

This is the official response from Hyndburn Landlords to the proposal by Hyndburn Council to designate a selective licensing area within the Borough. Whilst we are a member organisation with a vested interest as landlords, the report has been compiled not as lay people, but with local professional expertise provided by:

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This response is divided into three sections. Firstly, we have responded to the consultation document compiled by Hyndburn Borough Council, whilst in the second section we have provided evidence which we believe supports a different view as to what streets should be licensed within the Borough and which should be omitted. The third section is our conclusion as to what shape and form such a scheme should take.

## **1. The Consultation Paper**

Firstly we would draw the Council's attention to the legislation where the relevant Act states that *in deciding whether an area is, or is likely to become an area of low housing demand a local housing authority must take into account, among other matters:-*

- a) The value of residential premises in the area, in comparison to the value of similar premises in other areas which the authority consider to be comparable (whether in terms of types of housing, local amenities, availability of transport or otherwise);*
- b) The turnover of occupiers of residential premises;*
- c) The numbers of residential premises which are available to buy or rent and the length of time for which they remain unoccupied.*

We believe that the Council has not considered properly the implications of Section a) above, and have made numerous errors with regard to Section c)

There are also a number of minor issues and statements which we believe to be unjustified, unsubstantiated or simply incorrect

These are considered and are titled

**A section a)** (referring to section a) mentioned above)

**B section c)** (referring to section c) mentioned above)

**C miscellaneous**

## **A Section a)**

### **1. Comparison of Similar areas**

Summary:

The Council in its submission to Cabinet presented extensive information to Cabinet illustrating capital values of property throughout Hyndburn. However, this presentation illustrated comparisons between more affluent wards within the borough, for example St Oswalds and Baxenden, with the Peel, Barnfield, Netherton. The requirement is actually to compare “the *value of similar premises* in other areas which the authority consider to be comparable”. It is not a comparison of areas, but rather comparison of say, the value of a terraced house in one ward, with the value of a similar house in a proposed area. In this respect, Peel, Barnfield, Netherton, Springhill should be compared with each other, not to different areas within the Borough

Expanding on this issue:

A map of the Borough Wards is [attached](#). The Council has used all the wards in its submission in an attempt to justify a large scheme. However according to the Councils submission

“ in deciding whether an area is, or is likely to become an area of low housing demand a local housing authority must take into account, among other matters:-  
a) The value of residential premises in the area, in comparison to the value of similar premises *in other areas which the authority consider to be comparable* (whether in terms of types of housing, local amenities, availability of transport or otherwise);”

Keeping the descriptions brief, our professional summaries of the make up for each ward would be as follows:

**Peel:**

An area almost exclusively containing terraced property

**Springhill:**

Substantial terraced housing with a reasonable percentage of social housing around the Fern Gore area

**Netherton:**

A mixed area containing a high percentage of terraced dwellings, but also a significant amount of post 1960s semi detached dwelling houses towards the Whalley Rd end of the ward

**Overton:**

A large rural ward with a significant amount of post 1960s development

**Clayton le Moors:**

A predominance of terraced dwelling houses with a significant amount of modern development within the ward

**Altham:**

A large rural ward with the modern housing development of Sefton Farm and some terracing in the East Altham area

**Huncoat:**

A majority of modern and post 1960s development together with a mix of social housing. Terraced properties are largely restricted to ribbon type development along the principal roads throughout the ward

**Milnshaw:**

Predominantly terraced with a significant amount of post 1950s development

**Barnfield:**

Predominantly terraced property with a relatively small number of post 1960s development to the east of the ward

**Baxenden:**

Almost exclusively post 1960s development with ribbons of terraced property along principal roads. This ward also contains the boroughs most sought after streets of Hollins Lane and Newton Drive

**Immanuel:**

A larger rural ward with a predominance of post 1960s development.

**Central:**

Contains a significant proportion of commercial property, but is also characterised by a majority of terraced property

**Church:**

A predominance of terraced property with a significant amount of social housing

**St Oswalds:**

A mixed ward with a significant amount of post 1960s housing

**St Andrews:**

A ward dominated by terraced housing with a relatively small percentage of post 1960s development

**Rishton:**

A diverse ward containing a mixture of rural and urban properties ranging from the 1890s through to modern times

We would therefore consider that the Council has made the scenario appear worse by including the better wards which are not comparable “whether in terms of types of housing, local amenities, availability of transport or otherwise” in order to strengthen a relatively weak case. Page 40 of the Councils document states *"As can be seen Central, Clayton and Peel have similar values and have an abundance of two bedroom terraces within their area. Whilst Altham and Barnfield have a large housing offer and where prices can considerably vary within their ward – indicating a mixture of high and low areas."*

This suggests that the Council acknowledged that areas were different yet still continued to compare them.

Hyndburn Landlords believe that the following wards are not considered comparable based on the descriptions and make up of the housing mix in each ward:

- St Oswalds
- Rishton
- Immanuel
- Baxenden
- Huncoat
- Altham
- Overton

These should have been omitted for comparison purposes.

Wards that could be described as similar for comparison purpose *could* include:

- Peel
- Springhill
- Barnfield
- St Andrews
- Central
- Church

And possibly:

- Clayton le Moors
- Netherton
- Milnshaw

However, Peel is almost unique in Hyndburn in that it is made up almost entirely of terraced housing. Whilst there are similar wards (or patches with wards) these

nearly always contain other housing types and ages. The Councils statistics do not make any allowances or weightings for this make up and therefore are seriously flawed as there are no higher value house types (semis, detached etc) to raise the average or median values.

