

Selective Licensing Scheme (2026-2031)

Total Estimated Income and Expenditure

Scheme Administration

Staffing Costs	£718,402
Non Pay Costs	£435,885

Total Administration Costs	£1,154,287
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Scheme Maintenance

Staffing Costs	£2,496,687
Non Pay / Enforcement Costs	£468,686

Total Maintenance Costs	£2,965,373
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Total Estimated Scheme Costs	£4,119,660
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Total Estimated Scheme Income	£4,119,660
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Estimated Scheme Deficit	£0
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This is an estimate of Income and Expenditure over the 5 year period of the Scheme. The majority of the licence fee income would be expected to be collected in the first 18 months of the scheme, when most licences will be issued. The income will be ring-fenced, to be drawn down over the life of the scheme as costs are incurred. Prudent assumptions have been made in respect of future inflation impacting on scheme costs.

Selective licensing fees in England

The table below shows selective licensing fees across England in order to provide an overview of the costs associated. The tables shows that the fees proposed are broadly in line with other areas.

Local Authority	Commencement of Scheme	Licence Fee (Range)	Local Housing Authority
Gateshead Council	01/06/2025	£850	Gateshead Council - Selective and Additional Licensing
Manchester Council	24/05/2025	£764-£964	Manchester Council
Barking & Dagenham Council	06/04/2025	£950	London Borough of Barking and Dagenham
Blackpool Council	01/04/2025	£447 - £772	Blackpool Council - Selective Licensing
Newcastle City Council (2nd Entry)	01/04/2025	£1,000	Newcastle City Council - Selective Licensing
Bexley Council	13/01/2025	£800	London Borough of Bexley
Leeds City Council	17/07/1905	£1100-£1225	Leeds city council
North Lincolnshire Council	2025	£955	North Lincolnshire Council
Gedling Borough Council	05/01/2025	£645 -£840	Gedling Borough Council
Bristol City Council (2nd Entry)	06/08/2024	£912	Bristol City Council - Licensing Info
Middlesbrough Council	05/06/2024	£836-£998	Middlesbrough Council
North Yorkshire Council (Scarborough)	01/06/2024	£695	North Yorkshire Council - Selective Licensing
Peterborough City Council	11/03/2024	£908	Peterborough City Council
Nottingham City Council	01/12/2023	£665 - £1233	Nottingham City Council

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Redbridge Council	01/11/2023	£825 - £880	Redbridge Council - Selective Licensing
Brent Council	01/08/2023	£640	Brent Council - Property Licensing
Newham Council	01/06/2023	£650- £750	Newham Council - Rented Property Licensing
Sefton Council	01/03/2023	£494-£695	Sefton Council
East Staffs Borough Council	12/09/2022	£507 - £620	East Staffordshire Borough Council
Ashfield Council	25/07/2022	£250 - £350	Ashfield - Apply for a licence
Burnley Council	21/07/2022	£640-£750	Burnley Council - Selective Licensing
Oldham Council	04/07/2022	£840	Oldham Council - Licensing Info
Bristol City Council (1st Entry)	06/04/2022	£799	Bristol City Council - HMO and Selective Licensing
Durham County Council	01/04/2022	£520 - £555	Durham County Council - Private Rented Properties
Liverpool City Council	01/04/2022	£309-£680	Liverpool City Council
Tower Hamlets Council	01/10/2021	£747	Tower Hamlets Council - Licensing
Enfield Council	01/09/2021	£735	Enfield Council - Selective Licensing
Southend-on-Sea Council	18/03/2021	£808	Southend-on-Sea City Council
Havering Council	14/10/2020	£865-£900	London Borough of Havering
Wirral Council	01/10/2020	£595	Wirral Council
Oadby and Wigston Council	05/05/2020	£840	Oadby and Wigston Borough Council
Rotherham Council	01/05/2020	£521	Rotherham Council - Licensing Scheme

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Waltham Forest Council	01/05/2020	£700	Waltham Forest Council
Newcastle City Council (1st Entry)	01/04/2020	£900	Newcastle City Council - Private Sector Housing

Review Of Possible Economic Effects of a Selective Licensing Declaration.

