.

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1.10 However, the sector in Oldham at times suffers from poor conditions, low level anti-social behaviour and in some instances poor management. These factors can contribute towards low housing demand.

1.11 Unlike Registered Providers, private landlords are unregulated with regards to the management of properties. The Housing Act 2004 provides the Council with the option to introduce licensing for private rented properties as part of a strategic approach to addressing low housing demand. The Council believes licensing should improve the lives of tenants, landlords and communities, and at the same time, help to reduce low housing demand.

## 2 Current Position

2.1 In line with the legislation and the Government's non statutory guidance 'Selective Licensing in the private rented sector – a guide for Local Authorities', we have:

- **Identified the objective a designation will achieve:**

To reduce or eliminate the blight of low housing demand, leading to improvements of the social and economic conditions of the sector and area. This will be achieved by education and enforcement of landlords through management conditions. The outcome will be that all landlords in the designated areas will be aware of their management responsibilities and be monitored to ensure these are complied with. However, this will only be successful when combined with other measures being delivered by partners.

- **Robust Evidence:**

The reviews, experience, and knowledge of the identified 21 LSOAs provide robust evidence of low housing demand.

- **Statutory Consultation:**

Carried out for substantially over the minimum 10-week statutory consultation period with a variety of consultees. The consultees are all that would be affected by the proposals of selective licensing within and surrounding the proposed areas. The consultation took place via a range of measures and widely publicised. Representations have been considered and are contained with this report. (Appendix 6 and appendix 7)

- **Be consistent with Oldham Council's Overall Housing Strategy and other measures:**

Appendix 9 Complementary Measures shows the other measures that are in place to support Selective Licensing and how the implementation of Selective Licensing is consistent with the Council's Housing Strategy.

2.2 Only where there is no practical and beneficial alternative should a Selective Licensing scheme be made. Appendix 10 shows an appraisal of other courses of actions available and considered to achieve the same objective without the need

of a Selective Licensing designation, including the course of action contained in the National Residential Landlords Association objection.

- 2.3 From the review we have been able to identify the issues in each Lower Super Output Area (LSOA). Each LSOA is given a score for its performance in relation to six low housing demand indicators across the Borough. The score for each indicator is between 1 and 4, with a score of 1 being the worst performing. Therefore, an area whose scores a 1 for each of the 6 indicators, would have a total score of 6, therefore exhibiting the worst for low housing demand. Areas scoring a total of 7 would be the next areas exhibiting the worst for low housing demand.

The following table shows the 21 LSOAs identified as the worst exhibiting low housing demand and of which the statutory consultation was focused on.

These 21 LSOAs are the ones that have a total score of 6, 7 & 8.

Please see Appendix 11 Maps of areas as consulted.

LSOA area name	LSOA Number	Total score of low housing demand indicators	Estimated no private rented properties	Percentage of private rented sector
Alexandra	E01005322	6	108	0.99
St Mary's	E01005431	6	153	1.40
St Mary's	E01005428	6	142	1.30
Werneth	E01005463	6	70	0.64
Waterhead	E01005450	6	173	1.58
Alexandra	E01005320	7	161	1.47
Alexandra	E01005321	7	139	1.27
Alexandra	E01005434	7	171	1.56
Chadderton South	E01005344	7	147	1.34
Hollinwood	E01005382	7	100	0.91
Medlock Vale	E01005438	7	233	2.13
St Mary's	E01005433	7	114	1.04
St Mary's	E01005429	7	75	0.69
Werneth	E01032921	7	70	1.04
Coldhurst	E01005349	8	108	0.99
Medlock Vale	E01005323	8	102	0.93
Shaw	E01005445	8	180	1.64
St James	E01005421	8	170	1.55
St Mary's	E01005429	8	75	0.69
Waterhead	E01005448	8	104	0.94
Waterhead	E01005456	8	107	0.98
<b>TOTAL</b>			<b>2,702</b>	<b>25.08%</b>

- 2.4 The Government General Approval enables local authorities to designate a Selective Licensing scheme without Secretary of State approval for an area, or combined areas that would affect less than 20% of privately rented homes in the local housing authority area.