Netherton, Milnshaw and Clayton le Moors all contain a reasonable amount of modern dwellings with higher values and this would raise the average and median house price for each ward

Peel contains a significant number of streets with typical capital values for the Borough with some streets below average (which we will deal with later in this submission). However, unlike other wards, it lacks any properties of higher value types such as semi detached and detached properties to balance the values. The lack of weighting in the statistical analysis undermines the broad brush approach that the Council has adopted and in addition fails to highlight the specific areas which require attention / intervention. This will be highlighted in more detail later in this submission where, unlike the Councils broad brush weak statistical approach, we have compared sample values on a street by street basis across similar areas

Finally, we note that the Council have in their proposal considered licensing areas of Netherton, Rishton etc and rejected them for varying reasons. This illustrates a fundamental flaw in their interpretation of the Act. The Council have effectively set out to license all terraced housing (either intentionally or otherwise) by proving that more modern housing (detached, semis etc) have higher values than Victorian terracing. Nobody would contradict that view and most people would agree that Victorian terracing is generally at the lower end of any property value range.

The Council have approached this exercise as though they are submitting a statistical case for housing renewal monies from central government when in fact, the Council should be taking samples of terrace housing from various parts of the Borough and comparing them directly with each other, not lumping wards and house types together to obtain averages and medians. We submit that the Council should be targeting areas where the housing market has failed or is showing signs of failure, By example looking at say Clement St in Woodhook and comparing that with St Huberts Rd in Netherton would illustrate a significant price difference for the same type of house. The next question is therefore "Why?" This is consistent with the Act *"The value of residential premises in the area, in comparison to the value of similar premises in other areas which the authority consider to be comparable"* This would highlight the problem on Clement St directly without any statistical errors caused by other types of housing and values in the analysis.

Notwithstanding the issues raised above, the analysis by the Council utilising Output Areas and Lower Super Output Areas is flawed. Whilst these may be recognisable for government reporting techniques, they do not necessarily follow what is "on the ground" and for this exercise are somewhat arbitrary.

By example, the poorest properties within Peel are generally found on the town centre side of Washington St and values largely increase with distance from the town centre. The lower super output areas adopted by the Council do not follow a concentric belt pattern, but in some cases run in strips away from the town centre. These predetermined areas average out and mask issues and therefore are unfit for purpose giving the impression that streets are made to fit into the scheme, rather than the scheme being correctly targeted to address issues. A simple diagram will illustrate this:

1= lowest values, 3 = highest values

3	3	3
2	2	2
1	1	1

town centre

In this example, it is clear that by reading down in strips the lowest values are closest to the town centre.

By analysis across, the average for each row is 1, 2, and 3 and in this case it would be clear that row one (in red) may be exhibiting problems and would require intervention.

However, by analysis on columns, the average for all three is “2”. This masks the issues and suggests some areas are better than they are and vice versa.

Analysis on a street by street basis and also utilising perception of areas by the general public and estate agents would give initial pointers as to where to look for problems. The Council have ignore this common sense starting point from the outset, choosing a strategy of trying to prove their own case, rather than seeking to find and address problem areas. It also results in an unnecessary dilution of the Councils own resources, targeting areas which may not require intervention.

## 2. Statistical Research and “Values”

Secondly, the Council has taken far too narrow a meaning with regard to item a), “*The value of residential premises in the area*”. The Council has clearly undertaken statistical research with regard to Capital Values, but has not undertaken any research with regard to rental values. The Act does not specify Capital Values only, but merely states “values”. As the issue being dealt with concerns “landlord licensing” it is reasonable to assume that this would include Rental Values as selective licensing concerns itself with the renting of properties. Given the current state of the property market throughout the UK and the growth

of the rental sector, the Council has omitted a substantial part of valuation evidence from its research, and therefore the entire document submitted to Cabinet is seriously flawed at law. Whilst we accept that the Council has taken this point on board with recent discussions, it was omitted from the original consultation document and therefore neither Councillors nor other stakeholders will have had the opportunity to digest a significant amount of market evidence in reaching their own conclusions.

Hyndburn Landlords believe that rental values are essential in considering areas to be designated, and therefore we have enclosed some research of our own within this submission which is considered later.

## **B Section c)**

### **Vacancy Rates**

At Figure 15 within the designation report, the Council attempts to supply data summarising the Time on Market for rental properties asserting data sourced from just one website provider "Vizzihomes" Hyndburn Landlords dispute the quality and depth of this dataset, as it should be noted that this site is a catchall web provider who collate data from web based portals. This data is firstly not taken at source but merely accepted second hand and more importantly is subject to corruption and interpretation. Hyndburn Landlords are aware of one local company who initially market correctly with the intention of finding a tenant. However once the property has been let this company then intentionally re-list the same property, subsequently re-advertising the property as let or sold to intentionally improve their own Right Move statistical results. Whilst there is nothing untoward with this as a marketing technique, Vizzihomes and HBC have no methodology to correctly deal with such manipulation.

Additionally the Vizzihomes statistics give no insight as to practices that may influence the statistical facts, such as agents and landlords that list a property on notice in advance of it becoming vacant, or apathy in the removal of properties from web portals etc.

We question why the Council utilised the data from such a site whilst blatantly ignoring the input of local agents in providing such data, as they are clearly best placed to provide first hand information regarding rental levels and void rates required for reaching conclusions.

