

### Key Findings from Review of Evidence for Selective Licensing

#### Criteria

Part 3 of the Housing Act 2004 sets out the scheme for licensing private rented properties in a local housing authority area. Under Section 80 of the Act a local housing authority can designate the whole or any part or parts of its area as subject to selective licensing.

A selective licensing designation may be made if the area to which it relates has a high proportion of properties in the private rented sector. Nationally the private rented sector currently makes up 19% of the total housing stock in England (English Housing Survey 2017/18). If an area has more than 19% it can be considered as having a high proportion of privately rented properties.

As well as having a high proportion of private rented properties, a selective licensing designation may be made if the area to which it relates satisfies one or more of the following conditions. The area is one experiencing:

- Low housing demand (or is likely to become such an area)
- A significant and persistent problem caused by anti-social behaviour
- Poor property conditions
- High levels of migration
- High level of deprivation
- High levels of crime

#### Methodology

Data has been collated at Lower Level Super Output Area (LSOA) due to the availability of data at this level. LSOAs are a geographic subsection of the borough, each containing around 1,500 households, allowing us to make reliable comparisons between areas. There are 234 LSOAs in Cheshire East.

Tenure data has been taken from the Integrated Dwelling Level Housing Stock Modelling and Housing Stock Condition Database that was commissioned by Cheshire East Council from BRE in 2019.

Data has been collated from extensive sources to generate a 'vulnerability score' for each LSOA in order to establish the priority areas for Selective Licensing. The vulnerability score is centred around 100, which is the Cheshire East average. For example, a score of 200 would indicate for that item, the figure is twice that of the Cheshire East average, equally 300 would be three times the Cheshire East average. This method allows us to focus on the areas with greatest levels of problems that a selective licensing designation may be used to tackle.

## Key Findings

### 1. Tenure

1.1 The proportion of private rented properties in Cheshire East is 17.7%. Therefore a borough-wide selective licensing scheme has been discounted as it does not meet the threshold.

1.2 At Lower Level Super Output Area (LSOA), there are 57 LSOAs that have a high proportion of private rented properties exceeding 19% (referred to in this document as 'high PRS'). This would cover an area with an estimated 16,571 private rented properties (52.5% of the PRS in Cheshire East).

1.3 Top 5 LSOAs with high proportion of private rented households:

**Table 1**

	<b>LSOA Code</b>	<b>LSOA Name</b>	<b>Ward</b>	<b>Proportion of housing that is private rented</b>
1	E01018624	Macclesfield Town Centre L3	Macclesfield Central	69.3%
2	E01018487	St Johns L2	Crewe South	66.4%
3	E01018467	West Coppenhall & Grosvenor L5	Crewe Central	60.5%
4	E01018489	St Johns L4	Crewe South	59.7%
5	E01018447	Alexandra L3	Crewe South	56.5%

### 2. Low housing demand

2.1 There is no evidence to suggest that there are any areas of low housing demand in Cheshire East.

2.2 The data did highlight some pockets of long term empty homes across Cheshire East. Initial analysis suggests that this may be attributable in parts to recent housing developments which are being marketed for sale; further detailed analysis is needed to understand any other reasons for the spikes in the data.

**Table 2**

	<b>LSOA Code</b>	<b>LSOA Name</b>	<b>Ward</b>	<b>Proportion of housing that has been empty for 6 months or more</b>
1	E01018601	Wilmslow Town South East L2	Wilmslow West and Chorley	3.9%
2	E01018648	Knutsford Rural L3	High Legh	3.5%
3	E01018496	Central & Valley L3	Crewe West	3.1%
4	E01018425	Middlewich West L2	Middlewich	2.8%
5	E01018487	St Johns L2	Crewe South	2.8%

2.3 Government guidance recommends that the value of residential premises in the area is considered 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 average house price in Cheshire East is £234,995. Areas with lower house prices include the areas surrounding Crewe Town Centre. In the West Street area, average property prices are in the region of £70,000 to £99,000. House prices in the area to the north and south of Nantwich Road are in the region of £85,000 to £110,000. In the Macclesfield Town Centre area, house prices range from £130,000 to £223,500. It is not possible to compare the value of properties in Crewe to those in Macclesfield due to the higher land values in Macclesfield which distorts any comparison in house prices.