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- 2.5 The current proposed LSOAs make up 25.08% of the private rented sector in Oldham and therefore to proceed with all areas Secretary of State approval would be required as detailed in Appendix 12.
- 2.6 Discussions have taken place with the Government department that deals with Selective Licensing and they have advised that the pre pandemic time frame for a decision from the Secretary of State was around 8 weeks, but due to the pandemic, that time frame has significantly increased. Whilst they wouldn't give an exact timescale, they indicated it would be more than 6 months for a decision.
- 2.7 Although it is important that a new scheme does cover areas requiring intervention, it is also important to ensure continuity from the previous scheme to ensure maximum positive impact.
- 2.8 Further delays will impact on the validity of the data in the review and the Consultation carried out.
- 2.9 With this in mind, it is proposed that the introduction of the scheme is split into two phases. Phase 1 being 20% or under, therefore being able to proceed without Secretary of State approval, and Phase 2 which would include more areas, further statutory consultation and the potential need to apply for Secretary of State approval.

Appendix 13 provides a table of the proposed Phase 1 area.

Appendix 14 provides a table of the proposed Phase 2 area.

Appendix 15 provides a map of the areas proposed as Phase 1 in comparison to the areas statutory consulted. Areas 6 and 7 are not included in Phase 1.

Appendix 16 provides an overall map of proposed Phase 1 and Phase 2 areas in comparison to the whole borough.

- 2.10 Should this approach be adopted Phase 1 of the Selective Licensing Scheme can be implemented 3 months after approval.
- 2.11 Following approval, Section 83 of the Act requires local housing authorities to:
- publish a notice within the designated area within seven days of the designation being confirmed.
  - notify all those consulted on the proposed designation within two weeks of the designation being confirmed.
- 2.12 During the 3 months after approval and before scheme commencement the details of the scheme operation and necessary resources will be developed as highlighted below:-
- Develop the application and licensing process.
  - Recruit the necessary staffing levels needed to implement the scheme
  - Develop a geographical approach for phase 1
  - Publication of the new scheme
  - Development of benefits
  - Engagement of landlords regarding the above processes.



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- Monitoring and reporting including the suggestion of an annual statement by the National Residential Landlords Association
  - The determination of private rented properties within the designated areas.

### 3 Options/Alternatives

- 3.1 **Option One:** Approve a two-phase approach implementing the first phase of a new Selective Licensing scheme and approve further statutory consultation for the potential implementation of phase 2 .

Approve the licence fee cost for phase 1 of the selective licensing scheme at £582 per property. The fee is split into two payments, an application fee of £340.34 and a monitoring & compliance fee of £241.66.

Note that Phase 2 of the proposal, which involves a further period of consultation and the resultant recommendation potentially being approved by the Secretary of State will require a further budgetary provision of £25,000 .

**Option Two:** Approval of the first phase only of a new Selective Licensing scheme in the LSOAs as stated in (Appendix 13) affecting 17.36% of the private rented sector.

Approve the licence fee cost for phase 1 of the selective licensing scheme at £582 per property. The fee is split into two payments, an application fee of £340.34 and a monitoring & compliance fee of £241.66.

**Option Three:** Approval of a new Selective Licensing scheme in all the LSOAs that have been statutorily consulted over 20% of the private rented sector and apply for Secretary of State Approval.

**Option Four:** Not approve the use of Selective Licensing in Oldham.

- 3.2 Government guidance states that Selective Licensing was never intended to be a short-term solution, it was anticipated that the scheme would require additional designation going forward to ensure the necessary time to change both landlord and tenant behaviours.
- 3.3 There are objections from some landlords and consideration does need to be given to ensuring that landlords who are already competent in managing their properties are not overburdened or financially penalized. This is not only unfair to those landlords but also takes valuable resources away from tackling issues resulting from poor management.
- 3.4 In line with the legislative and non- statutory guidance this cabinet report has:
- Identified and provided evidence of the problems affecting the area.
  - Considered other measures alongside the selective licensing scheme to eliminate or mitigate those problems and how they will work together. .

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- Acknowledged that Selective Licensing is not a tool that can be used in isolation but alongside other measures, where these measures alone are not enough to tackle the underlying housing problems in a specific area.
  - Shown how such a designation will be part of the overall strategic borough wide approach, and how it fits with existing policies that address homelessness, empty homes, regeneration & anti-social behaviour associated with privately renting tenants.
  - Considered any potential negative economic impact that licensing may have on their area.
  - Demonstrated the link with the overall housing strategy.
  - Considered the role of other partners, such as the Police or Social Services, in ensuring the designation reaches its goal.
  - Looked at alternative options available, that might provide an effective method of achieving the objectives and;
  - Outlined how the making of the designation will significantly assist the local housing authority in achieving its objectives (whether or not in conjunction with those other measures).
  - Considered the resources needed to successfully run the scheme and include services such as active outreach support programmes to engage with landlords and tenants who need their assistance as well as how to support landlords to deal with problem tenants.
  - Provided a risk assessment that assesses the likelihood of possible displacement of unprofessional landlords to other areas within the local authority's jurisdiction, or to neighbouring local authorities.
  - Taken reasonable steps to consult persons who are likely to be affected by the designation, and, considered any representations made in accordance with the consultation.
    - Confirmed the intention to publish the responses to consultation to make them available to the local community. This will be in the form of a summary of the responses received and should demonstrate how these have either been acted on or not, giving reasons.