Within the report the Council make the case that properties within the Peel ward take on average 20 weeks to let which would suggest that demand is low. Hyndburn Landlords disagree entirely with this submission. Generally demand for housing in the Peel area is strong due to the proximity to the town centre, local parks and schools. Voids are relatively low and generally our experience is that properties are on the market for approximately one month. The property professionals within Hyndburn Landlords membership consider that any period of up to 3 months marketing would be considered within normal parameters.

Our own research into marketing periods found that the majority of properties within the Peel ward are letting well within this three month period.

This actual lettings data is highlighted in the [void periods document](#) and also highlights a serious discrepancy between our own findings and those of the Councils which were provided by remote data compilers.

## **C Miscellaneous**

### **Costs of the Scheme**

We are of the opinion that the process of establishing a fee structure has been approached in a very non-transparent manner and with little more regard than that of the running costs of the Councils regeneration department for the next five years. We are very concerned that in assessing the cost of a licence the Council has elected to deviate entirely from the established CIPFA Licensing Fee Toolkit contrary to the advice given by the LGA. When considering the LGA guidance attached to the Fee Toolkit it is clear that it has been provided to authorities as a means of “ensuring that licensing application fees are directly related to the costs incurred” as “Any approach to determining licensing application fees need to be clear and justifiable”

When considering the legislation at section:- 87 (7) When fixing fees under this section, the local authority may (subject to any regulations made under subsection (5)) take into account -

(a) all costs incurred by the authority in carrying out their functions under this part

Hyndburn Landlords believe it essential that the Council provide a cost comparison or analysis of the fee structure under the prescribed CIPFA toolkit, thus establishing an “actual” cost of licence, if only to ensure this element of the process can be proved to be “clear and justifiable” (in addition to legal) within the scope of the legislation. By not undertaking the exercise of designating an actual cost to the allocation of each licence the Council risks criticism that they are intentionally setting out to overcharge time costs and thus the cost of issuing licences to landlords.

Furthermore, we understand that only the costs of issuing a licence can be chargeable to landlords. Therefore, the licence fee cannot be used to provide training or keep staff in employment for a five year period. This brings into question the issue of financial resources being utilised in conjunction with Selective Licensing and, in the difficult economic times we are in, the Council will no doubt have to redirect resources from elsewhere. Whilst such housekeeping issues are the Councils own decisions, we are concerned that this has not been highlighted to Councillors or stakeholders who may be under the impression that licensing fees will be funding all projects with a designated area. This issue is

also linked to the point regarding resources made below in the section entitled “External Findings”.

### **Lack of Review**

We note from the current version of the designation document that no provision or timescale has been proposed or considered in respect of reviewing the introduction, application, effectiveness and potential damage caused by the introduction of a scheme that has potential to be one of the largest in the country.

### **Other factors**

It is appreciated that other factors would be part of an overall assessment of low demand, Nevertheless, low rents and low capital values are the strongest indicators of a dysfunctional market.

By way of commentary on the other Council indicators:

**Proportion of rented households.** An area which is popular with tenants and landlords could not be considered low demand. This is typical of the Peel area, where values are typical of the area and rents are higher than the LHA rates. The Council have seemingly equated a high percentage of rental properties in an area with low demand which is incorrect. This is a correct assumption in the case of Springhill / Woodnook, where general demand is also weak. Home ownership is lower in poorer areas and this is due to a number of factors which may include the lack of mortgage finance availability due to the collapse of the “sub-prime” market. Equally, it could be argued that prices in Peel have been maintained due to landlords and owner occupiers wanting to purchase in that area. The increase in rented properties in this case is more likely to indicate the stronger purchasing power of investors and the ability to improve properties, over would be owner occupiers / first time buyers. This indicator is a “may” requirement by government in seeking SL and therefore carries less weight.

**Vacant Dwellings.** It is accepted that a high number of vacant dwellings is likely to indicate low demand. However, some caution has to be exercised as vacancy sourced via the Council Tax could also include houses under renovation. In addition with any investment valuation model, vacancies have to be factored in, as they are inevitable. As rental property offers greater flexibility over home ownership, areas with higher percentages of rented properties are likely to have higher levels of vacancies as voids are inevitable between tenants. This clearly does not occur with owner occupiers. To determine low demand, the Council must apply weighting allowances to factor in this problem

Both the above indicators are useful if applied in conjunction with the rental and capital levels but are effectively “strengtheners” for the argument, and not arguments on their own

**Turnover** is a double edged sword and possibly the least reliable indicator. For example, a high number of sales could indicate either a local authority bulk buying properties to be demolished under a compulsory purchase / purchase by agreement (for example, as in the Woodnook area) or at the other extreme, the completion of a new housing estate, such as occurred at Sefton Farm. Both have high sales, both illustrate extremities of the market. Hyndburn Landlords are unsure what conclusions could be drawn from turnover. We accept that it is a “must” requirement laid down by government in considering SL although we are not sure as to what end.

### **Displacement**

The council does not seem to have considered displacement in any detail within its submission, yet states: “*A proposed designation will need to consider the possible affects of making the designation, which can be in the form of a risk assessment. This will need to include an assessment of the likelihood of possible displacement of unprofessional landlords in other areas within the local authority’s jurisdiction or in neighbouring local authorities*”

This information should have been available at Consultation stage to help inform respondents.