### **3 Anti social behaviour**

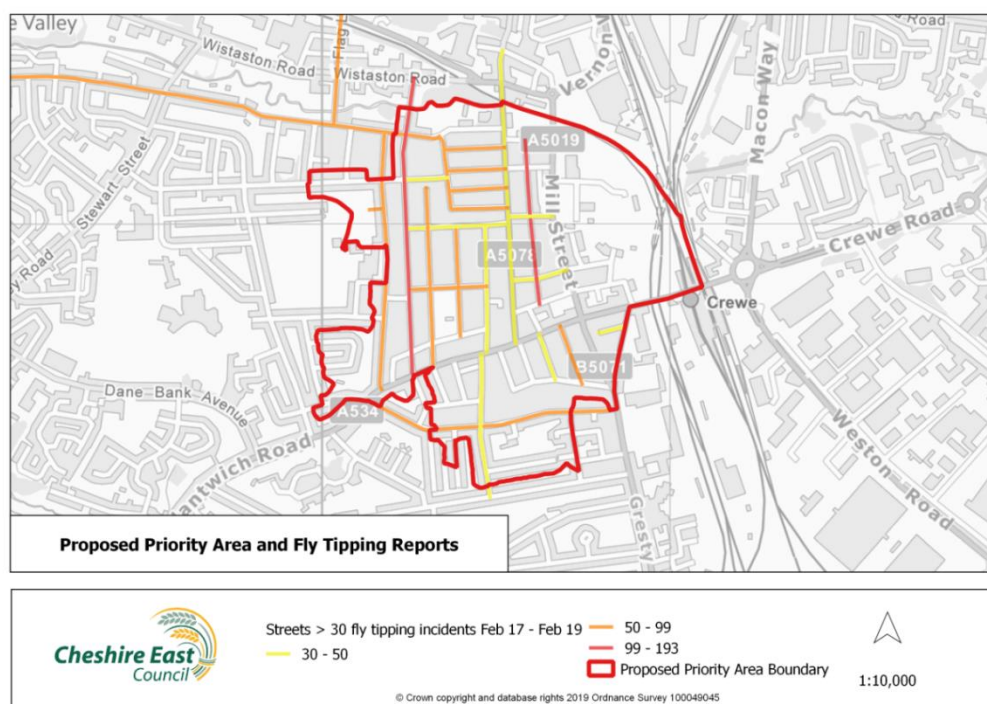
3.1 In considering whether an area is suffering from anti-social behaviour which a landlord should address, Government guidance states that regard must be had as to whether the behaviour is being conducted within the curtilage of privately rented properties or their immediate vicinity.

3.2 During the year ending 31 March 2019 there were 7,945 anti-social behaviour and drugs related offences across Cheshire East. The mapping of offences highlights that the areas with the highest recorded offences are Macclesfield and Crewe Town Centres. Outside of these areas, heat mapping identifies concentrations around the Nantwich Road and West Street areas; these two areas correlate with high proportions of private rented households and concentrations of HMOs.

3.3 Flytipping is a form of anti social behaviour. Evidence gathered for the 2 year period from February 2017 to 2019 shows that there have been 5,770 recorded fly tipping reports within Cheshire East. Of these reports, 65% were in Crewe with 10.9% being in Macclesfield.

3.4 All streets that have experienced 30 or more fly tipping reports over this period have been mapped. There are no streets outside of Crewe that have experienced 30 or more incidents. The mapping shows a strong correlation with high PRS, and specifically between the streets with the highest reports of fly tipping and those with high concentrations of HMOs.

