



Department for
Communities and
Local Government

Leaders of local authorities

Brandon Lewis MP
Minister of State for Housing and Planning

**Department for Communities and Local
Government**

4th Floor, Fry Building
2 Marsham Street
London SW1P 4DF

Tel: 0303 444 3430
Fax: 0303 444 3986
E-Mail: brandon.lewis@communities.gsi.gov.uk

www.gov.uk/dclg

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Dear Colleagues,

PRIVATE RENTED SECTOR - REFORM OF SELECTIVE LICENSING

I am writing to draw your attention to our plans to reform the system of selective licensing of privately rented housing. These changes will help local authorities focus their enforcement activity where it is most needed while ensuring that good landlords are not adversely impacted. They are scheduled to come into force on 1 April 2015.

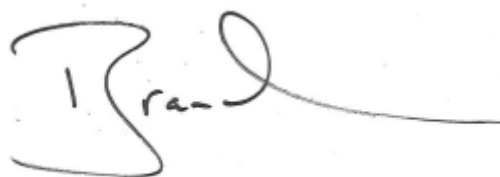
Local authorities have powers under the Housing Act 2004 to introduce selective licensing of privately rented homes in their area on the grounds of low housing demand and/or significant anti-social behaviour. Local residents, landlords and tenants must be consulted prior to the introduction of a licensing scheme. Landlords who rent out properties in an area that is subject to selective licensing are required to obtain a licence from the local authority for each of their properties. When licensing was originally introduced, local authorities had to obtain confirmation from the Secretary of State before a scheme could be introduced. However, in March 2010, a General Approval was issued, which removed the need to obtain confirmation before introducing a licensing scheme.

Licensing can play an important role when it is strictly focused on discrete areas with specific problems. However, the blanket licensing approach adopted by some local authorities has major drawbacks. This is because it impacts on all landlords and places additional burdens on reputable landlords who are already fully compliant with their obligations, thereby creating additional unnecessary costs for reputable landlords which are generally passed on to tenants through higher rents. The vast majority of landlords provide a good service and the Government does not believe it is right to impose unnecessary additional costs on them, or their tenants. Such an approach is disproportionate and unfairly penalises good landlords.

To address this issue, it has been decided to amend the General Approval. With effect from 1 April, local authorities will have to seek confirmation from the Secretary of State for any selective licensing scheme which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes in the local authority area. This approach will help ensure that local authorities focus their activity on areas with the worst problems while helping to ensure that they do not adversely impact on good landlords.

Guidance for local authorities on how to seek confirmation for proposed schemes above those thresholds will be published very shortly. All applications will be considered on a case by case basis. This change will not affect the procedures for introducing additional licensing or the mandatory licensing regime for large HMOs, which remain unchanged.

Alongside this change to the General Approval, regulations have been laid in Parliament that will expand the criteria for selective licensing. This is in response to concerns expressed by many local authorities who have suggested that the current criteria for selective licensing are too restrictive and do not give local authorities enough discretion to take account of local circumstances. It has, therefore, been decided to expand the criteria for selective licensing. Regulations have been laid before Parliament which will, subject to parliamentary approval, extend the criteria for selective licensing to cover areas experiencing poor property conditions, large amounts of inward migration, a high level of deprivation or high levels of crime. These changes will help ensure that local authorities have the right tools to help target enforcement action where it is most needed.

A handwritten signature in black ink, appearing to read 'Brandon Lewis', with a long horizontal flourish extending to the right.

BRANDON LEWIS MP