Hyndburn Landlords consider that the Scaitcliffe area is at risk as it has relatively low values and is geographically close to the poor areas of Woodnook and Springhill. The more “affluent” terraced streets within the undesignated areas are unlikely to be affected as the unscrupulous landlords who the Council are seeking to drive out of the sector would be motivated by returns which would not be forthcoming from properties over £60,000

### **General Statements within the Consultation Paper**

Notwithstanding the major omissions / errors listed above, there are a number of issues which are unsubstantiated in the consultation document:

Statements within Point 4 Why Selective Licensing:

*Selective licensing is designed to raise standards in the private rented sector and drive out unscrupulous or inept landlords in particular areas where private renting is problematic for the wider community. It is a powerful tool to improve the management standards of private landlords. It will help improve living standards, reputation and physical condition of the designated areas, the private rented sector in general and the reputation of decent and competent landlords.*

The Council does not provide any evidence to either illustrate or prove that such a scheme will improve the reputation or physical condition of the designated areas, nor does it improve the reputation of decent and competent landlords. The experience of property professionals within Hyndburn Landlords is that areas remain the same, so at best SL could be argued that further decline is arrested.

There is certainly no evidence to show that landlord reputations have been improved, as “decent and competent landlords” already have reasonable reputations of which the renting community are largely aware of.

*The Council believes that selective licensing will extend housing choice and increase the confidence of occupiers within the designation area. Landlords will be required to take ownership of their management responsibilities thus increasing the prospects of long-term trouble free renting. This in turn will make the sector a more valuable asset to the Borough and decrease levels of low demand housing.*

We accept that this is the Councils “belief” but again it is unsupported. How is housing choice extended? There is no evidence to suggest prices would rise within a designated area (which would indicate demand to purchase by new prospective landlords) Neither is there any evidence to suggest that rents rise above average once an area becomes licensed. The view that the prospects of trouble free renting is increased extremely naïve, unsupported by empirical data, and is not shared by Hyndburn Landlords. As a viewpoint, only a register of good tenants would lead to trouble free renting.

*Private tenant complaints - the number of complaints made to the Council against private landlords in relation to private rented property conditions is generally increasing year on year as follows:-*

*2006/07 - 157*

*2007/08 - 174*

*2008/09 - 220*

*2009/10 - 204*

*2010/11 - 221*

Whilst these figures may be accurate, they are not compared with the number of landlords within the Borough. Therefore, in real terms the problem could actually be decreasing if more properties are being rented. This needs to be substantiated further to have any meaning

*Example of poor landlord activity - within the Borough there is one private landlord with a significant stock holding of 144 residential dwellings of which 99 are tenanted, but 45 are vacant of which 39 have been vacant for over 6 months. This one example illustrates how private landlords can directly contribute to low demand.*

Whilst Hyndburn Landlords do not condone such behaviour the example does not illustrate how landlords contribute to low demand. This example merely highlights a poor management of assets. Most landlords seek returns on their investments and do not invest in liabilities on purpose. It is difficult to understand

why any reasonable landlord would wish a large number of their properties to be empty. We also note that it is a singular example and therefore we assume that this has been illustrated to attempt to paint a negative picture of landlords rather than depict a balanced view of the sector as a whole

The document then goes on to consider other alternative solutions. We believe that the Council has no enthusiasm for alternatives as the political will is for a Selective Licensing scheme. However again in justifying the advantages of SL the Council states:

*Standards of management should improve along with education on legislative requirements and an overall improvement in the private rented sector, which has knock on benefits for all landlords:-*

- *Improved reputation*
- *Higher returns*
- *Improved access to finance*
- *Increase demand*
- *Lower turnover of tenancies*

Of the 5 bullet points mentioned, points 1,4 & 5 have been dealt with previously. However, the Council has not considered points 2 & 3 and have simply mentioned these at the end of this justification, again without any empirical evidence. In fact point 2 is incorrect, as higher returns would attract the more unscrupulous landlords which the Council is looking to drive out of the sector. The highest yields are to be found in the poorest problem areas such as Woodnook and Springhill. If these areas were to be improved then yields (returns) would fall. This point is directly contradicted by the Council's own document in the tenure section of the low demand indicators.

Point 3 is also extremely dubious as licensed areas are viewed with suspicion by both lenders and valuers who recognise the draconian restrictions SL places on landlords and the perceived acknowledgement that a particular area is in fact "sub prime" for mortgage purposes. In fact point 3 is only likely to be correct if a licensed area was a resounding success that cleared the problems and raised capital values in an area.

## **External Findings**

The Consultation document does not seemingly heed the advice of the DCLG paper titled "Evaluation of the impact of HMO Licensing and Selective Licensing"

Specifically the conclusion section from page 193 onwards  
"What is working well" and "What is not working well"

A **Targeted Approach** has been mentioned by Hyndburn Landlords and other third parties repeatedly. Our view is that the very worst areas should be targeted first so that Council can learn from initial mistakes and also better evaluate the

impact (if any) of Selective Licensing. The Councils proposal is far larger than any the neighbouring authorities and appears to completely ignore the findings of the report. The report extract states “prioritising problem streets together with detailed property inspections before awarding a licence appears to have more immediate impact on the worst problems.... than blanket licensing”

By trying to introduce such a large scheme at the outset, with no previous experience of licensing and ignoring the past experiences of others seems foolhardy behaviour and raises questions as to how serious the Council is in tackling issues of low demand

**Resources** (or lack of) The local authority will need to provide linked services such as landlord advice and accreditation, the funding of which cannot be met from a licence fee. The consultation document makes no mention as to how this will be provided or paid for. The document merely states that some landlord training will be provided

**Fee Structure** There is an interesting comment about discounts for landlords who are accredited, or those that were pro active in seeking a licence early. These are likely to be the good landlords who take their responsibilities seriously, yet the Council is proposing to treat all landlords the same, with the exception of the direct debit discount. However, this discount is solely to aid the Councils own administration process and does nothing to engage with good landlords, creating resentment.

