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Date: 31 July 2012

Mr R. O. Jones  
Policy Director  
Residential Landlords Association  
1 Roebuck Lane  
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Manchester  
M33 7SY

Dear Mr Jones

**Re: Proposal to Designate A Private Landlord Selective Licensing Scheme (Parts off Accrington and Church)**

I am writing to thank you for your feedback and comments in relation to the above.

Overall your response is very constructive and makes some very helpful points which can be considered in a revised proposal.

Before responding to the specific points that you raise in your letter, I feel it is necessary to respond to the references you make at the start and finish of your letter in relation to the Council's former Selective Licensing Scheme which was rejected by the High Court following the successful judicial review challenge. Whilst I believe I understand what you mean when you say "the Council has not learnt sufficiently from its past experiences which have already cost the Council Tax payers and rate payers a considerable amount of money in legal costs"; I do however wish to point out, how mistaken you are.

I also wish to reassure you that the Council takes very seriously how it uses Council Tax payers and rate payers money. I can also reassure you that the Council has given a new selective licensing proposal very serious and careful consideration. We have reduced the size of the proposed designation down from the original, significantly by 39% (3,392 dwellings).

A further key point that your letter fails to acknowledge or point out is that the reason the original scheme was rejected in the High Court was not due to the size of the scheme but what local landlords and the Court decided was a failure on the Council's part to adequately consult with all stakeholders, especially those likely to be affected by the designation. I can reassure you that we have put this matter right by bringing forward a new draft designation proposal, and one which we are comprehensively consulting on.

I can also point out that we are listening very carefully to Hyndburn Landlords who we now have met on eight separate occasions since the decision to consult on the draft proposal was made on the 11<sup>th</sup> January 2012. However, we also have to listen very carefully to other stakeholders including

residents and businesses that are likely to be affected by the proposed designation. I can advise you that 79% of residents and businesses consulted support the draft proposals and therefore the Council's Cabinet will need to very carefully consider and balance the view of landlords and their representatives with the views of local residents and business when considering a revised proposal.

With regards to your specific points, I can advise as follows:-

### **Size of the Scheme**

We note the Residential Landlords Association (RLAs) concern that our scheme is too large; however your concern is not evidence based and is not backed up by any justification. The Council has consulted widely and carried out a comprehensive review of existing selective licensing schemes the finding of which will be appended to a revised proposal. This exercise has reassured us that we have planned our resources well, and therefore we remain confident that we can deliver, should a revised proposal be implemented.

### **Assessing an Area to be Licensed**

Thank you for bringing these two points to our attention. Following constructive meetings and dialogue with Hyndburn Landlords a revised proposal will include rental values and appropriate comparable areas that have been agreed with them.

### **Fee Levels**

Like yourselves we do not want to burden landlords with excessive fees. As you suggest, we have reviewed rent levels and yields which has shown that yields range from above average to high within the proposed intervention area mainly due to low values. In the circumstance there should be sufficient headroom to absorb the proposed fee, especially when the impact on yields is restricted to 1/3 %. To ensure that our costs and fee calculation is robust we have use of the CIPFA toolkit and calculator to calculate them in a revised proposal.

### **A Balanced Housing Market**

The point about the use of our language is noted here, and perhaps we should have been clearer on what point we were trying to make. One of your key aims is to provide a better quality private rented sector, and if we are successful, we will extend people's housing choice, acknowledging that the sector performs a key role in the local housing market. I believe this is consistent with the point that you make.

### **Accreditation**

This is a point that we are going to have to 'agree to disagree' on. Despite your comments, I wish to reassure you that the Council has considered accreditation with an open mind. Despite the 'rhetoric' we have not seen anything persuasive to convince us that a voluntary scheme will work without using huge amounts of public funding.

I wish to reassure you that the Council remains committed to introducing an effective accreditation scheme in conjunction with Hyndburn Landlords and as part of a revised proposal the Council will consider an accreditation scheme to migrate from selective licensing, as you suggest.

## **Outcomes and Monitoring**

Thank you for raising this point, and we will ensure that a revised designation proposal has some clearer targets, incorporated with effective monitoring arrangements in place.

## **The Alternatives**

The Council's option appraisal was robust and we concluded that selective licensing gives us the best strategic approach to dealing with private landlord standards given the context of low housing demand.