3.5 Selective Licensing has enabled stronger relationships to be built with a significant amount of multi-agency work carried out and visits being conducted. Selective Licensing also provides the Council with additional tools to deal with management of properties that the Council did not have previously and greater access to private rented properties. This has led to:

- access to poor standard properties that tenants wouldn't have complained about for fear of losing their homes.
- enhanced and improved outcomes for landlords, residents, services and the community.
- strengthened partnerships, break down professional boundaries and narrow focus of attitudes.
- enhanced scale of coverage and sustainability where there are limited budgets,
- a more cohesive community approach through united multi-agency practitioners taking greater ownership and responsibility for addressing local needs jointly, thus avoiding duplication or overlap of provision

- the promotion of mutual support, encouragement and the exchange of ideas between agencies helping the sharing of expertise, knowledge and resources for training and good practice, leading to more manageable workloads and development of best practise and new ways of working.
- increased fit between the services offered and those required and improved co-ordination of services resulting in better relationships, improved referrals and the addressing of joint task.
- offered a broader perspective or focus to working practice
- an improved understanding and raise awareness of issues and agencies, and another professionals' practice
- increased level of trust existing between partners/providers in relation to everyone knowing each can and will deliver
- facilitated joint planning for future multi-agency developments
- increased staff morale knowing that they do not work in isolation and that issues and problems can be resolved collaboratively.

3.6 Selective Licensing is a tool that is linked to Oldham Council's Corporate Plan and priorities. The aim of a Cooperative Borough through thriving communities, working with a resident focus and taking ownership and driving changes are all priorities that Selective Licensing has and can continue to contribute to. The Council has already committed to a Selective Licensing Scheme that has contributed to educating landlords and tenants on how private rented properties should be managed and ensured improvement or maintenance in areas which were exhibiting low housing demand 5 years ago.

## 4 Preferred Option

### 4.1 Option One

To consider the findings of the review, consultation, options appraisal and other measures available to work with Selective Licensing and to approve a two-phase approach to implementing a new Selective Licensing scheme, starting with the LSOAs with the worst low housing demand.

Approve the licence fee cost for phase 1 of the selective licensing scheme at £582 per property. The fee is split into two payments, an application fee of £340.34 and a monitoring & compliance fee of £241.66.

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LSOA area name	LSOA Number	Total score of low housing demand indicators.	Estimated no private rented properties.	Percentage of private rented sector
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St Mary's	E01005428	6	142	1.30
Werneth	E01005463	6	70	0.64
Waterhead	E01005450	6	173	1.58
Alexandra	E01005320	7	161	1.47
Alexandra	E01005321	7	139	1.27
Alexandra	E01005434	7	171	1.56

Chadderton South	E01005344	7	147	1.34
Hollinwood	E01005382	7	100	0.91
Medlock Vale	E01005438	7	233	2.13
St Mary's	E01005433	7	114	1.04
St Mary's	E01005429	7	75	0.69
Werneth	E01032921	7	70	1.04
<b>TOTAL</b>			<b>1,856</b>	<b>17.36%</b>

- Phase 2 – approval to commence a statutory consultation on the remaining LSOAs detailed as exhibiting low housing demand to determine whether an extension of Phase 1 is required and Officers to report on the findings. Please see following table and Appendix 17 for proposed timescales for consultation subject to approval.

LSOA area name	LSOA Number	Total score of low housing demand indicators.	Estimated no private rented properties.	Percentage of private rented sector
Coldhurst	E01005349	8	108	0.99
Medlock Vale	E01005323	8	102	0.93
Shaw	E01005445	8	180	1.64
St James	E01005421	8	170	1.55
St Mary's	E01005429	8	75	0.69
Waterhead	E01005448	8	104	0.94
Waterhead	E01005456	8	107	0.98
Chadderton North	E01005337	10	134	1.22
Chadderton South	E01005342	11	75	0.69
Coldhurst	E01005351	10	86	0.79
Failsworth East	E01005368	11	162	1.48
Failsworth West	E01005370	11	93	0.85
Hollinwood	E01005376	11	103	0.94
Hollinwood	E01005378	9	130	1.19
Medlock Vale	E01005325	10	34	0.31
Medlock Vale	E01005435	11	111	1.01
Medlock Vale	E01005437	10	114	1.04
St James	E01032920	10	145	1.32
St Mary's	E01005326	10	72	0.66
St Mary's	E01005427	11	64	0.58
St Mary's	E01005432	11	77	0.70
Waterhead	E01005455	9	89	0.81
Werneth	E01005460	11	122	1.11
<b>TOTAL</b>			<b>2,457</b>	<b>22.42%</b>