A number of the **other issues** raised centred on suspicion and motives of the Local Authority, which Hyndburn Landlords feel have been justified in the past given the recent Court Action.

## **Hyndburn Landlords Alternative Proposal**

Notwithstanding the inaccuracies detailed in the section above, we believe that the current Council proposal is still far too large to be effective.

Despite the above concerns, Hyndburn Landlords are supportive of the principle of selective licensing when applied correctly, although we are concerned that there seems to be a political view that it is a cure for problems within the sector which we fundamentally disagree with.

With regard to capital values, the Council has previously indicated in its submissions that values below £45,000 would indicate low demand although we acknowledge that the Council now contest this view. We believe however that it would not be too contentious to agree a threshold figure below which an area with significant numbers of properties selling below a set figure would at least

warrant investigation into potential market failure. Whilst this figure would have to be qualified by age, type and date, generally a figure of below £50,000 would not be too contentious for a 2 bedroomed terraced property, although given the current economic conditions this must be subject to downward revision due to the failure of the UK economy generally.

### **i. Agreed Areas**

In principle, Hyndburn Landlords support the following areas being designated under the proposal as generally they are areas of low demand and the housing market in these areas is dysfunctional, requiring intervention:

Springhill  
Woodnook

Other areas within the proposal are felt to be somewhat marginal for inclusion, such as the Blackburn Road & Church areas which, although demand is weaker than in other areas of the Borough, do not exhibit the same traits as the two areas mentioned above. At the same time we acknowledge that there has been substantial public sector investment into the Blackburn Road corridor and that it would be prudent to introduce some type of legislative control in order to protect the substantial capital expenditure which has been incurred in that area.

We would however suggest that a phased introduction of licensing in these areas is considered

### **ii. Peel Ward**

Hyndburn Landlords have serious issues with the proposal for the Peel area. As mentioned earlier, we believe the Council's statistical approach is seriously flawed and we have therefore looked at streets on an individual basis

It is our belief that the majority of streets within the Peel / Bold St area are in fact areas of high demand, and not low demand as proposed by the Council. There are some pockets of low demand within this area, but this is not justification to stigmatise the whole area. This small pocket of low demand could in fact be broadly defined as properties on the town centre side of Washington St, with the exception of Avenue Parade.

For some reason the Council are under the impression that the streets south of Avenue Parade are worse, when in fact they are the same. Lodge St, Manor St, Turkey St, etc have all been omitted (correctly) but display the same characteristics as Spencer St, Hodder St, etc

### **a) Capital Values**

In illustrating how the Council has made a serious misjudgement by categorising these areas of high demand as low demand we have utilised information from [Zoopla](#), Right Move, and the Land Registry. Both Zoopla and Right Move are established web sites where the majority of properties are advertised for rent by professional letting agents. In addition, Zoopla provides its own estimate as to what typical values in a certain area may be. We have added Zoopla values to illustrate the views of a third party when compared to our own views. We neither advocate or disagree with their methods of reaching a conclusion on values.

The majority of properties in this Peel are 2 bed terraces, with 3 bed versions generally being located at the end of each block and occasionally in the middle of a terrace.

The street names are hyperlinked and will open corresponding Land Registry information for that particular street. Dealing with individual streets in a southerly direction that are listed incorrectly within the proposed designation:

#### [Water St](#)

Generally recent sales indicate values between £50,000 and £60,000, although it is noticeable that values generally increase with distance from the town centre. Two sales stand out at £34,000 and £29,000. However these are located on the town centre side of Washington St / Sydney St (even numbers below 76) Zoopla indicates values being circa £68,000

#### [Avenue Parade](#)

Generally recent sales indicate values between £80,000 and £100,000, with only the odd exception. There are no sales below £45,000 and values are generally higher than the surrounding streets. It should also be noted that at least 2 blocks on this street contain relatively small 2 up 2 down “cottage” style terraces which are smaller than the prevailing house sizes in the general area Zoopla indicates values being circa £80,000

#### [Stanley St](#)

Generally recent sales indicate values between £50,000 and £60,000, although it is noticeable that values generally increase with distance from the town centre. A number of sales stand out – number 86 sold for £37,500 and number 94 sold for £30,000. However it is likely that these were either below market value sales / transfers, or were in extremely poor condition as the prevailing adjacent evidence is higher – eg 84 - £83,000, 74 - £75,000. To some extent this is borne out by number 94 as the property resold only 3 months later for £50,000. Evidence to suggest properties located on the town centre side of Washington St / Sydney St suffer from low demand (even numbers below 62 and odd numbers below 91) is insufficient to warrant conclusions on low demand Zoopla indicates values being circa £56,000

#### [Bold St](#)

Generally recent sales indicate values between £60,000 and £75,000, Lower values are generally found towards the town centre eg number 28 £50,000, number 32 £45,000. However these are located on the town centre side of Washington St / Sydney St (even numbers below 58, odd numbers below 37) Zoopla indicates values being circa £72,000

### Oswald Street

Perception wise, this is possibly one of the poorer streets in the area. Generally recent sales indicate values between £50,000 and £70,000, Lower values are generally found towards the town centre eg number 16 £36,000, number 23 £32,000, number 14 £40,000. However these are located on the town centre side of Washington St / Sydney St (even numbers below 18, odd numbers below 39) Properties on the opposite side of Washington St are largely £50,000 to £70,000, with one exception (number 40) which although initially sold for £42,000 subsequently resold only one month later for £68,000 Zoopla indicates values being circa £57,000

### Spencer St

There are no sales below £62,000. Most recent data indicates values as a minimum of £65,000 with the larger 3 bed properties attracting values around £100,000.