I am surprised that you raise the PEAL project as an exemplar. The review of the project (October 2010) indicated very small take-up of accreditation by landlords, with only 10% of landlords accredited despite incentives and a dedicated officer. This somewhat undermines your earlier argument that accreditation is a viable alternative to selective licensing. The Peer Review carried out by Liz Webster Bsc (Hons) PGCE MBA MCIEH, acknowledge the short term success of the project but questioned its sustainability in the long term. We have reviewed the PEAL project but concluded its approach too narrow and resource intensive.

Whilst the origin of the PEAL project was selective licensing its focus ended up being private sector housing conditions rather than the wider standards of management in the private rented sector. The project benefited from external funding (former Housing Market Renewal) to employ a dedicated team of 5 for a total area covering approximately 1, 200 dwellings (including an approximate 400 private rented dwellings). This was clearly a very costly scheme and one has to question its sustainability and viability without the external funding.

## **Scheme Costing**

Thank you for this observation. We will provide a better breakdown of costs in a revised proposal.

## **Difficulties facing Private Rented Sector Landlords Regarding Anti – Social Behaviour**

I am afraid the Council can not support your stance on anti social behaviour. We would expect good landlords to take appropriate actions, albeit I would expect legal proceedings to be small in number.

## **Making the Private Rented Sector Pay for its own Enforcement Costs**

I wish to reassure you that the Council's motive for selective licensing is not to bring in fee income because of current cut backs in public expenditure. Dealing with low demand and housing standards is a high priority for Hyndburn Borough Council. Despite local government cut backs we have not made any cut backs in the housing standards / enforcement team.

Selective Licensing legislation allows the Council to cover its costs in relation to our functions under Part 3 or the 2004 Act. The income would go towards a dedicated licensing team and not on anything else.

## **Displacement Effect**

Thank you for making this point. We will ensure that a revised designation proposal addresses the risks of displacement of tenants as well as landlords.

## **Designating the Borough**

As you say, we have already acknowledged the appropriate risk.

## **Stock Condition**

Point noted and agreed.

## **Control of Anti Social Behaviour**

The Council is sympathetic to obtaining references; after all it is a mandatory requirement. The Council is no longer a landlord in its own right following a voluntary stock transfer, but we will certainly seek to encourage Registered Providers to co operate.

## **Training**

You make an excellent point. The Council will consider making landlords undergo training as a licence condition in a revised designation proposal.

## **Conditions - Their Burden and the Expense of Compliance**

In the Council's opinion, the conditions should reflect good standards of housing management. In the circumstances this should not be a burden for landlords.

## **Fit and Proper Person Test**

You make a very good point, and should the Council bring forward a revised designation proposal we will introduce self declaration, unless as you state, we have concerns about the veracity of the declaration.

## **Imposing Conditions**

The Council acknowledges your concern with the imposition of conditions in a blanket way. On balance we feel it is appropriate to have a set of standard conditions as this sets a clear overall standard and creates a level playing field. Conditions can be added or removed subject to individual circumstances and on appeal.

## **Regeneration**

We will review this section and be more specific about complementary regeneration activity that a revised selective licensing designation could be supporting.

## **Improving Management Standards**

We know that many tenants still do not know that they can complain or who to complain to despite our best efforts to promote our enforcement service. Many tenants also feel too frightened or intimidated to complain. We therefore feel the figures would be 'just the tip of the iceberg'.

## **Comments and Specific Proposal Licence Conditions**

Thank you for observation and comments on the draft licence conditions. There are some very helpful suggestions and we will ensure that we review all the conditions that your refer to in a revised designation report.

I would like to thank you again for the time you have taken to consider the Council's draft designation proposal and for some very helpful observations. It is regrettable, because it would appear that you have taken a cynical view of the Council's proposals and therefore I wish to re-assure you again that our motives are driven by dealing with low housing demand and the need to improve standards in the private rented sector. I am not sure that we will achieve consensus, and therefore the Council's Cabinet will need to balance both the support of various stakeholders with the concerns of the landlords and yourselves before deciding whether to proceed with selective licensing and on what basis.

Kind regards

Yours sincerely

Mark Hoyle  
Head of Regeneration & Housing Services.