## 5 Consultation

5.1 Officers have been working closely with the Portfolio Holder and Officers from Housing Strategy, Communications and District Partnerships. Officers have also worked closely with Overview and Scrutiny where the review into the previous licensing scheme has been discussed.

5.2 This is in addition to the statutory consultation process that has been carried out and is detailed in this report and appendices.

## 6 Financial Implications

6.1 Selective licensing will be a revenue activity within the Public Protection area of the Environmental Health division.

6.2 Private Landlords must pay a charge for a licence issued under a selective licensing scheme. The Council can set the level of the fee with the intention that the rate be transparent and recovers only the actual cost of the scheme's administration.

6.3 The total cost of Phase 1 of the scheme is estimated to be £1.205m with a licence fee of £582 over 2,100 individual properties. Following the experience of previous selective licensing schemes, it is anticipated that the actual number of privately rented properties will be in excess of current estimates. The licence fee factors in assumptions about the uptake of discounts available to landlords with multiple properties. Uptake of the discounts will need to be monitored as the scheme progresses to ensure that it is in line with the modelled amounts. A scheme start date of June 2022 has been assumed in the modelling.

6.4 The expected costs and income associated with the scheme are highlighted in the table below:-

	£000's						
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Staffing Costs	123	154	161	168	176	31	<b>813</b>
Other Costs	63	77	78	80	81	14	<b>392</b>
<b>Total Cost</b>	<b>186</b>	<b>230</b>	<b>239</b>	<b>248</b>	<b>257</b>	<b>45</b>	<b>1,205</b>
Licence Fee income	(723)	(181)	(121)	(60)	(60)	(60)	<b>(1,205)</b>
Transfer to/(from) Reserve	537	(50)	(118)	(188)	(197)	15	<b>0</b>
Net Position	0	0	0	0	0	0	<b>0</b>

6.5 As can be seen from the table above, it is anticipated that the Phase 1 selective licensing scheme will be self-financing.

6.6 Landlords who refuse to engage or continue to operate without a licence will be subject to follow-up action through the Councils Selective Licensing Team, upon conviction in a Magistrates Court, an unlimited fine or a Civil Penalty of up to a maximum of £30,000. Landlord properties found to have serious hazards will be subject to follow-up action through the Councils Housing Enforcement officers through the service of formal notices. There is a charge of £300 for a formal notice served under the Housing Act 2004. It is assumed that non-compliance on

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uptake is approximately 25% of the overall number of properties in scope; however, enforcement costs and resulting fines, etc. have not been built into the above forecasts.

- 6.7 Further modelling work will be required for any subsequent phases of the selective licensing scheme. This will be undertaken as the Phase 2 consultation develops and the number and location of the properties and any requirements for Secretary of State approvals and their associated timelines becomes clear.

(James Postle)

- 6.8 Appendix 20 provides the breakdown of the licensing and operational costs.

## 7 Legal Services Comments

- 7.1 Under section 80 of the Housing Act 2004, the Council may designate either the whole or part of the area of their district as subject to selective licensing. Before making a designation, the Council must be satisfied that one of two general conditions is met or that conditions to be specified in regulations are met. The first general condition is that the area is, or is likely to become, an area of low housing demand and that making a designation will, when combined with other measures (whether these are taken by the Council or another person), contribute to the improvement of the social or economic conditions in the area. The issue of low housing demand is to be determined by reference amongst other things to:

- (a) the value of the residential premises in the area in comparison to the value of similar premises in other comparable areas;
- (b) the turnover of occupiers of residential premises; and,
- (c) the number of residential premises which are available to buy or rent and the length of time during which they remain unoccupied.

- 7.2 The second general condition is that the area is experiencing a significant and persistent problem caused by anti-social behaviour and that at least some of the private sector landlords who have premises in the area are failing to take appropriate action to combat the problem.

- 7.3 The Council must ensure that any exercise of its power to introduce selective licensing is consistent with its overall housing strategy. It must adopt a coordinated approach in dealing with the overlapping issues of homelessness, empty properties and anti-social behaviour affecting the private rented sector. In particular, it must have regard to other possibilities, i.e. combining licensing with other courses of action available to it or with other steps which may be taken by others. The conditions that may be specified include, in particular, conditions intended to permit the Council to make a designation for the purpose of dealing with one or more specified problems affecting persons occupying Part 3 houses in the area.

