

HYNDBURN BOROUGH COUNCIL



PROPOSAL TO DESIGNATE A PRIVATE LANDLORD SELECTIVE LICENSING SCHEME (Parts of Accrington and Church)

1ST August 2012



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1. Executive Summary

- 1.1 The private rented sector serves a diverse population of tenants. It performs an essential role in the Borough's housing market, offering flexibility and choice, with potential to support economic growth as well as meet housing needs.
- 1.2 Many private landlords provide a decent service, but the practices of some can give the sector a poor reputation. The Council wants to ensure that standards are high across the private rented sector, especially in areas of low housing demand. Consequently, selective licensing can form a part of a wider set of measure that seek to address the causes of low housing demand, especially in parts of Accrington and Church.
- 1.3 The Housing Act 2004 is a major piece of housing legislation which includes wide ranging provisions to develop an improved and more professional private rented sector. Section 80 of the 2004 Act gives powers to local housing authorities to designate areas, or the whole of the area within their district, as subject to selective licensing in respect of privately rented accommodation, provided certain conditions are met. This document sets out the Council's proposal to designate a private landlord selective licensing scheme for parts of Accrington and Church under powers contained within Part 3 of the Housing Act 2004.
- 1.4 Some private landlords and their representatives have expressed concern that the introduction of licensing will have a negative impact on the sector. The Council have acknowledged this concern, and explains in this proposal how it believes the benefits of selective licensing outweigh the potential negatives for landlords, tenants and communities. Managed well, the private rented sector can offer choice and flexibility within the Borough's housing market.
- 1.5 In bringing this proposal forward, the Council considered the other options available to it to address problems in the private rented sector. The Council recognises that landlord accreditation is an alternative option, but concluded that a voluntary scheme would not have the required impact as a regulated scheme. The Council also considered other options but concluded that Management Orders and enforcement powers are powerful tools that remain available to the Council but are too narrow in addressing management standards in the private rented sector. This proposal concludes that selective licensing provides a significant response to where standards are poor in the private rented sector by providing a more holistic, strategic response to raising standards.
- 1.6 The proposal explains how selective licensing could be an integral part of the Council's wider housing strategy, especially in support of a range of measures to address low housing demand. Selective licensing can contribute to the regeneration of these areas where there is a high percentage of private rented housing, especially where they are poorly managed. Bringing empty homes back into use is a priority for the Government and the Council. There is a real opportunity for the Council to work with good landlords to help achieve this objective. Not only will this bring empty homes back into use, but will significantly assist to improve the standards of management which in turn, will assist the Council in dealing with homelessness and antisocial behaviour.

- 1.7 Selective licensing can be introduced in an area that is suffering from, or at risk of, low housing demand. The Council has gathered considerable evidence to show that there is low housing demand in the proposed area and that selective licensing will support a range of measures to tackle the problem. The Council's low demand evidence base has been endorsed by an independent study of low housing demand across the Borough by housing market experts Arc⁴ . The low demand evidence base has been subject to considerable, and debated, consultation with the Hyndburn Landlords group. At the time of finalising this revised proposal we have some shared understandings but a consensus has not been achieved, albeit dialogue continues.
- 1.8 The revised proposal shows how selective licensing can support a wider range of regeneration activity, which seek to regenerate the Accrington and Church area including clearance of low demand housing, new housing building, treatments to terrace blocks, bringing empty homes back into use, new jobs and training opportunities.
- 1.9 In bringing forward a selective licensing proposal the Council accepts there may be some risk of displacement of landlords or tenants. The proposal considers this risk and explains how the risk of displacement can be managed or mitigated.
- 1.10 In considering a proposed designation, the Council has considered and taken very seriously the resources that need to be in place from the start. We have consulted widely to understand how other selective licensing schemes are resourced and we are very confident that we have our resource planning right. Licensing schemes should be self financing and therefore we have taken into account all costs involved in running a successful scheme, but at the same time, tried to keep the proposed fees reasonable. Internal re-organisation has taken place to ensure that the existing housing standards team co-ordinates well with the licensing team. We have listened to the consultation responses and ensured that within the revised proposal, the conditions are relevant and also recognised that existing legislation already exists to deal with disrepair enforcement. However, selective licensing presents an opportunity to introduce conditions that will improve management standards and practices across the sector.
- 1.11 We have consulted widely with all people who we believe are likely to be affected by the designation including local residents, tenants, landlords and their representatives and other members of the community who live, or operate businesses or provide services either within or nearby to the proposed designation. The consultation responses have been published on the Council's website and will be carefully considered by the Council's Cabinet before making a final decision as to whether to proceed with selective licensing and on what basis.
- 1.12 The consultation has shown that different stakeholders have different opinions and therefore it would appear there is no way of achieving an outcome that is satisfactory to all.

2. Introduction

- 2.1 Selective licensing is intended to address the impact of poor quality private landlords and antisocial tenants. It has primarily been developed with the need to tackle problems in areas of low housing demand in mind.
- 2.2 This document sets out the Council's proposal to designate a private landlord selective licensing scheme for parts of Accrington and Church (the Scheme) under powers contained within Part 3 of the Housing Act 2004.
- 2.3 The Council has consulted extensively with persons who could be affected by the proposed selective licensing scheme using a draft proposal document as the basis for the consultation. This proposal document reflects the earlier draft, with changes made to it in response to the consultation. A more detailed explanation of the consultation findings is reported in Chapter 14 of the document.
- 2.4 By introducing the powers for discretionary licensing the Government recognised that poor management and associated problems exist in some parts of the private rented sector and these issues contribute towards low housing demand and/or anti-social behaviour. 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.
- 2.5 Therefore, the Council considers that selective licensing will form part of its wider strategy for addressing low housing demand in parts of Accrington and Church.
- 2.6 The Scheme proposed is not intended to over burden private landlords with regulation and the Council has listened to the concerns of landlords and their representatives in order to introduce a scheme that is workable and deliverable, whilst at the same time, improve standards in the private rented sector and in turn respond to low housing demand. The Council believes the private rented sector and Hyndburn's housing market will benefit in the long term.
- 2.7 Contrary to some suggestions, the Council values the private rented sector and wants to see a strong, healthy and vibrant sector that makes a positive contribution to Hyndburn's housing market. The Council believes and acknowledges that the sector has an important role in providing housing options for those not wishing or able to consider home ownership, or for those to whom social housing is not an option. Housing markets are changing and due to economic conditions, especially difficulty in accessing mortgage finance, the Council recognises that private renting will make a significant contribution to the social and economic wellbeing of the Borough.

2.8 This report identifies neighbourhoods within Accrington and Church that are suffering from, or at risk of, low housing demand. Specifically, this proposal will explain in detail:-

- i) The reasons why the Council is proposing to introduce selective licensing for private landlords in parts of the Borough;
- ii) How selective licensing will significantly support the Council's wider strategy to reduce low housing demand;
- iii) The options and other courses of action available to the Council before considering selective licensing;
- iv) The evidence base for determining areas experiencing low housing demand (or likely to become such an area);
- v) How selective licensing at neighbourhood level will support regeneration plans to address low housing demand;
- vi) The potential for displacement and other risks and how these will be managed and mitigated;
- vii) The specific areas that will be subject to licensing and how the Scheme will be operated and managed, including monitoring and review arrangements.
- viii) The steps taken to consult persons who are likely to be affected by the designation, and the consideration given to the representations that have been made in response to the consultation.

2.9 The private rented sector is sometimes the only housing option for some of the most vulnerable people in our society¹. High levels of housing benefit recipients within the private rented sector in Hyndburn and the Index of Multiple Deprivation indicates that this is the case in Hyndburn. However, the sector in Hyndburn 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. Unlike Registered Providers, private landlords are unregulated. The Housing Act 2004 provides us 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 and communities, and at the same time, help to reduce low housing demand.

¹ Shelter, Safe and Secure? The private rented sector and security of tenure - May 2005 (Shelter)

Purpose

This chapter summarises the legal requirements for the introduction of selective licensing. The relevant legislation is contained within the Housing Act 2004, supported by two guidance documents published by the Department of Communities and Local Government:-

- i) Approval Steps for Additional and Selective Licensing Designations in England; and*
- ii) A Guide to the Licensing and Management Provisions in Parts 2, 3 and 4 of the Housing Act 2004 (Draft, January 2010). Further reference to the legislation and guidance within the document refer to the above unless stated otherwise.*

3.1 Selective licensing is a regulatory tool provided by the Housing Act 2004. Part 3 of the Housing Act 2004 gives local authorities the power to designate the whole of, or parts of, their district for selective licensing provided that one of two specific conditions is met:-

a) 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 taken in the area by the local housing authority, or by persons together with the local housing authority, contribute to the improvement of the social or economic conditions in the area;

or

b) That the area is experiencing a significant and persistent problem caused by anti-social behaviour; and that some of or all of the private sector landlords who have let premises in the area (whether under leases or licences) are failing to take action to combat the problem that it would be appropriate for them to take; and that making a designation will, when combined with other measures taken in the area by the local housing authority, or by other persons together with the local housing authority, lead to a reduction in, or the elimination of, the problem.

3.2 Within this proposal document the Council will make the case for selective licensing on the basis of low housing demand.

3.3 The Act goes on further to state 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.

3.4 Guidance produced by Communities and Local Government 'Approval steps for additional and selective licensing designations in England' adds that local housing authorities should also consider other factors in determining low demand which may include:-

- A lack of mixed communities in terms of tenure, for example, a high proportion of rented property, low proportion of owner occupied properties;
- A lack of local facilities, for example shops closing down;
- The impact of the rented sector on the local community, for example, poor property condition, anti - social behaviour etc;
- Criminal activity.

3.5 Section 81 of the Act requires local authorities to show how a selective licensing designation will improve an area, and how the designation will work alongside other existing policies or measures that are already being taken i.e.

- The authority must ensure that any exercise of the power is consistent with the authority's overall housing strategy;
- The authority must also seek to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour, both:-

a) as regards combining licensing under this Part with other courses of action available to them;

and

b) as regards combining such licensing with measures taken by other persons.

- The authority must not make a particular designation under section 80 unless:-

a) they have considered whether there are any other courses of action available to them (of whatever nature) that might provide an effective method of achieving the objective or objectives that the designation would be intended to achieve, and

b) they consider that making the designation will significantly assist them to achieve the objective or objectives (whether or not they take any other course of action as well).

- 3.6 Finally, before making a designation, the legislation requires local authorities to take reasonable steps to consult persons who are likely to be affected by the designation; and consider any representations made in accordance with the consultation and not withdrawn.
- 3.7 Once an area is designated for selective licensing any private landlord wishing to operate within the designated area must apply for a licence for every tenanted house within the designated area. The power does not permit local housing authorities to require licensing of houses that have been made exempt under the Selective Licensing of Houses (Specific Exemptions) (England) Order 2006 (such as business tenancies, tenancies with a term over 21 years, holiday lettings etc), or property that is subject to a tenancy or licence granted by a body which is registered as a social landlord under Part 1 of the Housing Act 1996.
- 3.8 This proposal explains how and why the Council believes the conditions apply within certain areas of the Borough and how this proposal complies with the legislation and guidance outlined above.
- 3.9 In addition, the Council made use of the following reference sources:-
- The 2010 Department of Communities and Local Government (DCLG) report, 'Evaluation of the Impact of HMO Licensing and Selective Licensing';
 - Case Study - Selective licensing in Manchester and Salford (Audit Commission Report);
 - LACORS (now the RSU) - Guidance on Additional and Selective Licensing;
 - CLG toolkit for licensing fees (via www.cipfa.org.uk)

4. Why Selective Licensing?

Purpose

This chapter will explain why the Council is considering selective licensing by describing and illustrating the problems or current issues that relate to private landlords and their activity.

4.1 Shelter in their Good Practice Guide² explained the benefits of selective licensing:-

“Poor housing management and low standards in the private rented sector can lead to the failure of a local housing market. People leave the area, house prices fall, speculative landlords move in, and the local community becomes weaker. Low demand and antisocial behaviour can result in unsettled communities, along with other social and economic problems. These can undermine the efforts to regenerate an area.

“Although licensing will not strengthen security of tenure, it will improve the management practices of landlords. This will, in turn, make renting privately a more viable option in the longer term.

“A more professional private rented sector would encourage landlords to let properties for a longer term and tenants would receive a comprehensive tenancy management service. It would also find local authorities working in partnership with landlords and agents to maximise the use of privately rented properties to help meet a range of housing needs. Managed well, the private rented sector can offer choice and flexibility for those it serves.

“Previously, measures to tackle antisocial behaviour have been directed at tenants of social housing, and have only been available for use by the police, local authorities and housing associations. Selective licensing will help fight antisocial behaviour, caused by both tenants and landlords, in the private rented sector.”

4.2 Hyndburn Borough Council wants to create attractive neighbourhoods, but is having to deal with areas of low housing demand and multiple deprivation. The Council firmly believes that licensing can contribute to the regeneration of these areas where there is a high percentage of private rented housing with some evidence of poor management standards which will be described later in this section.

² Selective licensing for Local Authorities: A Good Practice Guide - Shelter 2006

4.3 The majority of private landlords provide a decent service, but the practices of a significant minority have given the sector a poor reputation. Problems associated with the private rented sector include:-

- a lack of security of tenure for tenants
- links to cases of repeat homelessness
- illegal eviction and harassment
- unacceptable states of disrepair

4.4 As a result, the private rented sector finds it difficult to maintain investment and tenants often move on quickly.

4.5 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.

4.6 The Council believes that selective licensing will extend housing choice by helping to create a better offer in the private rented sector 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.

4.7 The Council also firmly believes that selective licensing can contribute to the regeneration of low demand areas when it forms part of a set of wider initiatives carried out by the Council and a number of its partners to address the problems in the designation area.

4.8 An oversupply of private renting in a neighbourhood along with other issues can lead to low housing demand. Some of the problems and current issues related to the private rented sector within the Borough which the Council is trying to address include:-

- A lack of mixed communities in terms of tenure - an estimated 21.1% of the Borough's housing stock is privately rented, however within the proposed designation the amount is approximately 33%. Whilst significant numbers of private rented accommodation is in itself not a problem, it can be where standards are poor, especially alongside high vacancy levels and high turnover of occupants;
- Low values of residential premises - the median house values within the proposed designation area average £62,000, compared to the Borough average of £84,625;

- High levels of house vacancy rates - long term house vacancy levels³ within the proposed designation area average 8%, compared to the Borough average of 4.3% and the national figure of no more than 2%.
- Poor property conditions - the last Borough wide Private Sector Housing Condition Survey carried out in Hyndburn during 2008-09 found there were Borough wide, approximately 1,400 households living in private rented premises with at least one Category 1 hazard, which indicates a high degree of unsafe housing. Of these approximately 627 (44%) are within the proposed designation area (refer to Chapter '11').
- The Guidance suggests that local authorities can consider other factors when considering low demand, including poor property condition.

There are two national standards for measuring housing conditions:-

- i) Category 1 Hazards - these are determined by statute⁴ and identify factors or hazards that make a dwelling unsafe for occupation.
- ii) Decency Standard - this is a Government Standard for all social housing (but is equally applied to private housing but not statutorily) which combines safety standards and the standard of amenity to determine whether a dwelling can be considered 'decent' (for occupancy purposes).

Table 1 Stock Condition - All Stock (All Tenures)

	Cat 1 Hazards	Non Decent
Altham	16.0%	25.0%
Barnfield	23.3%	36.5%
Baxenden	5.3%	26.4%
Central	42.3%	66.1%
Church	31.4%	46.5%
Clayton-le-Moors	14.4%	29.6%
Huncoat	17.3%	38.9%
Immanuel	13.7%	29.3%
Milnshaw	17.1%	30.5%
Netherton	37.6%	55.8%
Overton	14.3%	29.6%
Peel	27.4%	44.9%
Rishton	15.4%	35.2%
Spring Hill	48.0%	54.9%
St Andrew's	12.8%	31.5%
St Oswald's	17.9%	41.0%
Hyndburn	21.6%	38.6%

Source: Stock Condition Survey 2008/09

Shading indicates areas at ward level that correlate with the proposed designation (refer to Chapter 11)

³ Vacant over 6 months

⁴ Housing Act 2004

Table 1 illustrates that at ward level housing conditions are likely to be worse where licensing is being proposed (i.e. Barnfield, Central, Church, Peel and Spring Hill) than other areas.

Table 2 Stock Condition - Private Rented

	Cat 1 Hazards	Non Decent
Altham	36.4%	67.1%
Barnfield	26.3%	47.9%
Baxenden	*	*
Central	47.2%	73.6%
Church	23.0%	53.9%
Clayton-le-Moors	20.3%	23.7%
Huncoat	26.3%	44.3%
Immanuel	6.6%	33.2%
Milnshaw	*	*
Netherton	33.3%	33.3%
Overton	*	25.0%
Peel	33.3%	60.6%
Rishton	18.2%	36.3%
Spring Hill	56.8%	71.6%
St Andrew's	8.9%	33.0%
St Oswald's	N/A	60.8%
Hyndburn	26.6%	49.2%

Source: Stock Condition Survey 2008/09 (* - small numbers too low to provide statistical analysis)

Shading indicates areas at ward level that correlate with the proposed designation (refer to Chapter 11)

Table 3 Stock Condition - Social Housing

	Cat 1 Hazards	Non Decent
Altham	0%	0%
Barnfield	19.1%	28.6%
Baxenden	0%	0%
Central	12.9%	32.1%
Church	9.7%	25.8%
Clayton-le-Moors	12.6%	58.6%
Huncoat	79.9%	100%
Immanuel	9.4%	19.2%
Milnshaw	0%	15.2%
Netherton	12.5%	37.6%
Overton	14.3%	50.0%
Peel	0%	14.5%
Rishton	0%	0%
Spring Hill	8.7%	17.2%
St Andrew's	0%	27.9%
St Oswald's	33.3%	100%
Hyndburn	13.7%	36.1%

Source: Stock Condition Survey 2008/09

Shading indicates areas at ward level that correlate with the proposed designation (refer to Chapter 11)

Table '2' illustrates stock condition in the private rented sector and then compares the condition to the social rented sector Table '3'. The data shows high levels either failing the safety standard or/and high levels of non-decent homes within the private rented sector, especially within the proposed designation areas. The tables also illustrate that conditions in the social rented sector are better than in the private rented sector.

