



## Renters (Reform) Bill – House of Commons report stage - amendment NC1 on selective licensing

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### Summary

**We are urging Members of Parliament to reject amendment NC1 that would remove the ability of local housing authorities to designate areas as subject to selective licensing.**

### Key points

- The proposed Property Portal does not remove the need for selective licensing schemes.
- Licensing provides a means for local authorities to inspect privately rented housing using enforceable conditions and to identify and resolve problems without the need for tenants to have complained.
- The Property Portal would collect valuable information but would not replace this service.
- The Bill should be used as an opportunity to remove unnecessary barriers to local authorities using licensing schemes to improve housing standards.
- We are recommending that local authorities should be able to use licence conditions to improve housing conditions and that the maximum duration of discretionary licensing schemes should be increased to ten years.

### Background

Selective licensing schemes involve designated areas where privately rented properties have to be registered with the local authority. We strongly disagree with suggestions that the proposed Property Portal removes the need for such schemes. Licensing provides a means for local authorities to inspect privately rented housing using enforceable conditions and to identify and resolve problems without the need for tenants to have complained. The Property Portal would collect valuable information but would not replace this service. The portal should be used as a tool to support the use of licensing schemes by local authorities.

Licensing provides locally tailored regulation of the sector. Licence conditions can provide a set of threshold standards for property conditions, overcrowding, management and maintenance, which both landlords and tenants can refer to. Licensing also provides a sustainable and predictable source of income that enables local authorities to maintain staffing levels and support the training of new officers.

Licensing means the market pays for its own regulation, rather than relying on the taxpayer, and average annual costs are little more than the price of a gas safety certificate. Licensing also makes major contributions to area-based issues such as crime, anti-social behaviour and waste



management, and brings together a range of bodies to focus additional support services for landlords and tenants, improving public health and reducing burdens on the NHS. Licensing brings landlords closer to the regulator, facilitates targeted action where it is needed most, ensures property managers are fit and proper persons and protects vulnerable tenants.<sup>1</sup>

We believe the Bill should be used as an opportunity to remove unnecessary barriers to local authorities using licensing schemes to improve housing standards.

There is currently a peculiar disconnect in the Housing Act 2004 licensing legislation whereby local authorities can introduce selective licensing schemes to address poor property conditions<sup>2</sup> but cannot include a directly enforceable requirement relating to property condition as a condition of the licence itself. We are therefore recommending that section 90 of the Housing Act 2004 should be amended by the Bill to enable local authorities to use licence conditions to improve property conditions. We are suggesting that the wording of subsection 90(1) should be brought into line with the wording of the equivalent provision for licensing of houses in multiple occupation in subsection 67(1).<sup>3</sup>

Discretionary licensing schemes, which include selective licensing schemes and additional licensing schemes for houses in multiple occupation with less than five occupiers, are very expensive and time consuming for local authorities to introduce. The introduction of selective licensing schemes also involves considerable uncertainty when the schemes are subject to the Secretary of State's ability to veto them. We would therefore like the general approval for selective licensing schemes to be reinstated in place of the current requirement for approval for schemes covering more than 20% of the local authority area. We are also recommending that sections 60 and 84 of the Housing Act 2004 should be amended by the Bill to increase the maximum duration of discretionary licensing schemes from five to ten years.<sup>4</sup> This would allow local authorities to advertise longer term posts and to include training of new staff in discretionary licensing schemes. It would also provide more time for local partnerships formed through such schemes to become embedded and effective.

## Further information

For further information please contact Mark Hope, Senior Policy and Public Affairs Executive, at [m.hope@cieh.org](mailto:m.hope@cieh.org) or on 020 7827 5822.

Further information about our views on other aspects of the Bill can be found in our [written evidence submitted to the Renters \(Reform\) Bill Committee](#).

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<sup>1</sup> Henry Dawson, [The role of Housing Act 2004 licensing in addressing the needs and issues of stakeholders in the private rental housing sector of England and Wales](#), PhD thesis, Cardiff Metropolitan University, November 2020.

<sup>2</sup> [The Selective Licensing of Houses \(Additional Conditions\) \(England\) Order 2015](#)

<sup>3</sup> See our [written evidence submitted to the Renters \(Reform\) Bill Committee](#), p. 9.

<sup>4</sup> See our [written evidence submitted to the Renters \(Reform\) Bill Committee](#), pp. 8-9.