- 7.4 Before making a designation the Council must take reasonable steps to consult persons who are likely to be affected by the designation and consider any representations made by consultees. The Council must give consultees precise information about the proposed area of the designation, details of proposed licence conditions and fee structure and reasons why the Council regard it as appropriate to impose a designation. Before making a designation, the Council

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must also consider whether there are any other courses of action available to them (e.g. using voluntary accreditation schemes for private landlords) which might provide an effective alternative to addressing the problems they face. It must also consider that making the designation will significantly assist the Council in dealing with the problems, whether or not it takes another course of action as well.

7.5 The designation of an area as subject to selective licensing comes into force on the date specified in the designation. That date must be no earlier than three months after the date on which the designation is made. The Council must also publish a notice stating that the designation has been made, the date on which the designation is to come into force and certain other prescribed information. This notice must then be publicised in accordance with the requirements of the Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006. (A Evans)

## 8. **Co-operative Agenda**

8.1 The Consultation and Review enabled residents and interested parties to comment on the current scheme and contribute to shaping the future sustainability and stability of their neighborhoods.

The scheme ensures that landlords are taking ownership of their responsibilities through education and enforcement where necessary. Better managed properties also ensure that tenants are acting with respect for their neighbours which in turn builds a more positive community where residents want to stay and be proud of. The Council by implementing a Selective Licensing Scheme is doing its bit to ensure the following: -

- Improvement in property standards.
- Improvement in the management of the property.
- Landlords, tenants, and residents are educated, encouraged, and enforced where necessary to take responsibility and ownership and therefore creating better properties, better choice, and a place where people choose to live.

## 9 **Human Resources Comments**

9.1 A new team will need to be employed to deliver on objectives if a scheme is approved.

The staffing resource required to carry out this work will be dependent on which option is approved. Following Cabinet decision, a delegated decision report will need to be developed that outlines the proposed resourcing structure required to undertake the relevant duties.

(Catherine Pearson, Strategic HR Lead)

## 10 **Risk Assessments**

10.1 Please see Appendix 18

## 11 **IT Implications**

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11.1 None out of scope of Council activities.

12 **Property Implications**

12.1 None

13 **Procurement Implications**

13.1 None

14 **Environmental and Health & Safety Implications**

14.1 Selective Licensing enables licensing conditions to be imposed on landlords regarding the management of properties. This includes provisions of bins and information on disposing of waste. The management licensing conditions have a positive impact on reducing fly tipping and improving the environment.

15 **Equality, community cohesion and crime implications**

15.1 None

16 **Equality Impact Assessment Completed?**

16.1 Please see Appendix 19.

17 **Key Decision**

17.1 Yes

18 **Key Decision Reference**

18.1 HSG-01-22

19 **Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

Various technical documents and guidance/good practice relating to Selective Licensing of Private Landlords.

File Ref: N/A

Name of File: N/A

Records held in Public Protection Dept, Chadderton Town Hall, Middleton Road, Chadderton, Oldham OL9 6PP

Officer Name: Joanne Collier

Contact No: 0161 770 2244



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20      **Appendices**

- 20.1    Appendix 1: Outcome of Selective Licensing 2015 – 2020.  
Appendix 2: Statistical Report for Selective Licensing of Private Landlords Indicator Review May 2019.  
Appendix 3: Selective Licensing Review Update December 2020.  
Appendix 4: 37 LSOAs identified low housing demand indicators.  
Appendix 5: Perception Survey.  
Appendix 6: Consultation Program and Documents.  
Appendix 7: Consultation Outcome.  
Appendix 8: Consultation Representations.  
Appendix 9: Complementary Measures & Consistency with Housing Strategy.  
Appendix 10: Appraisal Alternative Options.  
Appendix 11: Maps of areas as consulted.  
Appendix 12: Secretary of State Approval Process.  
Appendix 13: Proposed Phase 1.  
Appendix 14: Proposed Phase 2.  
Appendix 15: Maps of where the statutory consultation took place compared to Phase1 Proposals.  
Appendix 16: LSOA Proposed Phase 1 and 2 Borough map.  
Appendix 17: Proposed Timeline Phase 2 Consultation (subject to approval)  
Appendix 18: Risk Assessment  
Appendix 19: Equality Impact Assessment  
Appendix 20: Breakdown of the licensing and operational costs.