It is reasonable to conclude, for households living in private rented accommodation within the proposed designation area, housing conditions are more likely to be worse than if you lived outside the proposed licensing area.

Poor property conditions can visually blight neighbourhoods. The Council believes that poor conditions within the private rented sector, in particular within the proposed designation area, are contributing towards low housing demand.

- 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
2011/12	-	236

- During 2011/12 the Council responded to 17 requests in relation to illegal evictions/harassment in the private rented sector.
- 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.
- There is a potential close relationship between private landlords and problems associated with anti-social behaviour. This is recognised in the selective licensing legislation and guidance. This in turn can have an impact on a neighbourhood and may therefore be a reason why an area may be in low demand. Table 4 illustrates levels of anti-social behaviour across the Borough at ward level. The table illustrates a close relationship between areas of higher incidents of anti-social behaviour and the low housing demand areas selected for selective licensing purposes (see Chapter 7 of the report) i.e. Barnfield, Central, Church, Peel and Springhill.

Table 4 Crime Statistics

	Anti-Social Behaviour Total	All Crime
Altham	402	277
Barnfield	1278	778
Baxenden	169	97
Central	886	533
Church	729	486
Clayton-Le-Moors	452	273
Huncoat	311	170
Immanuel	269	205
Milnshaw	388	213
Netherton	545	303
Overton	511	279
Peel	665	403
Rishton	753	453
St Andrew's	545	410
St Oswald's	336	278
Spring Hill	655	371

Source: Multi-Agency Data Exchange (MADE) 2011

Shading indicates areas at Ward level that correlate with the proposed designation (refer to Chapter 11)

4.9 By introducing selective licensing the Council is aiming to increase the professionalism of the private sector by ensuring:-

- That landlords are 'fit and proper'
- Good and fair management of tenancy relations
- Support for landlords to participate in regeneration and tackle antisocial behaviour effectively
- Protection for tenants, especially vulnerable tenants from the worst housing conditions and from bad landlords
- Support for landlords to improve the worst properties by helping them to achieve decent minimum standards in housing conditions and management
- Help to bring empty homes back into use

4.10 Fundamentally, the Council proposes to introduce selective licensing because it believes poor management of rented accommodation contributes to low housing demand. The criteria and evidence used to identify areas of low housing demand are explained in Section '7' of this document. Chapter '5' shows how selective licensing supports the Council's Housing Strategy and Chapter '8' identifies the specific measures at neighbourhood level that selective licensing will work alongside in order to improve low demand and problems associated with it.

4.11 Basically, information and data within this chapter indicate that if you live in the private rented sector within the proposed designation area there is a higher probability of problems associated with the neighbourhood, housing types, housing conditions and standards of management.

4.12 The Council does not see selective licensing as a panacea. However, we do see licensing as one of a range of tools in tackling low housing demand. Benefits resulting from selective licensing are expected to be realised in the medium to longer term.

Potential Benefits to Landlords

- Landlords will receive information and support;
- Licensing creates a level playing field, so decent landlords will not be undercut by an unscrupulous minority;
- Poorly performing landlords will receive support and training to improve;
- Improved rental income and potential capital value as areas improve;
- Improvement in the reputation of private landlords;
- Shorter void periods and reduced tenant turnover
- Option to join an accredited scheme for additional support and advice (which can extend to non-selective licensing areas).

Potential Benefits to Tenants

- More professional and improved landlords should bring about improvements to the quality and management of property;
- Tenants could also see economic benefits, for example in reduced heating costs and improved likelihood of regaining any deposit paid;
- Improvements to the neighbourhood would also benefit private tenants' security and sense of community;
- Better management practices should help to increase length of tenure and reduced incidence of unplanned moves or homelessness.

Potential Benefits to Neighbourhoods and Communities

- Increasing housing demand and reducing antisocial behaviour will improve problem areas, making these safer, more desirable places to live;
- Reducing environmental costs and costs of crime, such as street cleaning and tackling fly tipping;
- Making it easier to involve all landlords in wider strategies including crime reduction initiatives, local spatial strategies and other countywide plans;
- Protecting vulnerable groups, who are often occupiers of privately rented accommodation which is poorly managed and maintained.

5. Support for the Council's Housing Strategy

Purpose

This chapter illustrates how the proposed selective licensing designation is part of a strategic, Borough wide approach to low housing demand, especially in support of Hyndburn's housing strategy and how it fits with existing policies on homelessness, empty homes, regeneration and anti-social behaviour.

- 5.1 The Council proposes to introduce Selective Licensing as part of its wider Housing Strategy, and specifically a tool alongside a range of other measures which seek to address low demand housing and therefore achieve a more balanced housing market, including a better quality private rented sector.
- 5.2 The Council recognises that housing is a key factor to the well-being of residents and therefore by providing a balanced housing market that offers housing choice it contributes to a stable and sustainable community which in turn helps generate the social, environmental and economic well-being of the Borough's communities.
- 5.3 Selective Licensing will support the Council's regeneration objectives especially in areas of low demand housing and where significant numbers are inadequately managed. The Council believes selective licensing can tackle problems arising from private rented housing, and when licensing is combined with other regeneration initiatives, can contribute to the regeneration of an area.
- 5.4 The remainder of this section will show how selective licensing forms part of the Borough's Housing Strategy and how it links in with existing policies on homelessness, empty homes, regeneration and anti social behaviour.

Introduction to Hyndburn

- 5.5 Hyndburn is situated within the County of Lancashire in the North West of England. It is a compact district positioned between the Boroughs of Burnley and Blackburn with Darwen in the centre of the area known as Pennine Lancashire. The Borough consists of 6 towns; Accrington, Church, Clayton-le-Moors, Oswaldtwistle, Rishton and Great Harwood combined with the smaller settlements of Altham, Baxenden and Huncoat. The largest of the towns is Accrington, which is also the administrative centre.
- 5.6 Hyndburn has an approximate population of 81,100 residents, including a well-established and growing BME community currently comprising approximately 11% of the population. With over 35,200 residents, Accrington is the main centre of population; residents live in traditional urban environments, with stone-built pre 1919 terraced houses built in a grid-iron pattern being the predominant form. There is also an increasing presence of some more modern stock extending from the older core areas and along the main roads connecting Hyndburn's towns to their neighbours.

- 5.7 The Borough has some of the most deprived wards in the country. The last Private Sector House Condition Survey carried out during 2008-2009 showed over 25% of the stock surveyed contained one or more Category 1 Hazard, and there are sizeable areas of derelict land and outmoded industrial premises.
- 5.8 The overall vision of Hyndburn's Corporate Strategy 2008-2013 is to make Hyndburn "The Place to Be" by 2018. This will be achieved if Hyndburn is no longer amongst the 100 most deprived areas in the country. Selective licensing can play a key role in achieving this vision by supporting our strategy to extend housing choice by improving the housing offer in the private rented sector.

Pennine Lancashire Housing Strategy 2009 - 2029 (refresh)

- 5.9 The Council's Housing Strategy sits within the Pennine Lancashire Housing Strategy. The Strategy acknowledges a balance between growth and renewal in the housing market. The Strategy makes specific reference - *'to providing a higher quality private rented sector offer, with collaboration and stronger regulation across Pennine Lancashire to raise the standards of management and property conditions'*.

Selective Licensing supports the Strategy by aiming to address the impact of poor quality private landlords. It has particularly been developed with the need to tackle problems in areas of low housing demand.

The proposed selective licensing designation sits alongside and supports a number of the Council's key strategic housing priorities as illustrated by the following.

Homelessness Strategy

- 5.10 Selective Licensing supports the Council's Homelessness Strategy. The Homeless Strategy has four strategic aims:-

- Prevention of homelessness;
- Reducing and tackling youth homelessness;
- Reducing the use of temporary accommodation and provision of appropriate supported accommodation;
- Developing an enhanced housing options approach.

- 5.11 The Council recognises that the private rented sector plays a key role in meeting housing needs. As access to owner occupation becomes more and more difficult, the demand for rented accommodation will continue to increase. The social rented section will not cater for all of this increase, meaning the private rented sector is most likely to bridge the gap. We are already seeing evidence of this in the Borough, with an estimated 21% households now renting privately compared to the 9% at the last census (2001).

5.12 Whilst private renting is a form of housing choice, especially for more mobile households, the sector makes a significant contribution to meeting the housing needs of more vulnerable households, including homeless households that the Council has a statutory duty to assist. This is where private renting directly supports the Council's Homeless Strategy. The Council works in partnership with a number of private landlords, and would like to see this service expand. Selective Licensing will ensure that the private rented sector is providing a better management service and therefore extend the number of private landlords working with the Council.

A number of measures are in place or being planned:-

[Access to the Pennine Lancashire Choice Based Lettings Scheme](#)

5.13 The aim is to work with private landlords in a more co-ordinated way to meet housing needs in the same way that the Council works with Registered Providers (Housing Associations). Practically this would mean working with private landlords to advertise their vacancies through the B-with-Us scheme.

[Rent Deposit Guarantee Scheme](#)

5.14 This Scheme is already in place and a number of private landlords are already working closely with the Council on this. The Scheme provides a written bond guarantee for landlords in place of the deposit usually asked for. This scheme assists the more vulnerable households in the Borough especially those unable to raise the necessary deposit and helps to prevent homelessness.

['Passport to Housing' in Partnership with Accrington and Rossendale College](#)

5.15 Passport to Housing has been developed by Accrington and Rossendale College in partnership with partners of the B-with-Us choice based lettings scheme to enhance a household's chance of getting a social rented property. It provides a potential tenant with a certificate recognised by landlords to show they have the knowledge and skills to live independently and maintain a tenancy. There is scope to work closer with private landlords on this initiative, and therefore extend housing options for vulnerable people which in turn supports the Council's Homelessness Strategy.

[Homelessness Prevention Measures](#)

5.16 The Council's Homeless Strategy Action Plan includes a number of measures which selective licensing and an improved private rented sector, will support, including:-

- i) Prevention measures - direct intervention to prevent homelessness from illegal eviction and resolving problems, such as rent arrears and housing benefit problems, and problems associated with anti social behaviour.

- ii) From April 2012 the Council will be able to discharge its statutory homeless duties via the private rented sector as part of the Government's localism agenda.
- iii) Increase housing options - via the private rented sector including options for challenging groups, such as ex-offenders and young people.
- iv) A specific reference to the private rented sector recognising the contribution that the sector can make to preventing homeless.

Empty Dwellings Strategy

5.17 Empty dwellings are a consequence of low demand and are a major problem for the Borough's housing market, with 7.1 % of the Borough's housing stock vacant (4.3% over 6 months). The Council adopted an Empty Dwellings Strategy in 2007 in order to bring empty dwellings back into use. Significant numbers of vacant dwellings are in private landlord ownership. There are a number of measures within the Strategy that the Council can use to bring empty dwellings back into use:-

- Enforced Sale - Law of Land and Property Act 1925
- Empty Dwelling Management Orders
- Voluntary Acquisition or Compulsory Purchase Order
- Assistance and advice to owners

5.18 The Council is pro-active in encouraging and taking action where necessary against private landlords to bring vacant dwellings in their ownership back into use. The Council would also like to work with private landlords to bring empty dwellings back into use. The Council has entered into a partnership with a private landlord to bring approximately 80 dwellings back into use in the Woodnook neighbourhood.

5.19 Bringing empty homes back into use is a priority in the Coalition Government's Housing Strategy. The Government has recently made available significant resources for tackling empty homes and the Council has just secured funding amounting to £4.45 million. The Council will now be working with a number of public and private partners to target this funding alongside selective licensing. We want to encourage private landlords to bring empty homes back into use, which will include financial assistance, selective licensing will give us the confidence that private tenancies are managed well.

Regeneration Plans - Addressing Low Housing Demand

- 5.20 Parts of Hyndburn, particularly in Accrington and Church, were officially designated Housing Market Renewal (HMR) Pathfinder Status by the Government in 2002 due to low demand housing. Hyndburn formed part of the Pennine Lancashire HMR pathfinder (known as Elevate) and since 2003 has been working pro-actively to address low demand in the areas know as East and West Accrington (including Church). Whilst the Coalition Government ended the HMR Programme in 2010, the work is incomplete and the Council, in conjunction with its partners, continues to address low housing demand, which in turn contributes to an improvement in the social or economic conditions in the areas of East Accrington, West Accrington and Church and Springhill and Scaitcliffe.
- 5.21 Chapter '7' of this Proposal Document will provide the data and evidence which illustrates that the areas in question remain in low demand or are at risk of returning to low demand.
- 5.22 The 'Strategic Development Framework' (for Hyndburn) provides the strategic framework for tackling housing market failure and low demand. This framework sets the content for more localised plans that were captured in Area Development Frameworks including a framework for East Accrington, West Accrington and Springhill / Scaitcliffe. More recently, in the case of East Accrington a Masterplan was developed providing a clearer vision and regeneration plan for the area.
- 5.23 These plans set the context for the regeneration of these areas. Selective Licensing compliments and supports a range of measures that have already taken place or are being planned by the Council and its partners to address low demand housing. Chapter 8 of the proposal will identify the measure being taken at neighbourhood level.

Antisocial Behaviour

- 5.24 Previously, measures to tackle antisocial behaviour have been directed at tenants of social housing, and have only been available for use by the Police, Local Authorities and Housing Associations. Selective licensing has the potential to help fight antisocial behaviour, caused by both tenants and landlords, in the private rented sector.
- 5.25 Whilst an improved management of tenancies should lead to a reduction in antisocial behaviour, we would expect evictions to be a minimum. The Council see selective licensing as an opportunity to change the methods of some landlords and encourage poorer landlords to engage with it to tackle antisocial behaviour.
- 5.26 Reducing the consequences of antisocial behaviour supports the Council's homeless prevention duties. The Council works with Calico Housing (housing support provider) and the Passport to Housing Scheme which aims to provide support to households to prevent eviction as a result of antisocial behaviour.

A Partnership with the Private Rented Sector

5.27 The Council carried out a consultation exercise seeking stakeholders' views on ways the Council can engage and improve working relations with private landlords. The consultation highlighted areas for improved services provided by the Council. As a result the Council has:-

- Carried out an internal reorganisation to provide a single point of contact for private landlords with the exception of benefits. This means housing standards and empty property staff will work alongside staff in licensing, homelessness , housing advice, regeneration and housing policy;
- Provided additional funding for the Council backed rent deposit guarantee scheme;
- Make a commitment to explore with Accrington and Rossendale College the scope to extend the 'Passport to Housing' Scheme to the private rented sector.
- Started work to extend the B-with-Us Choice Based Lettings Scheme to private landlords;
- Given an ongoing commitment to consider a landlord accreditation scheme in conjunction with selective licensing subject to viability.
- A Hyndburn Private Landlord Liaison Group has been set up including representatives from private landlords and stakeholders associated with the private rented sector. The purpose of this group is to improve engagement and liaison between the Council, statutory, community and voluntary sector partners and private landlords in Hyndburn in recognition of the significant role the private sector plays in the Borough's housing market and assist the relevant Cabinet Portfolio Holder in developing policy for private rented housing.

5.28 Hyndburn Borough Council wants to establish a positive relationship with a majority of good landlords within the Borough, and deal robustly with the minority of bad landlords. Resources from licensing will be targeted to achieve this objective.

Purpose

This chapter describes the other possible approaches available to the Council considered in the draft designation in addressing the standards of management in the private rented sector within the proposed designation area and explains why the Council does not believe they provide sufficient tools to address the issues.

- 6.1 There are a range of tools which the Council can use to increase the standards across the Private Rented Sector including; Housing Act 2004 Enforcement, Section 215 Town and Country Planning Act 1990, Management Orders, Accreditation and Selective Licensing.

Housing Act 2004 Enforcement

- 6.2 These powers are an effective tool to improve standards in specific privately rented property but do not operate in a strategic way i.e. they are property specific. However, they are an effective tool for dealing with serious disrepair, especially where the safety of the occupants is at risk. The current level of inspections, approximately 200 annually, do not go far enough to tackle the scale of disrepair problems. Not all problems are reported to the Council as often tenants are unaware there is a problem, are unsure of where to turn for help, or are frightened of retaliatory eviction if they complain to anyone, thus potentially leaving tenants living in unsatisfactory and possibly dangerous conditions unbeknown to the Council.
- 6.3 Inspections of private rented property could be carried out on a proactive area by area basis. This has resource implications, and one inspector will on average be able to carry out 30 - 40 inspections a month. If following an inspection a notice is served, then the costs associated with this can be recovered from the landlord. There will however be a shortfall as not all inspections will result in a notice being issued. Bad landlords are likely to become obstructive, preventing the Council from inspecting the worst properties without going through the Courts to gain access, which will be a time consuming and resource intensive process. Whilst this power addresses property standards, it does not address management standards.
- 6.4 This approach does not have the widespread impact to bring about improvements in property standards without a major increase in resources. Over the last two years (2010/11 and 2011/12 to date) the Council has served 37 notices without prosecution.