Zoopla indicates values being circa £78,000

### Hodder St

This street differs slightly from the others as part of the street is an unadopted highway and in addition one side of Hodder St comprises of semi – detached properties. The value of these is higher. Generally recent sales of the terraces indicate values between £80,000 and £90,000, One property stands out – number 22 which has sold twice for £30,000. Given the overwhelming evidence to the contrary, it would be normal professional practice to reject this information as not representative of the market

Zoopla indicates values being circa £94,000, although this would be distorted slightly by the presence of the semis

### Cedar St

Generally recent sales evidence is somewhat sparse although the lower values are generally found towards the town centre eg number 27 £33,500, number 28 £43,500, number 14 £37,000. However two of these are located on the town centre side of Washington St / Sydney St (even numbers below 42, odd numbers below 17)

Zoopla indicates values being circa £65,000

### Bradford Street

There are no sales below £68,500. Most recent data indicates values as around £70,000.

Zoopla indicates values being circa £67,000

### Mansion St South

This suffers from slightly lower values than surrounding streets, although recent sales would only make this a borderline case, with values still higher than the cut off of £45,000

Zoopla indicates values being circa £58,000

### Washington St

Somewhat mixed sales data and relatively difficult to derive meaningful conclusions. Number 3 is a small dwelling with a shared rear courtyard with properties on Water St, which partly explains the lower values.

Zoopla indicates values being circa £66,000

### **Comparable Areas and Streets**

We believe that the above evidence supports our perception (as Property Professionals working in the industry with RICS and MNAEA qualifications) that these streets are not low demand.

However, the Act states:

*a) The value of residential premises in the area, in comparison to the value of similar premises in other areas which the authority consider to be comparable (whether in terms of types of housing, local amenities, availability of transport or otherwise);*

Therefore we have expanded the research into other areas containing similar properties.

### **Values of streets in the immediate vicinity which are not within the proposed area:**

#### Manor St

Generally recent sales indicate values between £70,000 and £90,000, although it is noticeable that values generally increase with distance from the town centre.

Zoopla indicates values being circa £77,000 (similar to Spencer St and less than Avenue Parade)

#### Lodge St

Generally recent sales indicate values between £60,000 and £70,000.

Zoopla indicates values being circa £65,000 (less than the majority of streets listed above)

#### Sultan St

Slightly inconclusive although generally recent sales indicate values between £60,000 and £75,000.

Zoopla indicates values being circa £63,000 (less than the majority of streets listed above)

### **Turkey St**

Generally recent sales indicate values between £60,000 and £70,000.

Zoopla indicates values being circa £70,000 (similar to the majority of streets listed above)

## **The Waterloo area (by Accrington Victoria Hospital)**

This area is similar, containing a predominance of 2 bedroom terrace housing. This area is outside the designation, yet is similar to the majority of Peel, both in house type, age of construction, and proximity to the town centre and parks.

Zoopla summaries are [here](#)

### **Aitken St**

There is insufficient evidence to draw any conclusions although the repeated sale of 15 Aitken St at above market values does serve to push up the general average. The last sale on the street was £65,000 in December 2011

Zoopla indicative value: £74,834

### **Garden St**

This street reached extremely high capital values at the peak of the market, although the last two sales have been at £65,000 and £69,000 which is more in line with the recent sale on Aitken St

Zoopla indicative value: £80,813

### **Malt St**

Every area has poorer streets and Malt street illustrates the lower demand end for the hospital area: Recent sales evidence is very low, but at the peak of the market sales were only around the £50,000 - £60,000 range.

Zoopla indicative value: £47,764

### **Marlborough Road**

This is one of the better streets in the area and recent sales illustrate the resilience of capital values, in the main being largely unchanged from the peak of 2006 being largely over £75,000. This would compare well with Spencer St, Hodder St, Avenue Parade.

Zoopla indicative value: £77,692

### **Nutter Rd**

Possibly the best street in the hospital area and values are still holding up in the £90,000s. This would compare well with Spencer St, Hodder St, Avenue Parade.

Zoopla indicative value: £80,709

Other streets within the general area include [Westwood St](#), [Ramsbottom St](#) and [Owen St](#). These streets show similar values and characteristics to the Peel area

### **Netherton Great Harwood.**

Terraced streets within the Netherton Ward

A summary of Zoopla indicative values for the Great Harwood streets is [here](#)

#### **[Clayton St](#)**

Of the 5 sales since 2010 only one has cleared £60,000, with three sales being below £50,000

Zoopla indicative value: £57388

#### **[Mercer St](#)**

The last two sales were £50,000 and £44,500. At the peak of the market, and with one notable exception, values were largely around the £65,000 - £70,000

Zoopla indicative value: £60,764

#### **[St Huberts Rd](#)**

A very similar street to those within Peel / Waterloo areas of Accrington with garden fronted terraces predominating. Recent sales evidence would suggest £75,000 to £80,000 to be prevailing values. Being similar to values within Peel

Zoopla indicative values: £72,352

#### **[Orchard St](#)**

Values peaked at the height of the market in 2006 at around £80,000. The most recent sale suggests £70,000 may be appropriate.