**Map 1: Fly Tipping Reports**



3.5 For the period February 2017 to July 2019, there were 3,179 recorded environmental health complaints across Cheshire East. These complaints include waste, noise nuisance, animal related problems and pest control. 33 LSOAs with high PRS experienced a higher number of environmental health complaints than the Cheshire East average, with the highest levels being in 4 LSOAs to the north and south of Nantwich Road in Crewe.

**Table 3**

	<b>LSOA Code</b>	<b>LSOA Name</b>	<b>Ward</b>	<b>Environmental health complaints per 1,000 population</b>
1	E01018487	St Johns L2	Crewe South	28.8
2	E01018489	St Johns L4	Crewe South	26.7
3	E01018447	Alexandra L3	Crewe South	26.2
4	E01018445	Alexandra L1	Crewe South	25.2
5	E01018483	St Barnabas L2	Crewe West	24.6

#### 4 Poor property conditions

4.1 Where the authority considers a significant number of properties in the private rented sector need to be inspected in order to determine whether any of those properties contain Category 1 or 2 hazards, it may designate an area for Selective Licensing.

4.2 A review of housing conditions conducted in 2019 by BRE found that 16.7% of private rented properties in Cheshire East are likely to have a Category 1 hazard, compared to 14% for England. In parts of Cheshire East, around one-third of properties have Category 1 hazards that could put the health and safety of tenants at a higher risk.

**Table 4**

	<b>LSOA Code</b>	<b>LSOA Name</b>	<b>Ward</b>	<b>Proportion of PRS that is estimated to have Category 1 hazards</b>
1	E01018487	St Johns L2	Crewe South	33.3%
2	E01018497	Central & Valley L4	Crewe West	32.9%
3	E01018635	Macclesfield Town Centre L6	Macclesfield Central	31.6%
4	E01018480	Acton Minshull & Wybunbury L2	Bunbury	31.3%
5	E01018486	St Johns L1	Crewe South	29.5%

4.3 There is sufficient evidence to designate 34 of the 57 'high PRS' LSOAs as areas for Selective Licensing due to poor property conditions. If all areas were designated, this would bring an estimated 11,113 private rented properties within the scope for selective licensing (35.2% of the PRS in Cheshire East).

## 5 High levels of migration

5.1 Government guidance states that 'migration refers to the movement of people from one area to another. It includes migration within a country and is not restricted to migration from overseas. A selective licensing designation can be made, as part of a wider strategy, to preserve or improve the economic conditions of the area to which migrants have moved and ensure people occupying private rented properties do not live in poorly managed housing or unacceptable conditions'. The guidance suggests a population increase of around 15% or more should be used as a measure of high levels of migration.

5.2 Seven LSOAs have had a population increase of more than 15% between 2011 and 2017, the highest increase being in Central and Valley L1 in Crewe Central ward (32%).

**Table 5**

	<b>LSOA Code</b>	<b>LSOA Name</b>	<b>Ward</b>	<b>Change in population 2011 to 2017</b>
1	E01018462	Central & Valley L1	Crewe Central	+32%
2	E01018440	Sandbach West and Wheelock L1	Sandbach Elworth	+31%
3	E01018416	Holmes Chapel L4	Dane Valley	+25%
4	E01018467	West Coppenhall & Grosvenor L5	Crewe Central	+25%
5	E01033376	Acton, Minshull & Wybunbury L5(B)	Nantwich South and Stapeley	+24%

5.3 Consideration has also been given to Department of Work and Pensions' data for National Insurance Registrations to Adult Overseas Nationals entering the UK between 2010 and Q1 2019, Cumulative 2010 to Q1 2019. 19 LSOAs have a higher rate of registrations than the national average of 103.1 per 1,000 population; the highest rates can be found in St Johns L1, L2 and L4 LSOAs in Crewe South ward which are 5 times

higher than the national average. However, the population change in these three LSOAs is 2% over the 8 year period, which suggests a high turnover of Adult Overseas Nationals in the area as despite the number of registrations the population levels remain steady.