Section 215 Town and Country Planning Act

- 6.5 Section 215 of the Town and Country Planning Act 1990 provides local authorities with the power to take steps requiring land, including buildings, to be cleaned up when the condition is adversely affecting the amenity of the area. The use of this power is discretionary and it is therefore up to the local authority to determine if this is the most appropriate course of action in each individual case.
- 6.6 Each property would have to be looked at on a case by case approach and these powers can only be used to tackle the appearance of the external fabric of a property and any land associated with it.
- 6.7 Successful action can be either complaint driven or proactive, with significant improvements made to the overall appearance of a property and land. Although this can encourage landlords to continue with improvements to the interior of their property, no formal action under this power can be used for internal work and management standards are unlikely to be improved as a consequence of section 215 action.
- 6.8 Section 215 actions could be used to improve the visual impact of the private rented sector in an area but it will not improve the overall quality of the sector.

Management Orders

- 6.9 A Management Order is the means by which a local authority can take over the management of a privately rented property. This power is given to them under Part 4 of the Housing Act 2004 but should not be used if other enforcement options will remedy the problem. The general effect of a Management Order is that the authority takes control of the property although legal ownership does not transfer. There are two forms of Management Order, interim and final. Interim lasts for a period of 12 months which can then be followed by a final Management Order which lasts for a maximum of 5 years.
- 6.10 In order for a local authority to apply to the residential property tribunal for a Management Order in respect of a particular property they must be satisfied that it is necessary for the purpose of protecting the health, safety or welfare of persons occupying the property or persons occupying or having an estate or interest in any premises in the vicinity.
- 6.11 If the issue is one relating to the health and safety of the occupants this can be remedied using enforcement action to remove the hazards as outlined in the previous section (Housing Act 2004 Enforcement). Guidance specifically says Management Orders should only be used when there are no alternative options available. The main time a Management Order may be justified is where the concern is the effect of residents' anti-social behaviour on the local community.

- 6.12 Once a Management Order is in place the local authority takes over the management of the property; they can employ a managing agent or the management can be carried out in-house. The occupiers pay their rent to the local authority and when any reasonable expenditure is incurred, this is taken from the rent before any surplus is given to the owner. Reasonable expenditure would include, for example, routine repairs, capital expenditure, administrative costs and building insurance.
- 6.13 This power only deals with individual properties and is resource intensive especially as the Council no longer has any stock of its own. It is more than likely that the management would need to be outsourced. In some cases, even retention of the full rental income may not be adequate to properly maintain and manage the property, in which case, additional costs would end up being borne by the council tax payer.
- 6.14 This approach puts a significant burden on a local authority and does not present a long term solution to address poor management of privately rented stock as the property is returned to the original owner who may not necessarily have improved their management standards in the interim. Management Orders deal with individual properties only and are normally used as a last resort to deal with recalcitrant landlords once all other options have been exhausted.

Accreditation

- 6.15 Accreditation is a set of standards or a code that landlords can choose to sign up to. Every accreditation scheme has different standards but in general, they relate to the management or physical condition of privately rented property. There are two main types of accreditation, one where the manager of the property is accredited and the other where the property itself is accredited. If a landlord chooses to become accredited or registers his/her property for accreditation they agree to meet any criteria set by the scheme. The Council work with the landlord in offering help and support to achieve the standards set. Should the landlord fail to abide by the rules of the scheme, their accredited status would be removed.
- 6.16 There are no compulsory obligations or financial implications to accreditation. Landlords can choose to either opt in or opt out. Accredited landlords can benefit from the status of being publicly identified as a good landlord and distance themselves from bad or unscrupulous landlords. An accredited landlord can attract a better quality of tenant and potentially yield higher returns. Accreditation becomes effective by raising standards and isolating bad landlords, therefore in time, encouraging all or most landlords to improve their standards and become accredited.
- 6.17 Accreditation provides a means to work with landlords on an informal basis to educate and help them gain a better understanding of private sector issues, which in turn will improve management standards and conditions. As landlords are under no legal requirement to become accredited, accreditation only tends to attract good landlords. In order to encourage membership, accreditation needs to contain incentives.

- 6.18 To operate an effective accreditation scheme, property conditions must be inspected to ensure landlords abide by the standards set out. Clearly, there is a cost to running an Accreditation Scheme with no mechanism to charge fees, except on a voluntary basis. Costs would fall on the public purse, at a time when public sector funding constraints are putting enormous pressure on a range of local authority services including those related to housing.
- 6.19 Hyndburn operated an accreditation scheme up until 2008 when it was suspended pending review. At that time, 329 properties were accredited which represents approximately 6% of the private rented stock within the Borough. Similarly, Manchester City Council have recently suspended their accreditation scheme after 7/8 years of operation having accredited in the region of 4,000 properties which represents approximately 10% of their private rented stock. Manchester City Council's decision to suspend the operation of their accreditation scheme was based on several of their accredited landlords, agents and representatives from the National Landlord's Association, expressing concern over the current format. With the lack of resources available, they felt the scheme was ineffective and failed to achieve any improvement in the sector. Hyndburn experienced similar problems in that accreditation only attracted good landlords, with no impact on the worst landlords. There are good examples of accreditation (e.g. Burnley) but they tend to be very resource intensive and evidence indicates landlord accreditation is most effective when run in parallel with an applicant/tenant accreditation scheme.
- 6.20 The experiences of Hyndburn and Manchester show that accreditation attracts a limited number of only the better, more motivated landlords. It is resource intensive and has an uncertain impact due to the voluntary nature. Accreditation does not appear to tackle the worst landlords as they normally do not choose to become accredited. This means accreditation fails to address the poorest standards of tenancy management in the private rented sector.

Selective Licensing

- 6.21 Selective licensing is particularly suited to contribute towards regeneration of an area, when combined with other measures taken by the local authority and its partners. In other words, it forms part of a strategic response to low housing demand. Specifically licensing requires landlords to be a 'fit and proper' person and raises standards of management by the use of mandatory and local licence conditions.
- 6.22 Licences have five mandatory conditions and an authority can decide to include any number of local conditions. The conditions attached to a licence are designed to improve the management standards of private landlords. Unlike accreditation which is voluntary, once a selective licensing area has been declared by a local authority, it becomes a legal requirement for any landlord renting domestic property to apply for a licence for each property in his/her ownership.
- 6.23 The aim is to licence landlords and then work with them offering guidance and assistance to comply with the conditions imposed by licensing, whilst prosecuting any recalcitrant landlords as a last resort.

6.24 Landlords must pay a fee when applying for a licence which allows Councils to recover the running costs of any selective licensing scheme. A selective licensing scheme should be self financing, in effect landlords themselves pay to improve the standards across their sector as opposed to Council taxpayers funding improvements.

6.25 Although it may seem harsh to force good law abiding landlords to apply for licences to operate in a certain area, selective licensing ensures that all landlords are treated equally and are fully aware of the rules they must adhere to in order to protect the wellbeing of their tenants and the management standards to which they are expected to operate. 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

Cost Comparison between Landlord Accreditation and Selective Licensing

6.26 As part of the Council's deliberations and options appraisal, a comparison of the potential costs of licensing and accreditation was carried out. This was done to help understand the potential costs of both options to the public purse at the same time identify the costs that would be met by landlords. The following table explores licence costs for the proposed designation in comparison to various approaches to a Borough wide accreditation scheme.

The three approaches to accreditation considered were:-

- i) Pennine Lancashire Common Landlord Accreditation Scheme (proposed, July 2011) - this scheme was eventually not accepted across Pennine Lancashire due to the cost to the local authorities. Hyndburn BC also took the view that the staffing levels were too low, and therefore believes the potential costs are significantly under - estimated for the scheme to be viable.
- ii) Hyndburn accreditation scheme managed and operated by Hyndburn BC.
- iii) A Hyndburn accreditation scheme managed by a contactor or third party provider such as the National Landlords Association (NLA) or the Residential Landlord Association (RLA).

Assumptions made:-

Licensing: 5 full time equivalent staff to administer the scheme.

Accreditation: Costs are based on assumed staffing levels for 1,081 (15% of all private rented tenancies) accredited tenancies (3 full time equivalents) and 3,603 (50% of all private rented licences) accredited tenancies (6 full time equivalents).

Pennine Lancashire Approach: Costs for a Pennine Lancashire Accreditation co-ordinator and administrative officer plus additional BC staff (1.6 full time equivalent (1,081 tenancies) and 2.6 full time equivalents (3,603 tenancies)).

Hyndburn BC Managed Scheme: Costs for 3 full time equivalents (1,081 tenancies) and 6 full time equivalents (3,603 tenancies).

Accreditation Via 3rd Party Providers: Unfortunately we are not able to ascertain the cost of employing a 3rd party provider although we would expect the costs to be less than the cost if Hyndburn BC managed the scheme in house.

Licensing fee: Is per the fee structure proposed for the designation.

Accreditation fee: Is per the fee currently charged by the RLA.

Table 5

Scheme	Estimated Gross Cost	Cost met by Landlords	Cost met by Public Purse	Est. fee / Annum	Comment
Licensing by Hyndburn as proposed	£206,175	£206,175	£0	£140 or £155	<ul style="list-style-type: none"> ▪ 5 FTEs ▪ £140 fee if paid by DDR ▪ £155 fee if paid by other means
Accreditation via Pennine Lancs. Approach	£146,694 / £191,627	£48,645 / £162,135	£98,049 / £29,492	£45	<ul style="list-style-type: none"> ▪ 3.6 FTEs / 4.6 FTEs
Accreditation by Hyndburn BC	£121,879 / £242,464	£48,645 / £162,135	£73,234 / £80,329	£45	<ul style="list-style-type: none"> ▪ 3 FTEs / 6 FTEs
Accreditation via 3 rd Party Provider	Not Known	£48,645 / £162,135	Not Known	£45	Staffing provision and costs not known

6.27 The comparison illustrates that the cost of licensing is paid for through licensing fees and therefore there is no cost to the public purse.

6.28 Where as the various approaches to accreditation show even where there is a voluntary fee met by landlords (£45 / annum) there still remains a cost to be met by Hyndburn BC, which will be an additional cost that will have to be met via all Council Tax payers.

6.29 In carrying out the exercise, the Council believes that the accreditation costs are a minimum and would have to increase significantly for a scheme to be both viable and successful, mainly because accreditation is voluntary and therefore a lot of work and effort would be required to encourage landlords to be members.

6.30 For the reasons outlined above the Council believes that a scheme which imposes regulations will be far more cost effective than a voluntary scheme which many landlords would choose not to take part in. When you add the additional costs that the Council would still have to incur for enforcement action, on economic grounds, licensing is a far more prudent approach, with a higher probability of success; mainly because it is compulsory.

6.31 Table 6 shows a ‘SWOT’ analysis of a range of options where the Council may intervene in private landlord activity and based on the information above.

Table 6

Option	Strength	Weakness	Risks
Housing Act 2004 Enforcement	<ul style="list-style-type: none"> ▪ Legislative requirement. ▪ Removes disrepair and hazardous conditions. 	<ul style="list-style-type: none"> ▪ Deals only with hazards within a property and not the overall management standards ▪ Relies on tenant reporting problems or a rigorous inspection regime. 	<ul style="list-style-type: none"> ▪ Not all costs can be recovered. ▪ Resource intensive to proactively inspect all private rented stock.
Town and Country Planning Act 1990 s215	<ul style="list-style-type: none"> ▪ Effective on improving the visual impact on an area. 	<ul style="list-style-type: none"> ▪ Doesn’t tackle management or internal conditions. 	<ul style="list-style-type: none"> ▪ Very limited effect on improving the private rented sector.
Management Orders	<ul style="list-style-type: none"> ▪ Local authority has total control of the management of a property. 	<ul style="list-style-type: none"> ▪ Can only tackle a small number of the worst properties. ▪ Maximum 6 years 	<ul style="list-style-type: none"> ▪ The Council no longer has stock of its own making this approach more resource intensive and potentially costly even if full rental value is retained.
Accreditation	<ul style="list-style-type: none"> ▪ Can raise standards by agreement with support and encouragement from the local authority. 	<ul style="list-style-type: none"> ▪ Voluntary, therefore not enforceable. 	<ul style="list-style-type: none"> ▪ Costs cannot be recovered. ▪ Risk of limited effect as not all landlords will partake nor can be required to.

Selective Licensing	<ul style="list-style-type: none"> ▪ Compulsory. ▪ Landlords are clear on the rules they must abide. ▪ Administration costs are self funded. 	<ul style="list-style-type: none"> ▪ Does not distinguish between good and bad landlords. ▪ Area based ▪ Maximum 5 years 	<ul style="list-style-type: none"> ▪ Landlords may leave the area to operate elsewhere increasing empty properties within the designated area.
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6.32 In order to fully understand the issues and management of landlord licensing, the Council made a Freedom of Information Act request of all existing licensing schemes in England. In addition, we have met with three relatively local Councils (Blackburn with Darwen, Burnley and Manchester). We wanted to draw on their experience as well as better understand how they are managed and delivered. Our findings are reported in Appendix 1. This analysis will be further examined in Section ‘13’, The Operation of the Scheme.

6.33 In its consultation response to the proposed designation, the RLA proposed an area by area approach based on property inspections, and refer to the PEAL project pioneered in Hull. We have reviewed this project and have concluded it is not a sustainable project due to the very high level of resources required, nor did it deal with the management standards in the private rented sector. The project was externally funded via the former housing market renewal programme. This level of resource cannot be duplicated. The project included a landlord accreditation scheme, and despite the resources allocation, the project’s own reports accepts accreditation was not successful which undermines the RLA preference (and others) for accreditation. The Peer review of the PEAL project also raised questions about the long term sustainability of the project.

6.34 In conclusion, the Council does not believe other courses of action are available that provide a strategic approach or that will bring about the scale of improvements necessary in the private rented section. However, the Council is of the firm opinion that the strategic approach provided by a selective licensing designation will bring about improvements in the private rented sector, and when alongside other measures (refer to Section 9 and 10), will address the causes of low housing demand.

Purpose

The Council in making a selective licensing designation has to demonstrate that the proposed designation is an area experiencing low housing demand (or is likely to become an area). This chapter explains the Council's methodology and the evidence base for determining low housing demand or areas that are at risk of low housing demand.

The Legislation and Guidance

7.1 The Council is proposing a selective licensing designation on the basis that part of the Borough is experiencing low housing demand (or is likely to become such an area)⁵.

7.2 When deciding if an area is suffering from, or likely to become, an area of low housing demand, the legislation⁶ requires local authorities to consider the following factors:-

- 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);
- The turnover of occupiers of residential premises;
- The number of residential premises which are available to buy or rent, and the length of time for which they remain unoccupied.

7.3 The 'Approval Steps for Additional Selective Licensing Designations in England'⁷ identifies a second list of factors that a local authority may bear in mind when considering low demand:-

- A lack of mixed communities in terms of tenure, for example, a high proportion of rented property, low proportion of owner occupied properties;
- A lack of local facilities, for example, shops closing down;
- The impact of the rented sector on the local community, for example, poor property condition, anti-social behaviour;

⁵ Housing Act 2004 Section 80(3)(a)

⁶ Housing Act 2004 Section 80(4)

⁷ CLG – Revised Edition February 2010

- Criminal activity.

7.4 The 'Approval Steps for Additional Selective Licensing Designations in England' publication stresses the lists are not exhaustive characteristics of an area in low demand, neither are the factors mutually exclusive.

Considerations in Selecting the Area

7.5 In 2002, based on analysis carried out by Birmingham University, CLG designated significant parts of Hyndburn as a 'Housing Market Renewal' Pathfinder to address problems of low housing demand. The Pathfinder neighbourhoods were considered to be characterised by a long legacy of decline and de-industrialisation which has weakened local economies and led to high levels of deprivation, antisocial behaviour and poor public and private facilities⁸. This officially designated parts of Hyndburn as an area of low demand housing. Much of the urban area was identified, containing some 14,800 residential premises across parts of Accrington, Church, Oswaldtwistle and Clayton-le-Moors. Whilst this was a number of years ago, we know through ongoing monitoring of the housing market that the conditions for low housing demand remain.

7.6 In making this proposal the Council has re-examined the housing market at Borough level, ward level and neighbourhood level. The Council has made comparisons and drawn conclusions on where the evidence indicates low housing demand exists (as defined by CLG) and where the Council will use selective licensing as a measure alongside other initiatives to address low housing demand in a strategic, holistic way.

Hyndburn's Housing Market

7.7 There are an estimated 36,400 dwellings in Hyndburn of which 53% are terraced, and 40% were constructed before 1919 with a further 10% constructed during the inter-war period. Generally speaking, Hyndburn has an abundance of two bedroom terraced properties often in poor condition and no longer meeting the needs and requirements of today's society. There is limited housing choice, poor urban environments in neighbourhoods with significant levels of multiple deprivations. Some of the key characteristics of the Borough's housing market and stock are as follows:-

- 53% of dwellings are terraced, the vast majority being 2 bedroom;
- 38.6% of dwellings are non decent;
- 7.1% of housing stock is vacant, compared to a UK average of 3%;
- 4.3% of dwellings are long term private sector vacants, (greater than 6 months), considerably higher figures than the UK average of 1.6%;
- The average median house price is £84,625 compared to the national average of £180,000, a North West region average of £130,000, and a Lancashire average of £130,000;

⁸ House of Commons Committee of Public Accounts - Housing Market Renewal Pathfinders (Thirty-fifth Report of Session 2007-08)

- At the 2001 Census the percentage of dwellings for private rent was 9%, this is now increasing significantly, to 15% (2009 housing stock condition survey), and with a current estimate derived from Council Tax records of 21.1%;
- The private rented sector is making a significant contribution to meeting housing needs in the Borough with an estimated 2000 lets per annum, of which 55% are dependent on benefits.