Zoopla indicative value: £63,202

### **Correctly Designated Areas**

As mentioned above, we believe that the Council has designated some proposed areas correctly, notably those in Woodnook and Springhill. Generally, the perception of these proposed areas is that they are in need of intervention and licensing is required. This is not in dispute and is supported by Hyndburn Landlords. Therefore the point of this exercise is to illustrate the generally lower values prevalent. These values are generally between £10,000 - £20,000 per property lower than the illustrations in Peel.

### **Springhill**

Although there are more streets within the designated area than those listed below, the number of recent sales in this area is relatively low. The values illustrated by Zoopla are shown [here](#)

### **Lonsdale St**

Slightly inconsistent with 2 sales around £65,000 and 2 sales sub £50,000. Insufficient evidence to narrow this further, although clearly the higher end of the market is around £65,000.  
Zoopla value: £52,187

### **Eddleston St**

Majority of sales sub £50,000, Even at the peak of the market sales were struggling to clear £65,000. Weak demand  
Zoopla value: £49,630

### **Exchange St**

Slightly better than Eddleston St, but again sale prices struggling to exceed £65,000  
Zoopla value: £55,963

## **Woodnook**

Zoopla evidence is documented [here](#) and summarised below. A sample of streets within the proposed designation is detailed below:

### **Augusta St**

All recent sales sub £50,000, Even at the peak of the market sales were struggling to clear £65,000. Weak demand  
Zoopla value: £41,286

### **Clement St**

All recent sales sub £35,000, Even at the peak of the market sales were struggling to clear £65,000 with the odd exception. Extremely weak demand  
Zoopla value: £46,824

### **Royds St**

All recent sales sub £50,000 with a substantial proportion below £35,000. Extremely weak demand  
Zoopla Value: £41,952

### **South St**

All recent sales sub £35,000, Even at the peak of the market sales were struggling to clear £65,000. Weak demand  
Zoopla value: £41,286

## **Scaitcliffe**

Not only does Peel compare extremely well with the above areas, there are also streets / areas within the borough with lower demand and capital values which have been omitted, which suggests that the Council have specifically targeted Peel rather than approach the whole proposal with an open mind. By example, consideration of the Scaitcliffe area is illustrated below, with the summary Zoopla values [here](#).

### **Garbett St**

Predominant values £55,000 - £65,000  
Zoopla indicative value (somewhat high) at £82441

### **Hopwood St**

Majority of recent sales below £55,000  
Zoopla indicative value £49,819

### **Marsden St**

Majority of recent sales below £50,000. Only two sales have ever exceeded £50,000  
Zoopla indicative value £44,024

### **Ormerod St**

Probably one of the better streets running through this area. Values are mixed but prevalent capital values likely to be around £70,000  
Zoopla indicative value: £57,701

### **Pendle St**

Majority of sales around £50,000 - £60,000  
Zoopla indicative value: £55,400

### **Higher Antley St**

Variable prices although this street does contain a larger than average number of 3 bed properties and has also had grant renovation work undertaken.  
Zoopla indicative value: £57,701

Clearly this area is better than Springhill or Woodnook, but worse than Peel, yet has not been considered for licensing. The streets nearest to Woodnook are extremely poor but values improve heading towards Ormerod St. From valuation work undertaken by professional members of Hyndburn Landlords in this area, the physical condition of a substantial number of properties is relatively poor.

As can be seen, capital values are substantially below those found in Peel

## **b) Rental Values and the Rental Market**

Hyndburns local housing allowance (LHA) rates for December 2011 and January 2012 were £90 pw (2 bed) and £103.85 (3 bed). This equates to £390 pcm and £450 pcm respectively.

LHA is typically set towards the lower end of the rental market. It is not the lowest, but often provides a “rental” floor for landlords. It would be reasonable to assume that in areas where prevailing rental levels are below the LHA rate that demand is also low

Reasonable asking rents are largely achieved with little or no evidence of discounting. In the Peel area the majority of 2 bed houses on the market are commanding rents in excess of £400 pcm, the sole exception to this being Oswald St, which is probably one of the poorer streets in this area and even this is in excess of the LHA. This is evidenced by the pdf documents titled [A](#), [B](#), and [C](#).

Evidence of asking rents from other similar areas for comparison purposes, are detailed below:

[Great Harwood Terraced houses](#)  
[Accrington Hospital Area](#)

Both the above show similar asking rents for 2 bedroom terraces to those being obtained in Peel

Conversely, it can be seen that rental levels in the undisputed areas for proposed for Selective Licensing for example Woodnook, rental levels are below the LHA generally, as evidenced in the pdf documents titled [D](#) & [E](#). We have also detailed rental evidence for [Springhill](#) within this submission where it can be seen that, with the exception of the modern infill dwellings, the older terraced housing is at or below the Local Housing Allowance level indicating weaker rental demand with typical rents around £375 / month.

Finally, we have provided a document containing details of actual rents achieved by Eafield & Maple Estate Agents entitled [Eafield & Maple Average Yields & Rents](#). In a small number of streets no evidence is available and estimates have been highlighted in red. It is very clear from these actual rents that values are clearly lower in the Woodnook and Springhill wards with just small pockets within

Peel suffering from low demand. It should be noted that in some instances the type and size has a fundamental effect upon the rental value of such properties which can limit the data for comparison purposes. By way of example, houses on Arnold Street, which ranks second lowest in rental value, are smaller and incomparable to the majority of other, more traditional, terraced properties.