5.4 English spoken as another language in schools is above the national average in 12 LSOAs in Cheshire East, 11 of which are in Crewe, and 1 in Macclesfield. The national picture is 20.5%; the Cheshire East average is 6.8% which rises to 51% in St Johns L1 in Crewe South ward.

## **6 High levels of deprivation**

6.1 Fifteen LSOAs have high out of work benefit claimant rates. The highest rates are in part of Crewe Central ward (9%, compared to 1.9% for Cheshire East) and part of Handforth ward for other out of work benefits (10.9% compared to 4.3% for Cheshire East).

6.2 Twenty-eight LSOAs have a median household income below the national average of £31,500; the lowest incomes in the range £19,000 to £23,000 can be found in the Crewe and Handforth areas.

## **7 High levels of crime**

7.1 Crime data indicates that the number of crimes recorded in the Borough were higher within the town centres of Crewe and Macclesfield, as might be expected. In 2018, Crewe Central ward had the highest number of crimes (2,650 crimes or 8.6%) followed by Macclesfield Central ward (1,917 or 6.2%). Third was Crewe South ward (1,884 crimes or 6%) followed by Crewe East ward (1,645 or 5.3%).

7.2 Heat mapping has shown that, excluding town centres, there are higher levels of crime around the Nantwich Road and West Street areas of Crewe.

## **Selecting an area(s) for Selective Licensing**

The data showed clearly that there are areas within Cheshire East that are suffering from one or more conditions that could warrant the designation of the area for selective licensing. Conversely, it also showed that a greater proportion of Cheshire East is not displaying issues that would justify selective licensing. For this reason, together with the threshold for the proportion of private rented households not being reached, a borough-wide selective licensing scheme should be discounted.

There are 57 LSOAs with high PRS in Cheshire East. Of these, 51 are displaying one or more conditions that would justify selective licensing. The size of these areas and the numbers of private rented households could render a scheme unfeasible given the level of resource that would be needed to implement a scheme of this nature. Having regard to resource implications, officers sought to prioritise these areas to be able to target resources at the areas in most need.

Using a vulnerability scoring methodology allowed us to rank the LSOAs into a priority order. Where the Cheshire East average is 100 (so any LSOAs scoring less than 100 are experiencing better conditions than the average for Cheshire East), 14 LSOAs scored in excess of 200, so their vulnerability to the conditions being reviewed was at least double the Cheshire East average. Three LSOAs had a vulnerability score more than 4.5 times the Cheshire East average.

One LSOA (East Coppenhall in Crewe East) was discounted due to the lower proportion of private rented households in that area, reducing the number of LSOAs under consideration to 13.