Low Demand Definition

7.8 It is important to clarify what is meant by low housing demand, in order to establish framework indicators which are recognised as affecting demand for housing.

7.9 The Government until 2008 defined low demand as follows:-

Private sector (non RSL) low demand housing is defined as any neighbourhoods (of at least 50 dwellings) where (i) private sector (non RSL) housing is predominant and (ii) one or more of the following symptoms apply:

- a) private property values particularly low and/ or falling in absolute terms;
- b) high private sector (non RSL) void rate;
- c) high turnover of population;
- d) significant incidence of long-term private sector (non RSL) voids or abandoned properties;
- e) visibly high incidence of properties for sale or let.

(Source: Housing Strategy Statistical Appendix Guidance 2007/08)

7.10 Prior to preparing its consultation proposals the Council received significant representation indicating that it was not using the right criteria for identifying low demand. The above criteria is the only other criteria that the Council has been able to identify. The Council believes this compares closely to the criteria contained within the selective licensing legislation and guidance.

7.11 However, in the circumstances, the Council has used the Government's criteria for Selective Licensing as set out in the 2004 Act and accompanying guidance for determining areas of low housing demand.

Methodology

7.12 Data has been assembled at Borough, Ward and Lower Super Output Area (LSOA) to provide a robust and consistent evidence base to identify areas of low housing demand across Hyndburn.

7.13 The LSOA data enables us to identify data and differences at neighbourhood level. Local knowledge and consultation feedback especially from Hyndburn Landlords, has been used to modify LSOA areas to what is recognised as neighbourhoods locally. The subsequent neighbourhood boundaries have been used to make comparisons which are compared, especially in terms of housing offer. In turn, the modified LSOA boundaries have been used to help determine the eventual designation boundary.

7.14 Following consultation, especially with Hyndburn Landlords, the following factors have been used to help identify areas suffering from, or likely to become, areas of low housing demand:-

- The value of residential premises - capital values, rental values and yields;
- Vacancy levels - especially long term vacancy levels;
- Proportion of rented properties in comparison to other tenure.

7.15 The Council considered but decided not to use the following factor for the purposes of identifying areas of low housing demand:-

The turnover of occupiers of residential premises.

7.16 In their consultation response, Hyndburn Landlords made representation that turnover is an unreliable indicator of low housing demand, especially in the context of current housing market conditions. We concur with their representation that high turnover can be an indicator of high housing demand as well as low housing demand. In the circumstances we have decided not to use this factor in our analysis.

7.17 Table 7 summarises the range of data obtained and used to identify areas of low housing demand:-

Table 7

Factor	Data Source	Measure	Weighting	Quartile Rent	Output Areas
Total Dwellings	Council Tax October 2011	No of Dwellings	N/A	N/A	Borough, Ward, LSOA, Neighbourhood
Tenure: Private Sector Dwellings	Council Tax October 2011	% Private rented dwellings 100%	100%	1 = lowest quartile (highest %), to 4 = highest quartile (lowest %)	Borough, Ward, LSOA, Neighbourhood
Vacant Stock	Council Tax May 2012	% Vacant Dwellings	100%	1 = lowest quartile (highest %), to 4 = highest quartile (lowest %)	Borough, Ward, LSOA, Neighbourhood
House Prices	Land Registry - Sale price period 2009 to 2012	Ranked low to high values:- i) lower quartile ii) median	100%	1 = lowest quartile (lowest value) to 4 = highest quartile (highest value)	Borough, Ward, LSOA, Neighbourhood
Rental Values	Housing Benefit data	Per calendar month. Ranked low to high values	100%	1 = lowest quartile (lowest value) to 4 = highest quartile (highest value)	Borough, Ward, LSOA, Neighbourhood
Rental Yields	Land Registry, and Housing Benefit data	Average rents as percentage of average values	100%	1 = lowest quartile (lowest yield) to 4 = highest quartile (highest yield)	Borough, Ward, LSOA, Neighbourhood

- 7.18 The Council's approach is to use comparable data at Borough, Ward and LSOA to allow comparisons.
- 7.19 Both Ward and LSOA are the only recognised statistical data sets. They form part of the Government's statistical analysis of geographical areas as maintained by the Office for National Statistics (ONS).
- 7.20 LSOA's are a set of geographical areas developed by Government following the 2001 Census to facilitate a range of neighbourhood statistics. They produce a set of areas of consistent size suitable for comparing and publication at neighbourhood level. This provides the opportunity to produce 'fine grained' analysis of low housing demand indicators at neighbourhood level.
- 7.21 All the indicators were given equal weighting (100%).
- 7.22 For each measure a ranking was calculated, this was based on (16) for Wards and from this quartile scores were calculated. This was then applied to LSOA's (53). Low housing demand indicators were given the bottom quartile rank (of 1) and higher housing demand indicators were given a top quartile rank (of 4).
- 7.23 At LSOA level we then added the rank scores to identify overall areas of low demand. In parallel, we also ranked quartile scores to place areas into four quartiles ranging from low demand to high demand, with quartile one representing the lowest areas of housing demand.
- 7.24 There is no specific formal or informal guidance to explain how you should conclude what is low housing demand and what is not; only the factors or criteria that should be considered. The Council has used the lower quartile indicators (the bottom 25%) as the reference point. It is normal statistical practice by Government to use the bottom quartile to identify low values. The Council has identified the next 12.5% i.e. up to 37.5 percentile (half way up the next quartile) to identify areas that are in low housing demand or are likely to become in low housing demand i.e. 'at risk' of low housing demand.
- 7.25 Using local knowledge and in consultation with Hyndburn Landlords it was then possible to adjust LSOA's to identify local neighbourhood boundaries. The neighbourhoods with the characteristics of lowest housing demand were compared with comparable higher demand neighbourhoods as identified and agreed with Hyndburn Landlords.
- 7.26 Whilst the process has identified neighbourhoods of low housing demand, the following other factors will be used to determine the proposed designation area:-
- Supporting/Complimentary activity
 - Displacement risk
 - Consultation responses

Low Demand Indicators

Tenure

- 7.27 The selective licensing guidance advises that we should consider tenure as an indicator of low housing demand. The guidance advises that a high proportion of rented accommodation and a low proportion of owner occupied homes indicates a lack of mixed communities.
- 7.28 Private rented tenure levels stand at approximately 21% across Hyndburn, significantly higher than the national average of around 12-15%. This percentage has been on the rise over the last few years, especially so in Hyndburn where a reduction in house sales due to the economic downturn and a low proportion of Social Housing has put extra pressure on the private rented sector to provide accommodation for those no longer able to access owner occupation and for the more vulnerable households, especially those dependent on benefits.
- 7.29 Tenure information is sourced from 2011 Council Tax records (Table 8) and shows a breakdown in the proportion of private rented households compared to other tenure at ward level. The urban wards around Peel, Netherton, Springhill and Barnfield have the highest proportion of private rented accommodation with the Peel ward having the highest percentage of just under 38% of this type of tenure. Within the same ward owner occupation is low at 54% compared to the Borough average of 65%.
- 7.30 This tenure information highlights where there is a lack of mixed communities in terms of tenure with high levels of private renting and lower proportions of owner occupation. The Ward areas with the highest levels of private renting including Barnfield (25.7%), Central (24%), Church (22.2%), Clayton-le-Moors (22.5%), Netherton (31.8%), Peel (37.5%), Rishton (24.2%), St Andrews (22.7%) and Spring Hill (28.1%). This data will be supplemented later in this chapter by neighbourhood data in order to identify where concentrations of private renting occur alongside other housing market data in order to determine the proposed designation area.

Table 8 Ward Tenure Information 2011

Ward	Owner Occupation		Social Housing		Private Renting		PR Rank	Total	
Altham	1541	72.40%	189	8.90%	397	18.70%	10	2127	100%
Barnfield	1080	54.20%	400	20.10%	511	25.70%	4	1991	100%
Baxenden	1460	87.80%	43	2.60%	159	9.60%	16	1662	100%
Central	1018	53.60%	424	22.30%	456	24.00%	6	1898	100%
Church	1110	50.70%	593	27.10%	486	22.20%	9	2189	100%
CLM	1288	64.70%	254	12.80%	448	22.50%	8	1990	100%
Huncoat	1422	73.10%	294	15.10%	228	11.70%	14	1944	100%
Immanuel	1338	67.40%	330	16.60%	317	16.00%	12	1985	100%
Milnshaw	1142	60.70%	427	22.70%	312	16.60%	11	1881	100%

Netherton	1185	59.30%	178	8.90%	636	31.80%	2	1999	100%
Overton	1968	71.90%	346	12.60%	424	15.50%	13	2738	100%
Peel	1153	54.10%	180	8.40%	800	37.50%	1	2133	100%
Rishton	2002	67.00%	263	8.80%	723	24.20%	5	2988	100%
Spring Hill	1034	50.30%	446	21.70%	577	28.10%	3	2057	100%
St Oswalds	2302	88.50%	24	0.90%	276	10.60%	15	2602	100%
St. Andrews	1198	59.40%	362	17.90%	457	22.70%	7	2017	100%
TOTAL	22241	65.00%	4753	13.90%	7207	21.10%		34201	100%

Source: Hyndburn Borough Council Tax Data October 2011

7.31 However, the Ward data masks areas within wards that have very high levels of private renting. By examining data at a Lower Super Output Area (LSOA) we can begin to identify the specific neighbourhoods with high levels of private renting. Table 9 below shows private rented tenure by LSOA, with the bottom quartile being highlighted. The LSOA 'E01025036' has the lowest ranking with 54.2% of households living in private rented housing. Any LSOA area with over 29.6% of households living in private rented accommodation would have been placed in the bottom quartile 1 (highlighted).

Table 9. LSOA Private Rented Tenure

Ward	LSOA	Private rented properties	Households	Private Rented (%)	Rank	Quartile
Altham	E01025032	91	617	14.7%	31	3
	E01025033	118	858	13.8%	33	3
	E01025034	188	728	25.8%	20	2
Barnfield	E01025035	52	600	8.7%	44	4
	E01025036	368	679	54.2%	1	1
	E01025037	91	611	14.9%	30	3
Baxenden	E01025038	44	589	7.5%	49	4
	E01025039	38	487	7.8%	46	4
	E01025040	77	611	12.6%	35	3
Central	E01025041	143	681	21.0%	23	2
	E01025042	169	556	30.4%	11	1
	E01025043	144	565	25.5%	21	2
Church	E01025044	160	484	33.1%	9	1
	E01025045	40	528	7.6%	48	4
	E01025046	157	583	26.9%	19	2
	E01025047	129	440	29.3%	16	2
Clayton-le-Moors	E01025048	41	617	6.6%	52	4
	E01025049	268	762	35.2%	8	1
	E01025050	139	623	22.3%	22	2
Huncoat	E01025051	69	673	10.3%	40	3
	E01025052	58	616	9.4%	42	4
	E01025053	101	529	19.1%	27	2
Huncoat	E01025054	77	822	9.4%	42	4
	E01025055	188	571	32.9%	10	1
	E01025056	52	629	8.3%	45	4

Immanuel	E01025057	133	679	19.6%	26	2
	E01025058	77	630	12.2%	36	3
	E01025059	102	710	14.4%	32	3
Netherton	E01025060	248	602	41.2%	5	1
	E01025061	80	694	11.5%	37	3
	E01025062	308	694	44.4%	2	1
Overton	E01025063	52	691	7.5%	49	4
	E01025064	50	672	7.4%	51	4
	E01025065	216	742	29.1%	18	2
	E01025066	106	638	16.6%	28	3
Peel	E01025067	312	713	43.8%	3	1
	E01025068	288	730	39.5%	6	1
	E01025069	200	684	29.2%	17	2
Rishton	E01025070	150	499	30.1%	12	1
	E01025071	186	631	29.5%	15	2
	E01025072	237	616	38.5%	7	1
	E01025073	118	568	20.8%	25	2
	E01025074	32	551	5.8%	53	4
St. Andrew's	E01025075	221	746	29.6%	14	1
	E01025076	138	658	21.0%	23	2
	E01025077	98	624	15.7%	29	3
St. Oswald's	E01025078	66	605	10.9%	39	3
	E01025079	55	713	7.7%	47	4
	E01025080	80	626	12.8%	34	3
	E01025081	75	651	11.5%	37	3
Spring Hill	E01025082	67	673	10.0%	41	4
	E01025083	339	789	43.0%	4	1
	E01025084	171	576	29.7%	13	1
HYNDBURN		7207	34201	21.1%		

Source: Hyndburn Borough Council Tax Data October 2011

Value of Residential Accommodation

- 7.32 The guidance advises that when deciding if an area is suffering from or likely to become an area of low housing demand, we should consider the value of residential premises in the area. We will consider capital values, rental values and yields.
- 7.33 Hyndburn has some of the lowest house values in the country, with the fourth lowest median property prices at £84,625 in comparison to national figures of £180,000 and Lancashire average figures of £130,000 (Table 10). This also shows Hyndburn median property values are less than half (47.0%) of the national average and 65.1% the proportion of the North West and Lancashire median values.

Table 10. Median House Prices Qtr 3 2011

England & Wales	£180,000
North West	£130,000
Lancashire	£130,000
Hyndburn	£84,625

Source: CLG live table 582 Median House Prices based on Land Registry data (Quarter 3 2011)

7.34 It can be seen how low house values remain in Hyndburn and a fundamental reason why the Government designated significant parts of the Borough as a low housing demand pathfinder. Where prices fall below the Borough average of £84,625, the areas need to be considered in low housing demand.

7.35 Table 11 below shows median and lower quartile property values for each of the Wards in Hyndburn, with the lower quartile figure being a good indicator of values at the low end of the market with the Hyndburn wide figure standing at £60,000. The wards with lower quartile figures lower than the district figure (i.e. £60,000) comprise of Barnfield (£32,500), Central (£48,000), Netherton (£50,000), Peel (£44,750), and Spring Hill (£40,000). We have ranked these values with the lowest value (lowest demand) being ranked 1 and the highest 16.

Table 11. Ward Property Values 2012

Ward	Lower Quartile	LQ Rank	Median	Median Rank
Altham	£73,000	13	£104,000	13
Barnfield	£32,500	1	£68,000	4
Baxenden	£100,000	16	£123,000	16
Central	£48,000	4	£56,000	1
Church	£61,500	7	£93,000	10
Clayton le Moors	£60,000	6	£91,000	9
Huncoat	£70,000	12	£107,500	14
Immanuel	£62,250	8	£96,000	12
Milnshaw	£68,000	11	£85,000	7
Netherton	£50,000	5	£68,000	5
Overton	£78,500	14	£95,000	11
Peel	£44,750	3	£65,000	3
Rishton	£64,000	9	£86,500	8
Spring Hill	£40,000	2	£58,500	2
St. Andrew's	£64,500	10	£85,000	6
St. Oswald's	£90,000	15	£110,000	15
Hyndburn	£60,000		£84,625	

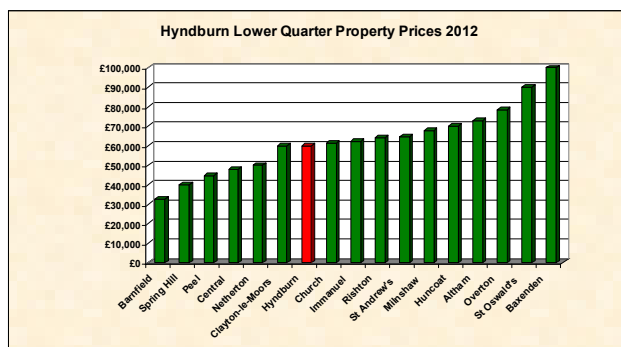
Source: Land Registry 2012

7.36 We have also examined and ranked median house values for the purposes of identifying low housing demand. Whilst the lower quartile values indicate the lowest average values, the median values give the midpoint value for all residential premises in any given area. Where median values are lower in value in comparison to other areas, this gives an indication of possible low housing demand. The Hyndburn median is £84,625 and where values are less than £84,625, especially those areas with a significantly lower median, this is an indicator of low values.

7.37 We have ranked the median values with the lowest values (low demand being ranked 1 and the highest 16). The Wards with the lowest median values are Central (£56,000), Springhill (£58,500), Peel (£65,000), Barnfield (£68,000) and Netherton (£68,000).

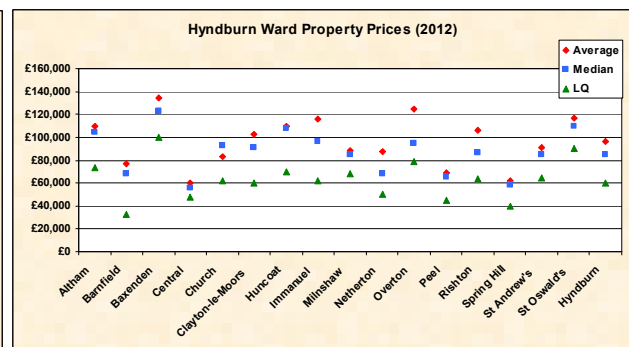
7.38 Charts 1 and 2 below shows median and lower quartile property values for each of the Wards in Hyndburn with the green markers indicating lower quartile figures, and the red marker showing median values. The further the range between the markers highlights a varied market within the Ward.