### **c) Yields**

It is somewhat surprising that the Council has not given any consideration to yields in the consultation document. This may be due to the lack of Property Market experience within the Council, or simply not understanding how the market works with regard to investors (landlords). Generally the return on a property is calculated with regard to the “all risks yield” which (at its simplest form) is the rental value divided by the capital value. The higher the yield, the more risky an investment is perceived to be. The figure takes consideration of voids, rental and capital growth prospects. As a guide, the higher the yield the poorer an area is likely to be. With residential property, as the Assured Shorthold Tenancy is relatively transient, analysis is best undertaken on prevailing values. The [yield calculation table](#) illustrates the returns within designated and non-designated areas. We have adopted the values given by Zoopla to try to bring independence into the figures and to avoid accusations of bias and self interest. As expected, the majority of properties with high returns are within the Springhill and Woodnook areas, with Peel ward being either in the middle or towards the lower end of yields, indicating higher demand. A similar yield calculation is also contained within the [Eafield & Maple Average Yields & Rents](#) document.

### **d) Rightmove & Perception of Peel Ward**

In addition to the evidence above, I also attach two extracts from Right Move Plus – a list for [2 beds](#) and a list for [3 beds](#). Right Move is almost indisputably the premier and foremost website for advertising both properties for let and sale. The “plus” version gives a mixture of “sales” and “for sales” This extract includes the streets within the Peel designated area and are ranked in price order. It can be seen that the properties with low values for this area are generally within the town centre side of Washington St, again illustrating the Councils errors.

Furthermore, it is interesting to note the summary descriptions within the sales particulars:

*situated in a popular residential location*

*much sought after residential location in Peel Park District of Accrington just off Burnley road*

*much sought after residential location in the heart of Accrington*

*Situated in this popular residential location with*

*situated in a popular area close to Peel Park, the Coppice and Motorway Links.*

*Situated in this highly regarded established residential location*

*lying in a popular residential location on the outskirts of Accrington town centre.*

*in the popular Peel Park area of Accrington*

*towards to top of this popular street in the Peel Park district*

*in the popular area of Burnley Road*

*in the popular Peel Park District of Accrington*

*Situated in the much sought after Peel Park district off Burnley road*

*established residential location with excellent access to local and town centre amenities*

*situated in favoured Peel Park area*

Whilst these are not binding facts and are purely opinion, the marketing agents are bound by the Property Misdescriptions Act and therefore they would be leaving themselves to be open to prosecution if they stated untruths or were knowingly misleading people. This again goes underlines the Councils incorrect idea of low demand. Furthermore, it would seem that the Councils view to include a substantial portion of Peel is not shared by the majority of the Stakeholders which they handpicked for consultation. The views / proposals of these stakeholders are contained within the [proposed licence areas folder](#) and with the exception of the views of Maundy Grange, do not include any streets higher than Washington St. It is accepted that all the above are opinions not backed by any empirical data, but nevertheless, the legal test of reasonableness would be satisfied ie "is this a situation which the man on the Clapham Omnibus would be aware of" (Greer LJ in the case of Hall v. Brooklands Auto-Racing Club 1933).

“Opinions” are also likely to the overwhelming responses of the public / stakeholders in the consultation period and if such evidence is to be largely ignored, it does question the point of any consultation exercise.

## **Hyndburn Landlords Conclusion**

Briefly, our view as to the consultation paper is as follows:

- We believe that the proposed scheme is generally flawed
- Furthermore, we believe a large number of streets within the area do not satisfy the test of low demand.
- In addition, we further believe that the Council failed to properly present the issues in the Cabinet paper presented on 11 January 2012.

However, we are mindful of past experience and litigation. We would request that the Council consider in all earnest the points made in this submission and continue to consult and engage in dialogue where differences occur in an attempt to reach a consensus with all stakeholders. We acknowledge that some areas of the Borough are in need of intervention and / or direct action, and would actively support the Council if a sensibly sized, targeted scheme can be produced.

Therefore, in an attempt to move forward, we believe the following streets are not areas of low demand and should be removed from the proposed designation.

**Avenue Parade**  
**Stanley Street**  
**Bold St**  
**Spencer St**  
**Hodder St**  
**Bradford St**  
**Water St**  
**Oswald St**  
**Washington St**  
**Mansion St South**  
**Robert St**  
**William St**  
**Annie St**

Our reasons for this are as follows:

:

1. Capital and Rental Values are typical within the Borough and stand comparison with the majority of areas which are outside the designation.

2. There are other areas within the Borough which have weaker capital and rental demand yet are not included
3. The high percentage of rented accommodation within the Peel area is an example of the market satisfying demand, and not an indicator of low demand
4. Vacant properties available to let in this area are readily occupied by tenants. Voids are generally under 3 months and the assumption that rented properties are on the market for a long time in this area is incorrect.
5. The Council has erred in its research into the rental market for Peel by utilising a little known website which has no major presence in the market place. The Council has failed to trawl accurate information by not using the market expertise of the local estate agents
6. The area has a perceived popularity as illustrated by Estate Agents positive descriptions
7. The majority of Peel is not an area which requires intervention as illustrated by the Councils own appointed stakeholder group.

Finally, with regard to the remaining areas within the proposed designation, there should be a phased introduction with periodic reassessments of the success of each implementation. We consider that the Council would be far better advised to target their resources initially on the worst areas rather than spread themselves so thinly as to severely limit the impact of what they are trying to achieve. We would therefore suggest a phasing as follows (with timescales to be agreed as seen fit):

Phase 1 Springhill & Woodnook

Phase 2 Lower Peel (town centre side of Washington St / Sydney St / Arnold St)

Phase 3 West Accrington and Church

Hyndburn Landlords

13 April 2012