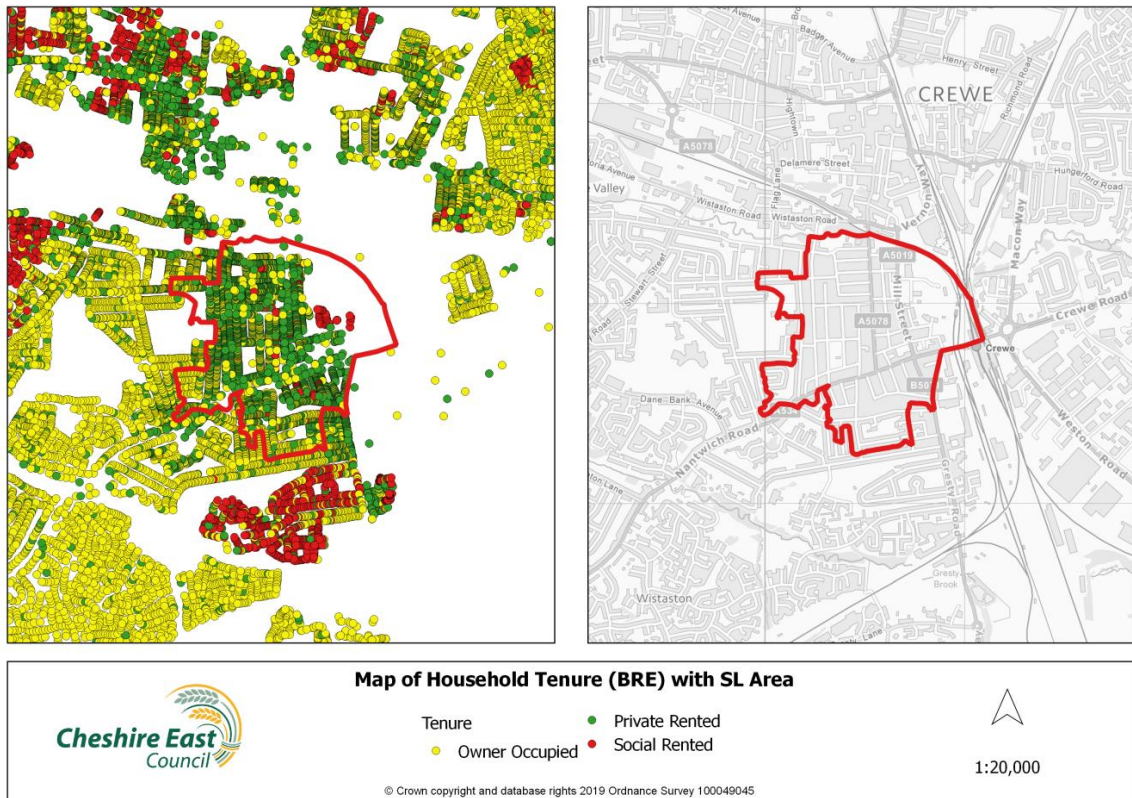
**Table 6**

<b>Ranking</b>	<b>LSOA Code</b>	<b>LSOA Name</b>	<b>Ward</b>
1	E01018486	St Johns L1	Crewe South
2	E01018487	St Johns L2	Crewe South
3	E01018489	St Johns L4	Crewe South
4	E01018464	Central & Valley L2	Crewe East
5	E01018447	Alexandra L3	Crewe South
6	E01018462	Central & Valley L1	Crewe Central
7	E01018624	Macclesfield Town Centre L3	Macclesfield Central
8	E01018497	Central & Valley L4	Crewe West
9	E01018467	West Coppenhall & Grosvenor L5	Crewe Central
10	E01018445	Alexandra L1	Crewe South
11	E01018466	West Coppenhall & Grosvenor L4	Crewe St Barnabas
12	E01018501	Waldron L3	Crewe East
14	E01018498	Central & Valley L5	Crewe West