Chart 1



Source: Land Registry 2012

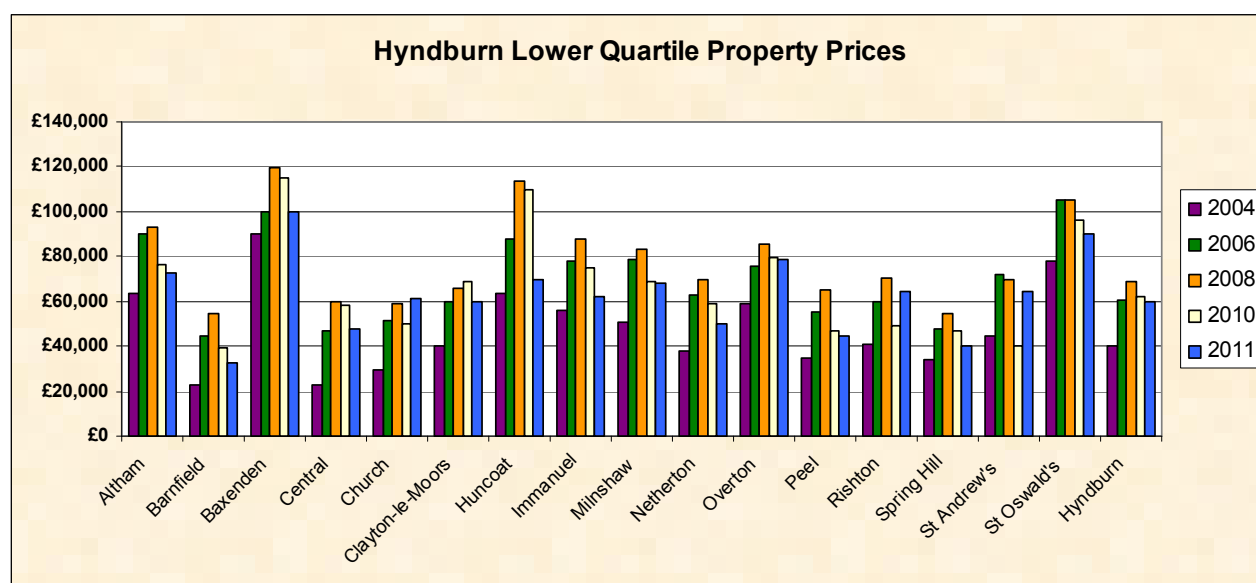
Chart 2



Source: Land Registry 2012

7.39 Lower quartile values show the bottom end of the market and the chart below shows how these values have changed over the past eight years. Market values rose between 2004 up to 2008, with a price fall from 2008 onwards. However, some areas have fallen significantly more than others and this can be seen on the Chart 3, ranging from the orange coloured bars showing a value for 2008 and the blue bars indicating the 2011 value. The largest proportional falls in values occurred in Barnfield, Huncoat and Peel. Where values are falling quicker compared to other areas, this indicates a weaker performing housing market and at the lower end indicates an area in low housing demand or an area more likely to be at risk of low housing demand.

Chart 3 Hyndburn Lower Quartile Property Prices



Source: Land Registry 2012

- 7.40 As previously mentioned when the median and the lower quartile figures are similar in price value at the lower end of the market this would indicate low demand with little variety in the housing offer for that area and a big factor in explaining low values. 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 prices can considerably vary within these Wards indicating a mixture of high and low value areas.
- 7.41 You can conclude that lower quartile values reflect the lower end of the market in Hyndburn which is characterised by two-up/two-down terraced houses. The lower quartile figures therefore help us to identify like for like property comparisons at Ward level and therefore where at ward level the lowest values are of comparable house types. This data will be supplemented later in this chapter by neighbourhood data in order to help identify localised concentrations of lower values, which alongside other housing market data help us to determine areas of lowest demand (or those areas that are likely to become an area of low housing demand).
- 7.42 Table 12 below shows the median and lower quartile values at LSOA level. This enables us to start to identify low values at a very local level. We have ranked both indicators 1-53, with the lowest values (lowest demand) being ranked 1 and the highest 53. We have then placed these rankings into four quartiles in order to identify those areas in the bottom quartile i.e. quartile 1.
- 7.43 The LSOA's falling into the bottom quartile are highlighted. This clearly highlights some very low values at neighbourhood level. For LSOAs quartile 1, the lowest quartile values (lowest demand) range from £25,000 to £45,000, and for median values the range for quartile 1 (lowest demand) is £36,500 to £65,000. In both instances, values within these ranges can be considered in low housing demand.

Table 12. LSOA Property Values 2012

Ward	LSOA	Median	Median Rank	Median Quartile	LQ	LQ Rank	LQ Quartile
	Altham	E01025032	£90,000	26	2	£69,950	31
E01025033		£155,000	51	4	£122,000	51	4
E01025034		£78,000	21	2	£46,000	14	2
Barnfield	E01025035	£112,500	40	3	£75,000	38	3
	E01025036	£36,500	1	1	£25,000	1	1
	E01025037	£105,000	37	3	£57,000	21	2
Baxenden	E01025038	£119,000	42	4	£101,000	46	4
	E01025039	£131,500	43	4	£72,000	36	3
	E01025040	£132,000	44	4	£110,000	47	4
Central	E01025041	£68,000	15	2	£49,500	16	2
	E01025042	£54,000	5	1	£45,000	10	1
	E01025043	£65,000	12	1	£45,000	10	1
Church	E01025044	£53,500	4	1	£40,500	7	1
	E01025045	£69,000	16	2	£49,000	15	2
	E01025046	£40,000	2	1	£34,950	3	1
	E01025047	£100,000	34	3	£88,500	41	4
Clayton-le-Moors	E01025048	£147,500	49	4	£116,000	49	4
	E01025049	£60,400	10	1	£51,000	17	2
	E01025050	£94,500	30	3	£66,500	29	3
Huncoat	E01025051	£90,000	26	2	£58,000	22	2
	E01025052	£104,000	36	3	£70,000	32	3
	E01025053	£140,000	48	4	£90,000	43	4
Huncoat	E01025054	£133,000	45	4	£71,000	34	3
	E01025055	£62,500	11	1	£58,000	22	2
	E01025056	£135,000	47	4	£112,000	48	4
Immanuel	E01025057	£92,100	29	3	£70,000	32	3
	E01025058	£80,000	23	2	£45,000	10	1
	E01025059	£80,000	23	2	£65,000	27	3
Netherton	E01025060	£66,500	14	1	£55,000	19	2
	E01025061	£152,500	50	4	£95,000	45	4
	E01025062	£54,000	5	1	£45,000	10	1
Overton	E01025063	£105,000	37	3	£89,000	42	4
	E01025064	£239,000	53	4	£159,000	52	4
	E01025065	£77,000	20	2	£53,500	18	2
	E01025066	£90,000	26	2	£79,000	39	3
Peel	E01025067	£60,000	9	1	£43,000	8	1
	E01025068	£58,500	8	1	£35,000	4	1
	E01025069	£74,950	18	2	£60,000	24	2
Rishton	E01025070	£65,000	12	1	£32,500	2	1
	E01025071	£100,000	34	3	£71,000	34	3
	E01025072	£78,000	21	2	£39,000	6	1
	E01025073	£97,500	33	3	£72,000	36	3
	E01025074	£200,000	52	4	£170,000	53	4

St. Andrew's	E01025075	£75,000	19	2	£65,000	27	3
	E01025076	£97,000	32	3	£61,000	25	2
	E01025077	£85,000	25	2	£55,000	19	2
St. Oswald's	E01025078	£115,000	41	4	£90,000	43	4
	E01025079	£108,500	39	3	£87,000	40	4
	E01025080	£95,000	31	3	£69,000	30	3
	E01025081	£134,000	46	4	£120,000	50	4
Spring Hill	E01025082	£74,500	17	2	£62,500	26	2
	E01025083	£55,000	7	1	£36,000	5	1
	E01025084	£50,000	3	1	£43,000	8	1
HYNDBURN		£84,625			£60,000		

Source: Land Registry 2012

Vacants

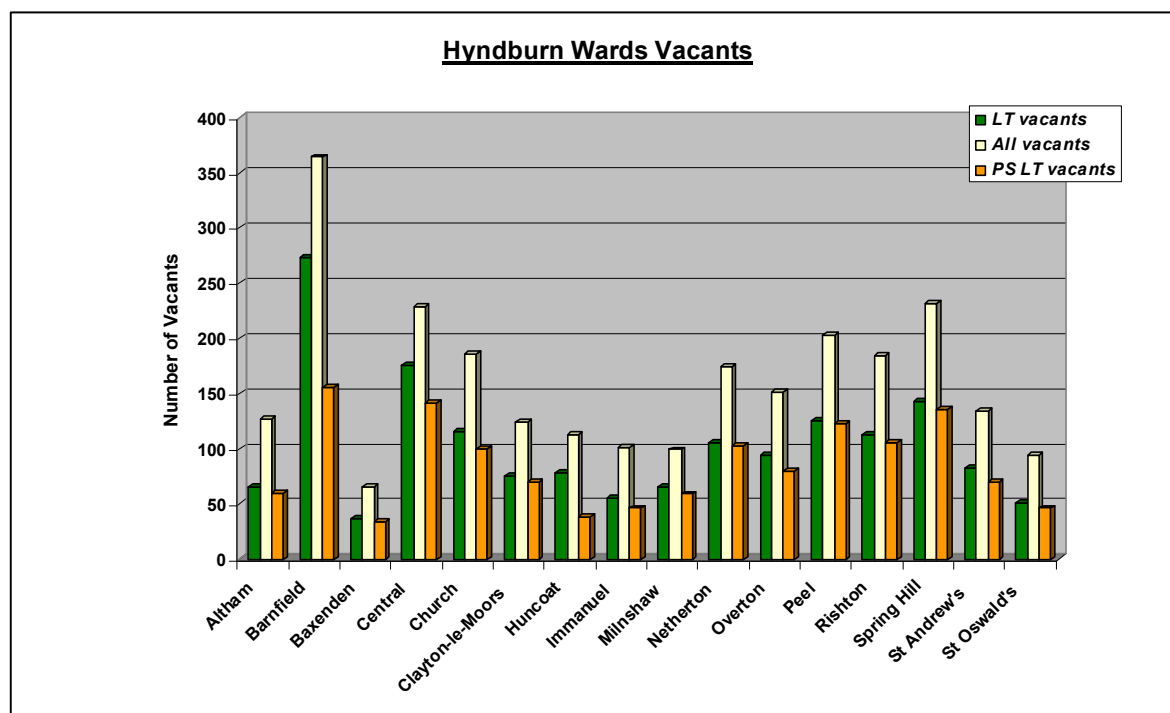
- 7.44 The Act says that the length of time that residential premises remain unoccupied is an indicator of low housing demand. Vacant dwellings, especially long term vacant dwellings, are a strong indicator of low housing demand especially where there are concentrations of vacant dwellings. Long term vacant dwellings exclude normal turnover of dwellings for sale or rent.
- 7.45 This section therefore looks at the number of dwellings that are vacant and lying empty for over 6 months.
- 7.46 Table 13 shows at Ward level the total number of vacants and the percentage of vacant dwellings. It then shows the number of private sector vacant dwellings (excluding social housing units) that have been vacant over 6 months and the same figure expressed as a percentage.
- 7.47 Table 13 and Chart 4 below shows that Barnfield Ward has the highest proportion of dwellings vacant for over 6 months with 14.1%. This is significantly higher when analysed at neighbourhood level and in particular around the area known as Woodnook. On average, across Hyndburn the proportion of long term vacant dwellings stands at around 4.3% with six wards with a higher proportion. They are Barnfield (14.1%), Central (8.9%), Church (7.2%), Netherton (6.7%), Peel (7.9%) and Spring Hill (9.0%). On average, across the country the proportion of vacant dwellings empty over 6 months stands at around 1.5 to 2%. The nearest ward to come near that in Hyndburn is the ward of Baxenden with 2%.

Table 13 Ward Vacants 2012

Ward	All vacants	All (%)	Private Sector Long Term vacants	PSLTV Rank	Quartile
Altham	127	4.9%	60	11	3
Barnfield	364	14.1%	155	1	1
Baxenden	66	2.6%	34	16	4
Central	229	8.9%	141	2	1
Church	186	7.2%	100	7	2
Clayton-le-Moors	124	4.8%	70	9	3
Huncoat	113	4.4%	38	15	4
Immanuel	101	3.9%	46	13	4
Milnshaw	99	3.8%	59	12	3
Netherton	174	6.7%	103	6	2
Overton	151	5.9%	80	8	2
Peel	203	7.9%	123	4	1
Rishton	184	7.1%	105	5	2
Spring Hill	231	9.0%	135	3	1
St Andrew's	134	5.2%	70	9	3
St Oswald's	94	3.6%	46	13	4
HYNDBURN Total	2580	7.1%	1365	4.3%	

Source: Council Tax (01/05/12)

Chart 4 Ward Vacants 2012



Source: Council Tax (01/05/12)

7.48 The graph above shows the number of vacants by Ward for all long term vacants (over 6 months), all vacants and private sector vacants over six months vacant. As can be seen, Barnfield stands out with the large number of empty dwellings in the Woodnook area, followed by Spring Hill, Central and Peel. This is confirmed by the rankings.

7.49 Table 14 compares the long term vacant rates across LSOAs in Hyndburn. All LSOAs have been ranked with the highest vacancy rate ranked 1 (lowest demand) and the lowest vacancy rate ranked 53 (highest demand). The ranks have been subsequently sorted into quartiles with quartile 1 being the highest vacancy levels. The cut off points between quartile 1 and 2 is 6.1%. All bottom quartile areas have been highlighted.

Table 14 LSOA Private Sector Long Term Vacants 2012

Ward	LSOA	Number	PSLTV (%)	Rank	Quartile
Altham	E01025032	16	3.4%	26	2
	E01025033	8	0.9%	52	4
	E01025034	34	4.4%	22	2
Barnfield	E01025035	9	1.8%	46	4
	E01025036	110	14.0%	1	1
	E01025037	34	6.1%	12	1
Baxenden	E01025038	7	1.2%	49	4
	E01025039	11	2.2%	38	4
	E01025040	16	2.5%	31	3
Central	E01025041	51	10.2%	2	1
	E01025042	53	8.9%	4	1
	E01025043	36	6.9%	8	1
Church	E01025044	31	6.1%	12	1
	E01025045	6	2.5%	31	3
	E01025046	30	7.2%	7	1
	E01025047	31	6.9%	8	1
Clayton-le-Moors	E01025048	8	1.4%	48	4
	E01025049	39	5.9%	15	2
	E01025050	23	3.7%	25	2
Huncoat	E01025051	11	2.2%	38	3
	E01025052	15	2.4%	34	3
	E01025053	11	2.2%	38	4
Huncoat	E01025054	16	2.4%	34	3
	E01025055	25	5.2%	20	2
	E01025056	5	0.8%	53	4
Immanuel	E01025057	19	2.7%	29	3
	E01025058	13	2.9%	28	3
	E01025059	29	5.3%	19	2
Netherton	E01025060	37	5.7%	16	2
	E01025061	13	2.1%	42	4
	E01025062	53	7.5%	6	1

Overton	E01025063	11	2.2%	38	3
	E01025064	11	1.6%	47	4
	E01025065	41	5.6%	18	2
	E01025066	16	2.5%	31	3
Peel	E01025067	47	6.1%	12	1
	E01025068	48	6.9%	8	1
	E01025069	28	4.0%	23	2
Rishton	E01025070	24	5.7%	16	2
	E01025071	12	2.0%	44	4
	E01025072	44	6.9%	8	1
	E01025073	13	2.3%	36	3
	E01025074	13	2.3%	36	3
St. Andrew's	E01025075	34	4.7%	21	2
	E01025076	19	3.3%	27	2
	E01025077	18	3.8%	24	2
St. Oswald's	E01025078	6	1.0%	51	4
	E01025079	9	1.2%	49	4
	E01025080	17	2.6%	30	3
	E01025081	14	2.1%	42	4
Spring Hill	E01025082	7	2.0%	44	4
	E01025083	75	8.8%	5	1
	E01025084	58	9.4%	3	1
HYNDBURN		1365	4.3%		

Source: Council Tax (01/05/12)

Average Rent Levels

7.50 Rent levels are a further indicator of the value of residential premises and therefore following feedback from Hyndburn Landlords we have used this as an indicator for measuring low housing demand.

7.51 Table 15 below shows the average rent levels for Wards in Hyndburn. Lower rent levels are an indicator of lower values. The wards have been ranked with the lowest rent ranked 1 and the ward with the highest rents ranked 13. The ranks have then been placed into quartiles to identify the wards with the lowest rental values (lower demand) in quartile 1.

Table 15 Ward Average Monthly Rent Levels 2011

Ward	Average Monthly Rent	Rank	Quartile
Altham	£452.50	12	3
Barnfield	£408.91	4	1
Baxenden	£483.54	16	4
Central	£420.57	7	2
Church	£415.47	6	2
Clayton le Moors	£421.91	8	2

Huncoat	£463.13	14	4
Immanuel	£431.25	10	3
Milnshaw	£458.21	13	4
Netherton	£413.80	5	2
Overton	£447.50	11	3
Peel	£404.91	2	1
Rishton	£408.11	3	1
Spring Hill	£401.62	1	1
St. Andrew's	£427.26	9	3
St. Oswald's	£464.30	15	4
Hyndburn	£421.72		

Source: Hyndburn Borough Council Housing Benefit 2011

7.52 The average monthly rent for Hyndburn is £421.72, and the quartile 1 ceiling lies at £413.07 per calendar month. The Wards in the bottom quartile indicating at ward level the areas with lowest rental values, are Springhill, Peel, Rishton and Barnfield.

7.53 The following table, Table 16, shows the average monthly rent by LSOA. The LSOAs have been ranked 1-53, with the lowest rank (1) representing the lowest rent values. The rankings have then been placed into quartiles with quartile 1 representing the bottom quartile of rental values, which are highlighted.

Table 16 LSOA Average Rent Levels 2011

Ward	LSOA	Average Rent	Rank	Quartile
Altham	E01025032	£454.29	33	3
	E01025033	£520.49	52	4
	E01025034	£435.73	26	2
Barnfield	E01025035	£420.71	22	2
	E01025036	£382.25	1	1
	E01025037	£513.33	51	4
Baxenden	E01025038	£484.63	47	4
	E01025039	£489.50	48	4
	E01025040	£480.08	46	4
Central	E01025041	£440.40	27	2
	E01025042	£414.96	17	2
	E01025043	£413.07	14	1
Church	E01025044	£412.99	13	1
	E01025045	£418.51	20	2
	E01025046	£397.76	6	1
	E01025047	£443.47	28	3
Clayton-le-Moors	E01025048	£455.98	34	3
	E01025049	£398.84	7	1
	E01025050	£471.60	41	4

Huncoat	E01025051	£475.76	44	4
	E01025052	£474.58	42	4
	E01025053	£447.64	31	3
Huncoat	E01025054	£464.06	40	3
	E01025055	£416.33	19	2
	E01025056	£458.17	37	3
Immanuel	E01025057	£456.07	35	3
	E01025058	£457.12	36	3
	E01025059	£458.57	38	3
Netherton	E01025060	£406.19	9	1
	E01025061	£435.09	25	2
	E01025062	£415.74	18	2
Overton	E01025063	£512.14	50	4
	E01025064	£523.94	53	4
	E01025065	£422.26	23	2
	E01025066	£444.41	30	3
Peel	E01025067	£395.30	3	1
	E01025068	£406.27	10	1
	E01025069	£418.61	21	2
Rishton	E01025070	£414.69	16	2
	E01025071	£406.31	11	1
	E01025072	£405.79	8	1
	E01025073	£396.96	4	1
	E01025074	£499.73	49	4
St. Andrew's	E01025075	£444.38	29	3
	E01025076	£412.02	12	1
	E01025077	£414.25	15	2
St. Oswald's	E01025078	£475.71	43	4
	E01025079	£479.11	45	4
	E01025080	£448.75	32	3
	E01025081	£458.77	39	3
Spring Hill	E01025082	£423.64	24	2
	E01025083	£397.03	5	1
	E01025084	£394.87	2	1
HYNDBURN		£421.72		

Source: Hyndburn Borough Council Housing Benefit 2011

7.54 Private rents have been rising across the country due to growing tenant demand and static housing supply. Hometrack research identifies rents are broadly on par where they were three to four years ago. The rental market is highly segmented by price. This means there are often different trends in different segments of the market. Nationally 25% of private tenants are on housing benefit. This is more at 45% across Hyndburn and higher in some areas ranging from 50 to 60%. Typically, the bottom quartile are those in receipt of Local Housing Allowance / Housing Benefit. This suggests the bottom quartile of private renting is saturated with lower income households. This is potentially a downward trend that 'drags' capital values, and therefore demand, downwards.

Rental Yields

7.55 Following consultation with Hyndburn Landlords, we also agreed that rental yields are a reliable indicator of the value of residential premises. We have therefore used rental yields as an indicator for identifying areas of low housing demand.

7.56 Basically, higher yields are determined by lower 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.

7.57 Table 17 shows the average rental yield by Ward areas. The yield is calculated by working out the annual rent for a dwelling divided by the average value for a property. This is known as the gross amount. Nationally the average gross yield ranges from 5 to 6%. The average yield in Hyndburn is 6%, when looking at ward level the bottom quartile yields (quartile 1) are above 7.3% (highest return). Anything over this would be classed as in low housing demand. The Wards of Central, Netherton, Peel and Spring Hill have been scored in the bottom quartile.

Table 17 Ward Property Rental Yield

	Annual Rent	Value	Yield	Rank	Quartile
Altham	£5,430.00	£104,000	5.2%	13	4
Barnfield	£4,906.92	£68,000	7.2%	5	2
Baxenden	£5,802.48	£123,000	4.7%	16	4
Central	£5,046.84	£56,000	9.0%	1	1
Church	£4,985.64	£93,000	5.4%	11	3
Clayton le Moors	£5,062.92	£91,000	5.6%	10	3
Huncoat	£5,557.56	£107,500	5.2%	13	4
Immanuel	£5,175.00	£96,000	5.4%	11	3
Milnshaw	£5,498.52	£85,000	6.5%	6	2
Netherton	£4,965.60	£68,000	7.3%	4	1
Overton	£5,370.00	£95,000	5.7%	8	2
Peel	£4,858.92	£65,000	7.5%	3	1
Rishton	£4,897.32	£86,500	5.7%	8	2
Spring Hill	£4,819.44	£58,500	8.2%	2	1

St. Andrew's	£5,127.12	£85,000	6.0%	7	2
St. Oswald's	£5,571.60	£110,000	5.1%	15	4
Hyndburn	£5,064.64	£84,625	6.0%		

Source: Hyndburn Borough Council Housing Benefit 2011 & Land Registry 2012

7.58 Table 18 shows the average rental yield for each of the LSOA within the Borough. The table shows the average value (median) for the area and the annual rent that is part of the calculation. The bottom quartile (quartile 1) when looking at LSOA rises from 7.3% at Ward level up to 7.6% at LSOA level. All those achieving 7.6% yield are located in the bottom quartile and shaded.

Table 18 LSOA Property Rental Yield

Ward	LSOA	Median	Annual Rent (HB)	Rental Yield	Rank	Quartile
Altham	E01025032	£90,000	£5,451.53	6.1%	26	2
	E01025033	£155,000	£6,245.92	4.0%	48	4
	E01025034	£78,000	£5,228.74	6.7%	21	2
Barnfield	E01025035	£112,500	£5,048.55	4.5%	42	4
	E01025036	£36,500	£4,587.05	12.6%	1	1
	E01025037	£105,000	£6,160.00	5.9%	28	3
Baxenden	E01025038	£119,000	£5,815.57	4.9%	39	3
	E01025039	£131,500	£5,874.00	4.5%	43	4
	E01025040	£132,000	£5,760.93	4.4%	44	4
Central	E01025041	£68,000	£5,284.84	7.8%	12	1
	E01025042	£54,000	£4,979.54	9.2%	5	1
	E01025043	£65,000	£4,956.80	7.6%	14	1
Church	E01025044	£53,500	£4,955.89	9.3%	4	1
	E01025045	£69,000	£5,022.16	7.3%	16	2
	E01025046	£40,000	£4,773.10	11.9%	2	1
	E01025047	£100,000	£5,321.68	5.3%	35	3
Clayton-le-Moors	E01025048	£147,500	£5,471.73	3.7%	50	4
	E01025049	£60,400	£4,786.06	7.9%	10	1
	E01025050	£94,500	£5,659.18	6.0%	27	2
Huncoat	E01025051	£90,000	£5,709.11	6.3%	24	2
	E01025052	£104,000	£5,695.01	5.5%	34	3
	E01025053	£140,000	£5,371.74	3.8%	49	4
Huncoat	E01025054	£133,000	£5,568.71	4.2%	45	4
	E01025055	£62,500	£4,996.00	8.0%	9	1
	E01025056	£135,000	£5,498.00	4.1%	46	4
Immanuel	E01025057	£92,100	£5,472.78	5.9%	28	3
	E01025058	£80,000	£5,485.47	6.9%	18	2
	E01025059	£80,000	£5,502.86	6.9%	18	2
Netherton	E01025060	£66,500	£4,874.28	7.3%	15	2
	E01025061	£152,500	£5,221.13	3.4%	51	4
	E01025062	£54,000	£4,988.89	9.2%	5	1

Overton	E01025063	£105,000	£6,145.73	5.9%	28	3
	E01025064	£239,000	£6,287.27	2.6%	53	4
	E01025065	£77,000	£5,067.07	6.6%	23	2
	E01025066	£90,000	£5,332.94	5.9%	28	3
Peel	E01025067	£60,000	£4,743.65	7.9%	10	1
	E01025068	£58,500	£4,875.20	8.3%	8	1
	E01025069	£74,950	£5,023.32	6.7%	21	2
Rishton	E01025070	£65,000	£4,976.31	7.7%	13	1
	E01025071	£100,000	£4,875.69	4.9%	39	4
	E01025072	£78,000	£4,869.51	6.2%	25	2
	E01025073	£97,500	£4,763.48	4.9%	39	3
	E01025074	£200,000	£5,996.73	3.0%	52	4
St. Andrew's	E01025075	£75,000	£5,332.51	7.1%	17	2
	E01025076	£97,000	£4,944.27	5.1%	37	3
	E01025077	£85,000	£4,970.98	5.8%	32	3
St. Oswald's	E01025078	£115,000	£5,708.51	5.0%	38	3
	E01025079	£108,500	£5,749.33	5.3%	35	3
	E01025080	£95,000	£5,385.05	5.7%	33	3
	E01025081	£134,000	£5,505.24	4.1%	46	4
Spring Hill	E01025082	£74,500	£5,083.69	6.8%	20	2
	E01025083	£55,000	£4,764.31	8.7%	7	1
	E01025084	£50,000	£4,738.48	9.5%	3	1
HYNDBURN		£84,625	£5,064.64	6.0%		

Source: Hyndburn Borough Council Housing Benefit 2011 & Land Registry 2012

7.59 To summarise, using agreed criteria for low housing demand we have identified areas (at Ward and LSOA) that rank in the lower quartiles. This helps us to identify the lowest housing demand areas in the Borough. In deciding where to 'draw the line' between those areas currently exhibiting the lowest demand and those that do not, we have reviewed the individual data for each Ward and LSOA and selected the 37.5 percentile point (refer to paragraph '7.24').

7.60 All the indicators data and rankings have been summarised in the table at Appendix 2. We have then introduced a 'Quartile Score' to enable us to 'translate' this methodology to the agreed neighbourhoods which we propose to consider for selective licensing and to areas in higher demand to compare against. The 37.5 percentile point translates to a quartile score of '13'. For the purposes of selective licensing we have concluded that anything below a quartile score of 10 is in low housing demand (or is likely to become such an area).

7.61 Chart 4 illustrates housing demand areas by Ward and quartiles across the Borough and highlights the focus of low housing demand.

Chart 4. Wards with the highest indicators for low housing demand



8. Determining Low Demand Areas for the Proposed Designation

Purpose

This chapter explains how the Council has used the low housing demand evidence base from the previous chapter to help determine the proposed selective licensing area.

- 8.1 Having identified in Section 7 those Wards and Lower Super Output Areas (LSOA's) that rank in the lower quartiles for each of the low housing demand indicators used, we have summarised the individual quartile ranks to provide an overall score for a Ward and LSOA's.
- 8.2 Table '19' illustrates the scores and rankings at Ward level. The Wards in 'red' identify the bottom quartile (bottom 25%), which have the severest indicators of low housing demand.

Table 19. Wards with indicators for low housing demand

	Private Rented	LQ	Median	Vacants	Rent	Yield	Score	Rank	Quartile
Altham	3	4	4	3	3	4	21	13	4
Barnfield	1	1	1	1	1	2	7	3	1
Baxenden	4	4	4	4	4	4	24	15	4
Central	2	1	1	1	2	1	8	4	1
Church	3	2	3	2	2	3	15	7	2
Clayton-le-Moors	2	2	3	3	2	3	15	7	2
Huncoat	4	3	4	4	4	4	23	14	4
Immanuel	3	2	3	4	3	3	18	11	3
Milnshaw	3	3	2	3	4	2	17	10	3
Netherton	1	2	2	2	2	1	10	5	2
Overton	4	4	3	2	3	2	18	11	3
Peel	1	1	1	1	1	1	6	1	1
Rishton	2	3	2	2	1	2	12	6	2
Spring Hill	1	1	1	1	1	1	6	1	1
St Oswald's	4	4	4	4	4	4	24	15	4
St Andrew's	2	3	2	3	3	2	15	7	2

Table 20. LSOA's with indicators for low housing demand

Ward	LSOA	PR Quartile Score	Vacant Quartile Score	Median Quartile Score	LQ Quartile Score	Rent Quartile Score	Yield Quartile Score	Total Quartile Score	Rank	Quartile
Altham	E01025032	3	2	3	3	3	2	16	27	3
	E01025033	3	4	4	4	4	4	23	47	4
	E01025034	2	2	2	2	2	2	12	17	2
Barnfield	E01025035	4	4	3	3	2	4	20	37	3
	E01025036	1	1	1	1	1	1	6	1	1
	E01025037	3	1	3	2	4	3	16	27	3
Baxenden	E01025038	4	4	4	4	4	3	23	47	4
	E01025039	4	4	4	3	4	4	23	47	4
	E01025040	3	3	4	4	4	4	22	44	4
Central	E01025041	2	1	2	2	2	1	10	16	2
	E01025042	1	1	1	1	2	1	7	7	1
	E01025043	2	1	1	1	1	1	7	7	1
Church	E01025044	1	1	1	1	1	1	6	1	1
	E01025045	4	3	2	2	2	2	15	24	2
	E01025046	2	1	1	1	1	1	7	7	1
	E01025047	2	1	3	4	3	3	16	27	3
Clayton le Moors	E01025048	4	4	4	4	3	4	23	47	4
	E01025049	1	2	1	2	1	1	8	11	1
	E01025050	2	2	3	3	4	2	16	27	3
Huncoat	E01025051	3	3	2	2	4	2	16	27	3
	E01025052	4	3	3	3	4	3	20	37	3
	E01025053	2	3	4	4	3	4	20	37	3
Immanuel	E01025054	4	3	4	3	3	4	21	40	4
	E01025055	1	2	1	2	2	1	9	14	2
	E01025056	4	4	4	4	3	4	23	47	4
Milnshaw	E01025057	2	3	3	3	3	3	17	33	3
	E01025058	3	3	2	1	3	2	14	22	2
	E01025059	3	2	2	3	3	2	15	24	2
Netherton	E01025060	1	2	1	2	1	2	9	14	2
	E01025061	3	4	4	4	2	4	21	40	4
	E01025062	1	1	1	1	2	1	7	7	1
Overton	E01025063	4	3	3	4	4	3	21	40	4
	E01025064	4	4	4	4	4	4	24	53	4
	E01025065	2	2	2	2	2	2	12	17	2
	E01025066	3	3	2	3	3	3	17	33	3
Peel	E01025067	1	1	1	1	1	1	6	1	1
	E01025068	1	1	1	1	1	1	6	1	1
	E01025069	2	2	2	2	2	2	12	17	2

Rishton	E01025070	1	2	1	1	2	1	8	11	1
	E01025071	2	4	3	3	1	4	17	33	3
	E01025072	1	1	2	1	1	2	8	11	1
	E01025073	2	3	3	3	1	3	15	24	2
	E01025074	4	3	4	4	4	4	23	47	4
	E01025075	1	2	2	3	3	2	13	20	2
	E01025076	2	2	3	2	1	3	13	21	2
St. Andrew's	E01025077	3	2	2	2	2	3	14	22	2
St. Oswald's	E01025078	3	4	4	4	4	3	22	44	4
	E01025079	4	4	3	3	4	3	21	40	4
	E01025080	3	3	3	3	3	3	18	36	3
	E01025081	3	4	4	4	3	4	22	44	4
Spring Hill	E01025082	4	4	2	2	2	2	16	27	3
	E01025083	1	1	1	1	1	1	6	1	1
	E01025084	1	1	1	1	1	1	6	1	1

8.3 Table '20' illustrates the scores and rankings at LSOA level. The LSOAs in 'red' identify the bottom quartile (bottom 25%), which have the most severe indicators of low housing demand. These LSOAs in blue identify the next 12.5 percentile immediately above the bottom quartile and this identifies low housing demand or those areas that are at risk of low housing demand (i.e. areas likely to become an area of low housing demand)

Low Demand Neighbourhoods and Comparable Neighbourhoods

8.4 During and after the consultation period Hyndburn Landlords made very strong representation that LSOAs do not reflect locally recognised neighbourhood boundaries. Subsequently the Council and Hyndburn Landlords identified and agreed the neighbourhood boundaries to be considered for selective licensing purposes as well as areas that comprise of similar residential property types that can be used for comparison in order to distinguish between lower and higher housing demand neighbourhoods (refer to paragraph '8.8' below for more information).

8.5 The neighbourhood boundaries which were agreed in consultation with Hyndburn Landlords are illustrated at Appendix 3, and were named as follows:-

Table 21 Within the Draft Designation Area (Consultation Version)

Ward	Neighbourhood Name	LSOA(s)	Label on Appendix 3
Peel	Burnley Road, Addison Street	E01025067	c
Peel	Burnley Road without Addison Street	E01025067	b
Peel	Washington Street	E01025068	e
Peel	Clarendon Street	E01025069	f
Peel	Hodder/Spencer Street	E01025069	g
Barnfield	Woodnook (Nelson Street)	E01025036	h
Barnfield	Woodnook - Clement Street	E01025037	i
Barnfield	Christ Church	E01025037	j
Springhill	Craven Street	E01025042	m
Springhill	Sharples Street	E01025083	n

Church	Church Kirk	E01025046	q
Central	West Accrington	E01025043	r
Central	Steiner Street	E01025041	s

Table 22 Outside the Draft Designation Area (including Comparable Areas)

Ward	Neighbourhood Name	LSOA(s)	Label on Appendix 3
Peel	Lodge Street Triangle	E01025067	d
	Scaitcliffe - Major Street	E01025084	K
	Scaitcliffe - Pendle Street	E01025042	L
	Great Harwood Town Centre	E01025060/ E01025062	u
	Great Harwood	E01025065/ E01025066	t
Milnshaw	Waterloo East	E01025057	a
Milshaw	Waterloo West	E01025067	w
	Rhyddings Street	E01025075	o
Clayton-le-Moors	Clayton	E01025049	v
	Roegreave Road	E01025055	p

8.6 When considering low housing demand for the purposes of selective licensing the guidance in relation to the value of residential premises requires the following consideration:-

'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)'.