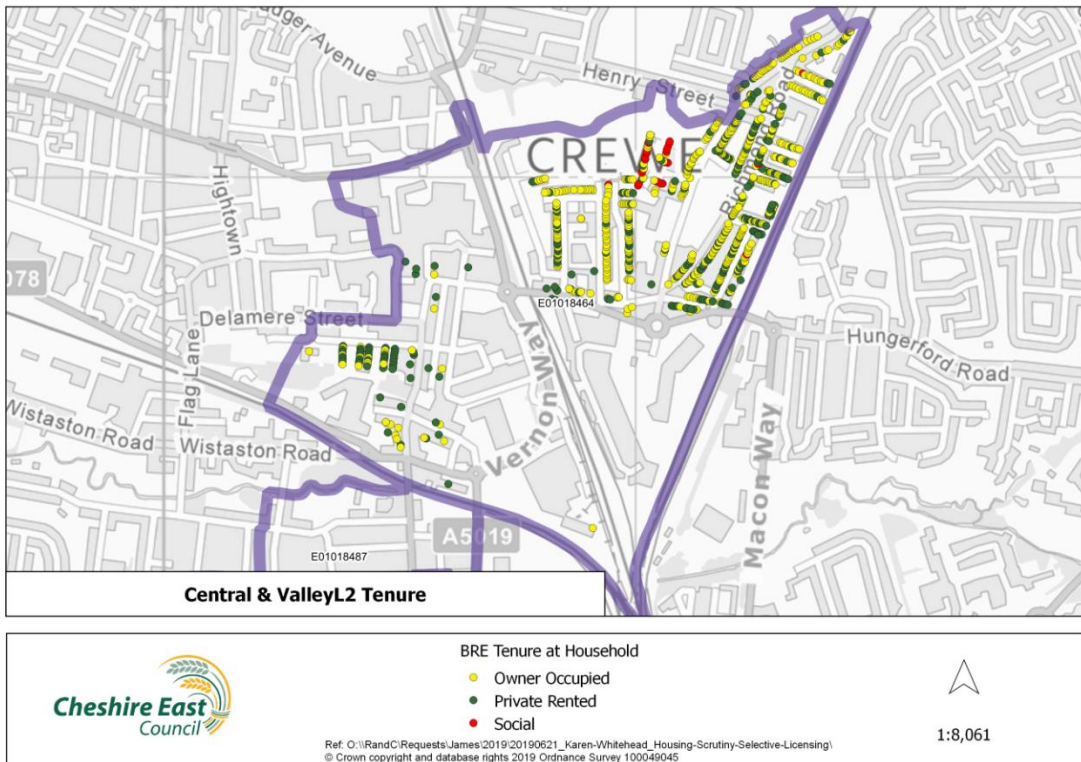
The estimated PRS for these LSOAs is 5,625 (17.8% of the PRS in Cheshire East). Again due to resource implications of implementing such a large scheme, and in line with a recommendation from the independent review of selective licensing by Opinion Research Services in 2019 that local authorities should start with smaller schemes, officers have looked to prioritise these areas further.

In considering the top 5 LSOAs, which had vulnerability scores of at least 3.5 times the Cheshire East average, it was found that although the LSOA boundaries were adjoined, the spatial distribution of the PRS was slightly disjointed in Central & Valley L2 in Crewe East ward from the other LSOAs, making it a distinctly separate area and one which would require a separate consultation if it were to be designated for selective licensing. This is illustrated in Maps 1 and 2.

**Map 2: Tenure data for Crewe (the red boundary outlines the LSOAs ranked 1,2,3 and 5)**



**Map 3: Tenure data for Central & Valley L2 in Crewe East ward (the LSOA to the south is St Johns L2 in Crewe South ward which forms part of the proposed priority area)**





It is proposed that Central & Valley L2 in Crewe East ward should be discounted from the priority area due to its distinctly separate PRS. This would reduce the number of LSOAs under consideration to 4.

The estimated PRS for these LSOAs is 1,777 (5.6% of the PRS in Cheshire East). Whilst still a significant challenge in terms of the amount of resource needed to implement and operate a selective licensing scheme, this distinct area has multiple conditions that would warrant a designation. If we were to reduce the proposed priority area further, to say 1 or 2 LSOAs, there is a risk that problems may be exacerbated in those areas not selected as they are already suffering similar conditions.

**Table 7: Key Indicators for Priority Areas**

Area	Selected Crime Rate per 1,000 population	ASB + Drugs Rate per 1,000 population	Private Rented % of all Properties	% of Private Rented Properties with Cat 1 Hazard	Household Income (Median)	Overall IMD Percentile 1% = most deprived
England	69.8	26.7	19%	14%	£31,500	
North West	84.0	27.8			£27,200	
<b>Cheshire East</b>	<b>63.2</b>	<b>20.9</b>	<b>17.7%</b>	<b>16.7%</b>	<b>£35,800</b>	
E01018486	154.0	56.0	54.6%	29.5%	£22,200	13.2%
E01018487	107.0	37.6	66.4%	33.3%	£22,300	23.3%
E01018489	49.7	8.2	59.7%	28.2%	£24,900	29.0%
E01018447	180.9	60.0	56.5%	24.3%	£26,200	30.6%

**Map 4: Proposed Priority Area for Selective Licensing**