The Council, in conjunction with Hyndburn Landlords, identified neighbourhoods with high levels of terraced housing stock for comparison purposes acknowledging that the most significant factor of low housing demand in Hyndburn is related to an abundance of terraced housing.

8.7 Table 22 above identifies areas outside the designation that show symptoms of low housing demand but not subject to the draft, proposed designation. It identifies the most appropriate corresponding LSOA area for each neighbourhood. It also identifies areas that have been agreed with Hyndburn Landlords as comparable areas in higher housing demand i.e.

Lower Housing Demand (Not within the draft, proposed designation)	Comparison Areas (Not in low demand)
Lodge Street Triangle	Great Harwood
Scaitcliffe - Major Street	Waterloo East
Scaitcliffe - Pendle Street	Waterloo West
Great Harwood Town Centre	Rhyddings Street
Clayton	Roegreave Road

8.8 The Council has used the same methodology for identifying low housing demand at LSOA level to identify categories of low housing demand (or likely to become such an area) within the agreed neighbourhoods and comparison areas i.e. those areas identified in Table 21 and 22. We have reproduced the scores and rankings in Table 23.

**Table 23 Low Housing Demand and Comparable Neighbourhoods
Within the Draft Designation Area (Consultation Area)**

ID	Neighbourhoods	PR %	Score	Lower Quartile	Score	Median Price	Score	Vacant %	Score	Rent (per calendar month)	Score	Rental Yield	Score	Total Score	Quartiles	Demand
h	Woodnook - Nelson Street	37.80%	1	£22,500	1	£33,000	1	16.8%	1	£376.22	1	10.69%	1	6	Q1	Low Demand
i	Woodnook - Clement Street	32.34%	1	£25,000	1	£33,000	1	35.9%	1	£393.27	1	13.02%	1	6		
e	Washington Street Town Centre and Midland Street	40.17%	1	£32,000	1	£40,000	1	6.50%	1	£379.84	1	9.49%	1	6		
b	Burnley Road without Addison Street	39.25%	1	£26,000	1	£55,000	1	8.02%	1	£367.22	1	9.26%	1	6		
n	Spring Hill - Sharples Street	48.48%	1	£35,500	1	£50,000	1	12.4%	1	£399.53	1	8.00%	1	6		
q	Church Kirk	32.01%	1	£35,000	1	£45,500	1	7.1%	1	£383.91	1	8.91%	1	6		
m	Spring Hill - Craven Street	31.09%	1	£40,000	1	£55,000	1	8.8%	1	£425.74	2	9.29%	1	7		
c	Burnley Road Addison Street up	44.28%	1	£50,500	2	£61,000	1	5.00%	2	£387.44	1	7.37%	2	9	Q2	Risk
f	Clarendon Street	29.88%	1	£50,000	2	£60,000	1	4.34%	2	£383.08	1	6.99%	2	9		
r	West Accrington	28.95%	2	£51,000	2	£65,000	1	7.5%	1	£386.09	1	7.07%	2	9		
s	Steiner Street	15.15%	3	£65,000	2	£70,000	2	14.40%	1	£395.00	1	6.89%	2	11		
g	Hodder / Spencer Street	19.09%	2	£65,000	2	£74,950	2	3.86%	2	£401.51	1	6.60%	2	11		
j	Christchurch	40.30%	1	£60,000	2	£96,000	3	10.0%	1	£492.80	4	5.69%	3	14	Q2	Low / medium demand

Outside the Draft Designation Area (including Comparison Areas)

k	Scaitcliffe - Major Street	33.41%	1	£40,000	1	£47,500	1	11.3%	1	£390.68	1	8.90%	1	6	Q1	Low Demand
l	Scaitcliffe - Pendle Street	21.59%	2	£52,000	2	£60,000	1	11.9%	1	£407.32	1	7.78%	1	8		
u	Great Harwood Town Centre	38.34%	1	£53,000	2	£65,000	1	6.7%	1	£411.06	1	7.30%	2	8		
d	Lodge Street triangle	38.44%	1	£54,000	2	£64,000	1	4.32%	2	£390.75	1	7.14%	2	9	Q2	Risk
v	Clayton	30.57%	1	£51,500	2	£75,000	2	4.9%	2	£407.22	1	6.81%	2	10		
p	Roegreave Road	35.24%	1	£57,500	2	£71,500	2	4.3%	2	£421.86	2	7.02%	2	11		
a	Waterloo East	19.90%	2	£64,000	2	£74,800	2	3.6%	2	£444.64	3	7.17%	2	13		
o	Rhyddings Street	29.18%	1	£69,000	3	£86,000	2	3.6%	2	£417.72	2	6.00%	3	13	Q2	Low / medium demand
w	Waterloo West	27.49%	2	£53,000	2	£75,000	2	2.1%	4	£416.81	2	6.86%	2	14		
t	Great Harwood	27.26%	2	£80,000	3	£93,000	3	4.2%	2	£438.95	2	5.71%	3	15		

- 8.9 Each indicator has been placed in a quartile as described in the methodology earlier. These areas in the bottom quartile (quartile 1 - coloured red) on Table 23 are considered to be in the lowest housing demand i.e. the bottom 25 percentile. Those areas immediately above the bottom quartile, between the 25 percentile and 37.5% percentile (part quartile 2, coloured orange) on Table 23 are considered to be in low demand or at risk of becoming low housing demand i.e. areas that are likely to become low housing demand.
- 8.10 The 'cut off point', or where we have 'drawn the line', is the 30% percentile, which equates to a score of below '10'.
- 8.11 When considering values, the legislation and guidance indicate that we should compare values in the proposed area to the value of similar premises in other areas which the local authority considers to be comparable. Hyndburn Landlord's consultation response identified comparable areas, based on type of housing within the area. This was subsequently discussed and agreed as part of the consultation process. The agreed comparison areas are identified in paragraph '8.7'. It is clear when you consider the values for the proposed designation to the five comparison areas (or control areas), all the values in the control areas indicate higher demand than those within the proposed designation area (refer to Table 23).
- 8.12 In Table 24, the Council has therefore identified the following neighbourhoods as in low housing demand (or is likely to become such an area) for the purpose of selective licensing (score below 10):-

Table 24

Neighbourhood	Map ID	Total Score	Within New proposed Designation Yes/No
Woodnook - Nelson Street	h	6	Yes
Woodnook - Clement Street	i	6	Yes
Washington Street - Town Centre	e	6	Yes
Burnley Road without Addison Street	b	6	Yes
Springhill - Sharples Street	n	6	Yes
Church Kirk	q	6	Yes
Scaitcliffe - Major Street	h	6	No
Springhill - Craven Street	m	7	Yes
Scaitcliffe - Pendle Street	l	8	No
Great Harwood Town Centre	u	8	No
Burnley Road Addison Street up	c	9	Yes
Clarendon Street	F	9	Yes
West Accrington	r	9	Yes
Lodge Street Triangle	d	9	No

8.13 Table 24 also identifies areas of low housing demand that are not proposed for inclusion in the proposed designation.

8.14 The reasons for not including eligible low housing demand areas within the proposed designation are as follows:-

Scaitcliffe - Major Street	Insufficient complementary regeneration activity to justify inclusion
Scaitcliffe - Pendle Street	Insufficient complementary regeneration activity to justify inclusion
Great Harwood Town Centre	Insufficient complementary regeneration activity to justify inclusion
Lodge Street Triangle	Did not form part of the draft designation proposal consulted upon

8.15 The relationship between selective licensing and how it supports the Council's regeneration activity is explained in Sections 9 and 10.

8.16 As a result of the consultation including revisions to the low demand analysis the new, proposed designation has reduced from the consultation version. The following neighbourhoods have been removed.

Christ Church (Barnfield)
Steiner Street (Central)
Hodder Street/Spencer Street (Peel)

8.17 We estimate that this has reduced the number of residential premises within the designation from 5,355 to 4,850, a reduction of 505, approximately 10%. We estimate that this has reduced the number of private rented premises within the designation from 1684 to 1520, a reduction of 164, approximately 10%.

8.18 The Council commissioned Arc⁴ to carry out an independent study to identify areas of, or likely to become areas of, low housing demand. This study has endorsed the 11 LSOAs proposed by the Council in the draft, proposed designation to be 'either in low demand or in danger of becoming low demand areas'.

Purpose

This chapter describes other policies or measures that are planned or are being taken that selective licensing will work alongside to help improve the proposed designation area. The chapter will identify those measures that are/will be taken across the full proposed designation area (generic activity)..

Co-ordinated Approach and Single Point of Contact

- 9.1 The Council has made a decision to join together the selective licensing function (part of the Regeneration and Housing Service) with housing enforcement staff (previously part of the Environmental Health Service) under one team within the Regeneration and Housing Service. This will mean the Council will be able to co-ordinate services better and ensure that the enforcement team complements licensing work, especially in relation to Housing Act Enforcement.
- 9.2 A selective licensing team of 6 staff (5 x full-time equivalents) will administer and deliver the licensing scheme with the support, when required, of 5 staff working on private sector housing conditions, empty dwellings and blight issues. This will create a team with sufficient resources and capacity to administer selective licensing and enforcement where necessary. The intention behind this is to create a more holistic approach to neighbourhood regeneration, recognizing the synergy between investing in and improving the housing stock, and enhancing the quality of private rental provision through landlord partnership and regulation.
- 9.3 This also means that the Council will provide a single point of contact for landlords, with the exception of Housing Benefits. However, the aim will be to improve liaison for landlords with the Benefits service. A forum already exists, but this will be reviewed to provide more regular meetings and ongoing support.
- 9.4 With this level of resources, the new service will be able to provide a far better responsive service to landlords and tenants especially where help, training and support are required.

Various Advice, Training and Support Services for Landlords

9.5 The new team will provide training and support services for landlords to help educate new or naive landlords in legal requirements and how to be a good landlord, e.g:-

- Advice on tackling anti-social behaviour;
- Mediation and advice between landlords and tenants in areas of dispute;
- Information on local builders/traders and suppliers;
- Renting information packs (legal responsibilities and good practice);
- Newsletters providing information on key issues affecting landlord including selective licensing.

This will be a supplement to the requirement for all licence holders and their managers to attend one day's development training with an approved national organisation (see Licence Conditions in Section 13).

Rent Deposit Guarantee Scheme

9.6 The Council is committed to tackling homelessness and recognises that a potential barrier to some people in accessing the private rented sector is availability of finance to provide a bond. With this in mind, the Council introduced a Rent Deposit Guarantee Scheme which can be accessed by people who the Council has a statutory homeless duty towards.

9.7 The Council can provide a bond guarantee for the duration of the tenancy, which is an agreement between the Council and the landlord that covers damages above normal wear and tear at the property by the tenant. Currently the scheme is running well with budget available to increase the service as required. This ongoing scheme will help to support selective licensing by making the sector accessible to a greater number of tenants increasing their housing choice.

Empty Property Interventions

9.8 The Council has an Empty Property Strategy with the intention to clear or to bring empty residential dwellings back into use, especially long term vacant dwellings. Because the greater number of vacant dwellings are within, or near to, the proposed designation the Council is already prioritising action against vacant dwellings in the area via its regeneration activity. For example, over 400 low demand dwellings have been demolished, mainly two up, two down, terraced houses to make way for a new high quality housing development.

9.9 The Council and its partner Twin Valley Homes, has recently secured £4.4 million to bring empty homes back into use. This investment is targeted at East Accrington (Peel and Woodnook areas). The Council wants to work with private landlords to help bring long term empty homes back into use. Selective licensing will support the investment in empty dwellings by raising management standards and therefore help to protect the investment.

Enforcement Action - Housing Act 2004 and Town and Country Planning Act 1990 (Section 215)

- 9.10 Substantial numbers of private sector dwellings, including private rented dwellings, suffer from specific property related issues such as disrepair hazards or provide poor amenity. The Council is already taking action to address these issues, including where appropriate, legal action using Housing Act and Planning Act enforcement powers (refer to Section 4 for data on enforcement action).

Passport to Housing

- 9.11 In order to support selective licensing the Council recognises that tenant education is just as important as landlord education. The Council is actively involved with the Passport to Housing training scheme whereby tenants commit to participate in a short course (6 days in total) where they are provided with the skills with which to sustain a tenancy. Topics covered include re-settlement and finding accommodation, understanding a tenancy, money management, community contribution and future progress.

Choice Based Lettings

- 9.12 Choice based letting is the way in which social housing is now allocated. In Pennine Lancashire the Choice Based Letting scheme is known as B-with-Us.
- 9.13 Vacant properties are advertised (as estate agents advertise properties for sale) and applicants on the housing register can choose which properties they want to bid for. The bids (no money changes hands) are then marked in order of priority and the property is offered to the bidder with the most priority.
- 9.14 The B-with-Us CBL Scheme allows people to choose where they would prefer to live from the housing that is available.
- 9.15 The Government wants Local Authorities and Housing Associations to give people more choice and control over where you live. Choice Based Lettings is a fair, transparent, accessible, clear and understandable way to access social housing. It is a priority for the Council to explore the possibility and the best way of including private landlords with licensed properties into B-with-Us. This will greatly improve housing choice making the private rented sector more accessible.

Landlord Training

- 9.16 The Council has a landlord forum which focuses purely on housing benefits issues. With the introduction of selective licensing the Council needs to work with private landlords offering support and training to those who are not intentionally 'bad' but are merely unaware of legislative requirements on how to be a 'good' landlord. The landlord forum is one area we can develop and expand to cover more topics. As opposed to only housing benefit, offer training sessions for landlords and invite other stakeholders to promote their services.

9.17 The RLA, in its consultation feedback, suggested that we should introduce a condition that requires landlords to undergo minimum training. We feel this was a really good suggestion and therefore we proposed to introduce a condition that requires landlords to attend a development day/training day.

10. Justification by Neighbourhood

Purpose

This section looks at specific regeneration activity and measures taking place to improve the social, economic and environmental wellbeing of each specific neighbourhood in addition to the generic activity identified in Section 9.

Introduction

- 10.1 Low demand for housing in Hyndburn is predominantly concentrated in the terraced housing stock in the urban areas, especially in parts of Accrington and Church. There are a list of factors related to low housing demand which together operate at the macro and micro scale. Wider economic and migration trends play a critical role, as do localised factors such as neighbourhood issues like poor management standards in parts of the private rented sector.
- 10.2 It is for this reason we see selective licensing in the proposed designation area as part of a strategic response to low housing demand. We expect selective licensing to improve management practices of private landlords. This should, in turn, make renting privately a more viable option in the longer term. This will help restore confidence in neighbourhoods, especially when improvements complement over macro and micro initiatives.
- 10.3 This section will explain how selective licensing sits alongside a number of initiatives at a local level that seek to address low housing demand.

Church Kirk (West Accrington & Church)

- 10.4 This neighbourhood is immediately adjacent to the West Accrington regeneration area (see below) and is immediately adjacent to the Church/Oswaldtwistle regeneration project with a masterplan to develop a mixed use development including commercial, retail and residential properties. The Council acquired and demolished approximately 20 low demand social housing units within the project area for land assembly purposes. This Council has a preferred developer partner, Enza, and is working with local land owners and businesses to redevelop the project area. In the long term the project will generate new jobs and new housing.

West Accrington (West Accrington & Church)

- 10.5 This is a priority neighbourhood that is benefitting from significant investment to address low demand housing. The Council has, to date, invested £38.8 Million into a range of interventions including:-
- The acquisition and clearance of 421 low demand dwellings;
 - 617 dwellings have benefitted from facelift/group repair works;
 - A number of environmental schemes.
- 10.6 New housing is being built on the land assembled through the clearance programme via the Council's private sector partner, Keepmoat, with a development agreement in place for £60m of investment to build over 400 new high quality homes.
- 10.7 Low housing demand is showing signs of improvement in the area, but due to the fragile economy and housing market the neighbourhood is still in low demand and is at risk of slipping back further. Licensing, along with other generic measures being taken, will help prevent the area slipping, as well as support the £60 million investment from the private sector.

Charter Street (Spring Hill)

- 10.8 Two key regeneration projects are planned to support the regeneration of this neighbourhood on land in the Council's ownership between Charter Street and the Railway Line. The larger part of the site has been allocated to Keepmoat as part of the Development Agreement for West Accrington (see above). Keepmoat will build new housing once momentum has been gained in West Accrington.
- 10.9 The second project is also in partnership with the private sector with a business awarded a Queens Award known as Recycling Lives. The plan is to build a hub that provides housing accommodation for the homeless, provides on site training and education and guarantees employment within the recycling centre.

East Accrington (Peel and Woodnook)

- 10.10 An East Accrington Masterplan has been put in place which forms the basis for investment and regeneration of the East Accrington area. Whilst the Housing Market Renewal initiative has ended, the Council will be seeking to address some of the key priorities. Woodnook remains the Council's top neighbourhood regeneration priority

- 10.11 The Council and its partner, Twin Valley Homes, has secured approximately £4.4 million to bring long term empty homes back into use in the Peel and Woodnook areas, especially the proposed licensing areas. The 'Linked Up' project has been established to provide finance to assist empty property owners (including private landlords) to bring empty homes back into use. This project will be prioritised in the Peel area, with an initial allocation of £650,000.
- 10.12 The Council has appointed a lead private sector partner, PlaceFirst to lead on the regeneration of the Woodnook area. The Council plans to invest a minimum of £3.8 million in Woodnook over the next two years. The priorities including acquiring long term vacant dwellings, facelift works and environmental/public realm works. Using institutional finance, PlaceFirest will bring long term empty homes back into use through a mix of tenures. This includes a high quality private rented model. A minimum £7 million private investment is planned over the next two years.

11. Map Identifying the Proposed Designation for Selective Licensing

Purpose

This chapter identifies the original, proposed designation for selective licensing that formed the basis of the Council's consultation. It also identifies the boundary of the revised proposed designation..

- 11.1 Section 7 of the revised proposal identifies the evidence base for low housing demand for selective licensing purposes.
- 11.2 Section 8 of this revised proposal explains how the Council determined low demand areas for selective licensing purposes at neighbourhood level.
- 11.3 Appendix 4 (Proposed Designation Map - Consultation Version) shows the original proposed designation for consultation.
- 11.4 Appendix 5 (Proposed Designation Map) shows the new, proposed designation taking into account the adjustments to the consultation version that have been described in paragraph 8.15 earlier.

12. Potential Displacement and Other Risks Associated with a Selective Licensing Designation

Purpose

In this chapter the Council will consider the potential affects and implications of making the proposed designation including a risk assessment.

- 12.1 It is possible with the introduction of selective licensing that landlords, especially problem landlords, may decide to sell up or leave properties vacant in a licensed area and move elsewhere. The Council has tried to eliminate or at least reduce the likelihood of this occurring by carefully considering the designation area. The Council is confident that the market conditions do not exist that will accommodate large scale displacement of landlords to other areas of the Borough.
- 12.2 In their consultation response, Hyndburn Landlords made representation about landlord displacement, and this is something that we have subsequently discussed with them. We concur with them where yields are relatively lower the risk of displacement is reduced. The area where yields would be higher and outside the proposed licensing boundary, are within parts of the Scaitcliffe area. This is a risk that the Council will monitor very carefully, and if it becomes necessary, will target enforcement action to address any landlord displacement.
- 12.3 The RLA in their consultation response highlight the potential risk of displacement of tenants. This is a very good observation, and the Council acknowledges this is something that will be monitored closely. If this type of displacement does start to occur, the Council will utilise the combined services of its Housing Advice Team and its Enforcement Team to help manage the risk.
- 12.4 Landlords may simply choose to ‘shut up shop’ and leave properties vacant. In this instance, the Council has an active Empty Dwelling Strategy which will ensure wherever possible dwellings are brought back in to use. The Council feels that this risk is worth taking in the short term if the management standards and quality of property increases across the sector. In turn, it is expected that demand would increase as confidence in the area grows.
- 12.5 Further evidence is now showing that the private rented sector is growing as a consequence of, and in response to economic change and housing market changes as a result of the credit crisis back in 2008. National studies show that the private sector will grow. We are seeing evidence of this in Hyndburn, with a significant growth in numbers now privately renting (currently at 21% across the borough). If some landlords choose to leave the market, it is more than likely new ones will move in.
- 12.6 In a promising way new, financial institutional landlords are entering the market backed by private finance models including pension schemes that are looking for a longer term investments. The Council is currently working with such a landlord to bring 89 long term vacant dwellings back into use, via private renting, in the Woodnook area.

12.7 The benefit of a larger designation proposal is that it reduces the risk of displacement, or at least it means displacement of landlords or tenants will only occur in specific, and probably, focused locations. This will mean that the Council will monitor this risk and take appropriate action if necessary.

12.8 Further risks associated with a selective licensing designation are outlined in the table that follows:

Risk	Possible Outcomes	Likelihood of Occurrence	Measures to reduce/eliminate risk
<p>Financial institutions 'red line' the area for private rented sector (PRS)</p>	<p>PRS unable to raise extra finance for repairs causing poor housing conditions.</p> <p>PRS abandon area creating increased voids</p>	<p>Low risk.</p> <p>No evidence that this will occur previously CLG have held discussions with mortgage lenders who have said they base lending on risk and market factors not if the property is located within a selective licensing area or not.</p> <p>Landlords leaving properties void will turn their asset into a debt foregoing rental income from the property.</p>	<p>Lenders have indicated there should be no difference to availability to loans due to a property being situated within a selective licensing area.</p> <p>If PRS abandon area owner occupiers may purchase available premise as entry level properties. The area is currently classed as an area of affordable housing within Hyndburn.</p> <p>The Empty Dwelling Strategy would also help to reduce void levels with resources targeted to this area.</p> <p>Private rented sector is growing and therefore new landlords are likely to step in.</p> <p>Lenders are equally likely to see selective licensing as a positive as standards of management and values increase.</p>
<p>PRS reduces in size as landlords leave properties empty/sell on thus reducing availability.</p>	<p>Less properties to rent, increased demand over supply, increased rent for those who remain.</p> <p>Long term void levels increase contributing to the issues of low demand within the area.</p>	<p>Low/medium risk.</p> <p>Some landlords have threatened to do this. There is evidence to support this from neighbouring authorities who are already operating selective licensing.</p>	<p>If a private rented property is on the market, it may be purchased by another landlord who wishes to invest in the area ensuring the supply of properties for rent is maintained.</p> <p>Opportunity for owner occupiers to purchase affordable homes.</p> <p>New landlords step in as the market grows in response to changes in the housing market.</p> <p>Empty Dwelling Strategy to proactively target and prioritise this area.</p>

Displacement of poor landlords to other areas of Hyndburn	Poor management standards and issues of low demand transferred to similar areas within Hyndburn.	Low to medium risk. Landlords would need to sell one property to raise the finance to purchase another or leave a valuable asset vacant thus foregoing any rental income.	The area has been carefully considered to include areas vulnerable to migration of landlords. Similar value and style of properties are encompassed in the area.
Good landlords may leave the area and the void taken up by bad landlords	Properties which are badly managed by landlords perpetuate the current problems and the area deteriorates further.	Low risk. Due to the area being subject to selective licensing, this will discourage bad landlords from entering the market; good landlords have nothing to fear.	Any landlords entering the market in this area will have to abide by the selective licensing scheme rules. License holders must be deemed as 'fit and proper' and measures will be in place to monitor their management standards.
Retaliatory evictions as landlords evict tenants to avoid licence requirements	Increased numbers of tenants made homeless.	Low risk. No more likely than normal. Most tenancies are 6 month short-hold tenancies which can be terminated in the usual manner. Landlords will then forgo rental income on their property.	The Local Authority has a housing advice function which currently deals with such issues advising both tenants and landlords as to correct eviction procedures.
Costs	Increase in rent to cover the licence fee. Avoid fee by leaving void or selling the property. Price the area out of reach of existing tenants.	Medium risk. Increased operating costs are likely to be passed onto the tenants.	Very little action possible. Rent levels can be altered by landlords at regular intervals depending on market conditions. This is beyond the Council's control. It may affect availability to tenants if regeneration of an area occurs and demand to reside in the area increases. Housing Benefit thresholds (ceiling) and the market will dictate rent levels more than licensing.

<p>Selective Licensing has a negative impact on the area causing further decline in the housing market.</p>	<p>Continuation of the issues relating to low demand and further decline of the area.</p>	<p>Low</p>	<p>Ensure all landlords are signed up to ensure its success.</p> <p>Services to help landlords deal with issues are made available.</p> <p>The Council focusing resources on licensing will increase the likelihood of success.</p> <p>Regular monitoring of low demand indicators with periodic reviews of the scheme as a whole.</p>
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13. The Operation of the Scheme

Purpose

This chapter describes how the Council will implement and administer selective licensing once a designation is in place. The section will therefore describe:-

- *Resources that the Council will utilise to ensure successful implementation and administration;*
 - *The licence conditions and fees*
- 13.1 Should the designation be granted it will come into force no sooner than three months from the date of designation. Once the designation is in force, all landlords operating within the designation will be required to apply for a licence for each house let.
- 13.2 Licences will run for a maximum of five years and will carry fees as per the attached fee schedule (Appendix 6).
- 13.3 The scheme will be operated by a team of six staff (just over equivalent to 5 full time members of staff) with other Council resources available to them as and when necessary. The team will comprise of:-
- Private Rented Sector Manger
 - Private Rented Sector Officer
 - Technical Officer
 - Admin Assistant
 - 2 x Part Time Admin Assistants
- 13.4 This will be a 'ring-fenced' team dedicated to administrating the licensing function under Part 3 of the 2004 Act. The Council used the CIPFA Licensing fee Toolkit to calculate costs and budget. The Business Plan for the five years is as follows:-

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Personnel Costs	102,802	101,533	72,124	65,119	55,947	397,524
Operating Costs	171,283	169,326	120,393	108,799	93,564	663,365
Annual Operating Costs	274,085	270,859	192,516	173,918	149,511	1,060,889
Initial Set -up Costs	43,279	33,179	12,365	5,938	612	95,373
Total Costs	317,364	304,037	204,882	179,856	150,123	1,156,262

Total No. of Licenses: 1558

Price per Licence (Based on Average) £742.15

- 13.5 In addition, five existing staff currently working on a range of private sector housing issues will be utilised to compliment the licensing team, especially in terms of enforcement work. The division of labour will be split from commencement of the scheme so that as well as processing incoming applications non-compliant landlords will be vigorously pursued and properties inspected.
- 13.6 Representation has been made during the consultation indicating that our resource levels may not be adequate. Via a Freedom of Information Act request the Council carried out a review of all existing selective licensing designations across England and Wales (See Appendix 1). One of the purposes of the exercise was to get a better understanding of resource requirements to supplement the evaluation of selective licensing schemes in Manchester, Blackburn and Burnley prior to proposing a draft designation.
- 13.7 This has provided us with the certainty that our Proposal is suitably resourced; however we will keep this under review as part of the annual monitoring arrangements.
- 13.8 The Council will rigorously monitor the proposed designation to ensure that it is achieving the desired effect, and if not, make appropriate adjustments. On the contrary, if low demand has been resolved and the designation is no longer needed, then we will consider revising or revoking it.
- 13.9 Monitoring the proposed designation will be an ongoing process but reported on annually. The actual Designation will be reviewed every two years (i.e. at the end of years 2 and 4).
- 13.10 The Council will aim to agree a monitoring framework in consultation with local stakeholders. The measures that we will seek to monitor include:-
- The number of landlords applying for a licence in the designated areas against number of identified private rented sector properties;
 - The number of 'in process' applications and the stages they are at;
 - Time taken to process applications;
 - The number of licences granted;
 - The number and outcome of refused licence applications (including number of appeals);
 - The number of prosecutions of non applying landlords;
 - The number of prosecutions for breach of licence conditions;
 - The number of homelessness presentations from within and outside the designation area;
 - Impact on empty properties;
 - Impact on house values;
 - The number of landlord and tenant complaints.

- 13.11 Subject to approval by the Council's Cabinet, the designation can come into effect three months after the date of approval. Once a designation comes into force it will last a maximum of five years.
- 13.12 Landlords will be required to apply for a licence for each residential property he/she owns. In deciding to grant a licence the Council must be satisfied that the proposed licence holder "is a fit and proper person to be the licence holder".
- 13.13 Section 90 of the Act requires the Council to impose certain conditions in a Licence and permits it to require other conditions which we consider appropriate for:
- "regulating the management, use and occupation of the house concerned"*
- 13.14 The mandatory conditions and local conditions that the Council propose, as well as an explanation of the fit and proper person requirement, are contained within Appendix 7
- 13.15 Any licence holder found to be in breach of the licence conditions can face a fine of up to £5,000 upon conviction in a Magistrates Court. In such circumstances, the Council will then consider whether it is appropriate to revoke the licence and then make a Management Order taking over the management of the property.

Purpose

This chapter describes how the Council went about consulting all potentially affected persons in the proposed designation. It also explains, once the consultation was completed, how the results were published and made available to the local community.

14.1 The legislation states that when considering designating an area for a selective licensing, the Local Authority must:-

- Take reasonable steps to consult persons who are likely to be affected by the designation; and
- Consider any representations made in accordance with the consultation.

14.2 On the 11th January 2012, Cabinet approved a draft selective licensing proposal for parts of Accrington and Church for consultation. This can be viewed or downloaded from the Council's website (refer to paragraph '14.5'). The draft designation report provided the detail for the Council's proposals and was widely publicised to all persons likely to be affected by the designation.

14.3 The Council has consulted widely with local residents, including tenants, landlords, managing agents and other members of the community who live or operate businesses or provide services within the proposed designation area, and in neighbourhoods adjacent to the proposed designation area. Appendix 4 identifies the proposed designation area for consultation and the wider consultation area.

Consultation has been comprehensive and wide spread as follows:-

- The Draft Proposal to Designate a Selective Licensing Scheme was made available from the Library, on the Council's website or a hard copy provided upon request;
- A summary of the Draft Proposal was distributed to all residents within the designation area, all known landlords and agents with properties within the proposed designation area, businesses in the area and other stakeholders with an interest within the designation area;
- The same summary Draft Proposal was distributed to local residents, businesses and other relevant stakeholders in the surrounding area outside of the proposed designation who will be affected (see Appendix 8 for identification of the surrounding area);
- Presentations at local resident meetings;

- A copy of the summary Draft Proposal was sent to all known private landlords and agents with dwellings within the Borough;
- Ninety stakeholder organisations providing services in Hyndburn as well as landlord and tenant representative bodies were sent details of the full proposed designation.
- Two exhibitions were held for landlord groups and/or their representatives;
- Press notice was published to announce the proposed designation consultation, including the consultation period and how people could respond.

14.4 The consultation was formally launched on the 30th January, 2012. Most respondents were given twelve weeks to respond with the exception of stakeholders who were given ten weeks. However, the Council has received feedback right up to the publication of the consultation report findings on the 25th July 2012. Once the consultation was completed the results were published on the Council's website on the 25th July 2012 and reported to the Council's Cabinet on the 1st August 2012 together with this proposal.

14.5 A dedicated page has been set up on the Council's website for Selective Licensing. This can be accessed via the following link:-

www.hyndburnbc.gov.uk/selectivelicensing

The website provides people with everything they want to know, including:-

- Consultation arrangements;
- A copy of the detailed Draft Proposal (Consultation version);
- A copy of the Summary Draft Proposal;
- Frequently asked questions and answers;
- Copies of the Cabinet papers in relation to Selective Licensing.
- Report on Consultation Findings (Published 25th July 2012)
- Copy of Newsletter sent to all people/organisations responding to the consultation (July 2012)
- Identify Areas of Low Housing Demand (Arc⁴, July 2012)
- A copy of this revised Designation Proposal
- Detailed responses to the consultation by Hyndburn Landlords and the Residential Landlords Association including the Council's response to each
- Review and analysis of existing selective licensing designations across England and Wales

14.6 The Council received a huge response to the consultation. In addition to a range of stakeholders returning survey forms, very detailed responses were submitted by Hyndburn Landlords and the Residential Landlords Association.

- 14.7 A detailed report on the findings of the Consultation is available on the Council's website or a hard copy can be provided upon request.
- 14.8 As a result of the consultation, the main changes acted upon, can be summarised as follows:-
- i) A reduction in the size of the proposed designation from an area comprising 5355 residential dwellings to an area of 4850 dwellings i.e. a reduction of 505 dwellings, representing 10 %
 - ii) The main areas removed from the proposed designation include:-
 - Christchurch (Woodnook)
 - Steiner Street, Fredrick Street and Portland Street area of West Accrington
 - Hodder Street section of Peel Ward
 - iii) Significant amendments to the discretionary licence conditions including the removal of conditions that are covered by existing legislation e.g. Housing Health and Safety Rating Systems (HHSRS).
 - iv) The introduction of a discretionary licence condition requiring all licence holders and any manager to benefit from minimum training by an approved national organisation (requested by the Residential Landlords Association).
 - v) Allow the majority of licence holders to self declare on the Basic Disclosure requirement and therefore remove an added cost burden.
- 14.9 The main changes suggested, but not acted upon with the reason why, are as follows: -
- i) Phase the introduction of the designation - legislation does not accommodate a phased introduction making such an approach potentially ultra vires.
 - ii) The removal of two Peel neighbourhoods (referred to in the documents as "Addison Street up" and "Clarendon Street") on the grounds they are in low housing demand (or are likely to become areas of low housing demand).
 - iii) Reduce licence fee - the proposed fees reflect the estimated costs using the CIPFA licensing tool kit. The legislation allows the Council to recover all its costs associated with administrating a licensing scheme.

- iv) The Council should use alternatives to licensing such as landlord accreditation or use its enforcement powers more vigorously. The Council is going to look at including landlord accreditation in parallel with licensing but we have not been presented with anything or seen any evidence that demonstrates that accreditation is a viable alternative to licensing mainly because it is voluntary. Use of enforcement powers is very useful for dealing with property conditions but it does not address the wider standards of good management in the way that selecting licensing does.

- 14.10 We can conclude from the consultation that there are differing levels of opposition from landlords and their agents to the Council's selective licensing proposal. However, most residents and businesses are very supportive, recognising the need to raise the standards of private renting, especially in the proposed designation area.

- 14.11 The views of Hyndburn Landlords, a key stakeholder and representatives of some private landlords, are not quite as clear cut. They support selective licensing in principle, but would prefer to see a smaller designation with support for some specific areas.

- 14.12 The consultation has shown that different stakeholders have different opinions and therefore there is no way of achieving an outcome that is satisfactory to all. In the circumstances, the Council's Cabinet will need to very carefully consider and balance the views of landlords and their agents with the wider view of its communities before making a final decision as to whether to proceed with selective licensing and on what basis.