An Independent Review of the Use and Effectiveness of Selective Licensing 2019

National research in 2019¹ concludes that;

Selective licensing **can contribute to rising house prices**, especially when part of a broader strategy to improve housing standards and community wellbeing. However, it's **impact is modest** compared to larger market forces and **not guaranteed** unless implemented effectively. Rents may be affected but the market forces are the major driver for rents in an area.

1. Positive Local Effects

- In areas where selective licensing was implemented effectively, **house prices increased**. For example, one authority reported:
- **16% increase in house prices** in the year following the introduction of licensing.
- This was attributed to improved property conditions, reduced anti-social behaviour, and better landlord management.

2. Mixed Evidence from Broader Analysis

- A desktop analysis comparing licensed areas with similar non-licensed areas showed:
- **Some licensed areas saw house price growth**, but not consistently more than comparator areas.
- **Market forces** (e.g. regional economic trends, demand/supply dynamics) had a **greater influence** on house prices than licensing alone.

3. No Clear Link to Rent Increases

- The report found **no strong evidence** that selective licensing **increased rents** significantly.
- Licence fees were too small to cause major rent hikes.
- Rent increases were more closely tied to broader housing market trends.

4. Indirect Benefits

- Licensing led to:
- Better property standards.
- Reduced vacancy rates.
- Improved tenant satisfaction.

These factors can **enhance the desirability** of an area, potentially supporting house price growth over time.

Mortgages

Owner occupiers

There is no evidence that Lenders will restrict mortgages for home ownership due to its inclusion in a selective licensing area. Lending decisions will be made on affordability and property condition as in any other area.

Does selective licensing affect Buy To Let mortgages?

Selective licensing can impact buy-to-let (BTL) mortgages. Some lenders may have policies against lending on properties subject to selective licensing (SL), and evidence of non-compliance by landlords can lead to difficulties securing or maintaining financing. It is likely that lenders will consider an applicant's track record, and each application will be considered on merit.

If the property or type of let falls under mandatory or selective licensing requirements the lender will usually require proof that a licence has been issued, as a condition of the mortgage. Which is a benefit to the selective licensing scheme.

Lender Concerns:

- **Invalidation of Mortgage Terms:**

Non-compliance with licensing requirements can invalidate mortgage conditions and landlord insurance policies, making it harder to secure financing and protection.

- **Difficulty in Securing Mortgages:**

Certain lenders may refuse to lend on properties within selective licensing areas, citing the potential for future problems and the need to become the licensee in case of repossession.

- **Long-term Consequences:**

Banning orders for landlords who fail to comply with licensing requirements can also impact their ability to let properties in the future, further hindering their BTL investment.

- **Increased Costs:**

SL can also increase costs for landlords through licensing fees and potential compliance costs, which can impact the financial viability of BTL investments. Similarly, lenders may avoid lending in areas of low value property regardless of a declaration.

In essence, SL adds a layer of complexity and risk for BTL investors, potentially affecting their ability to secure, maintain, and manage BTL mortgages. However, this would be the case with any affordability checks carried out by a lender when considering lending money to an applicant/investor.

Most lenders don't object to lending on SL properties, if the applicant can provide evidence of a sound business model and can show they are professional, experienced and compliant.

RBS/NatWest is one of the few lenders who actively avoid SL area stating they “will not consider multiple tenancies, Homes of Multiple Occupancy (HMO), bedsits, ‘Related Person’ tenancies, properties that fall under a selective licensing scheme or properties that will be used as a holiday home or holiday let.”

Other lenders may place restrictions on BTL or offer less favourable rates of interest, however, there appears to be BTL mortgage products available to investors in SL areas.

Insurance

There is no evidence that household insurance, car insurance or pet insurance, as suggested, is influenced by a selective licensing designation. Areas with higher crime rates and lower property values may pay increased premiums. It is possible that the symptoms which selective licensing aim to address, are the reasons that premiums in these areas are elevated, rather than the designation.

Landlord insurances may be affected by a designation, including products relating to guaranteed rents, for similar reasons described in the mortgage section. Premiums will reflect perceived risk, assessed on numerous factors. Areas of high levels of deprivation may attract higher premiums regardless of a selective licensing declaration.

Rents / Property Values

Work has been carried out using ‘Hometrack’ data from each of the selective licensing areas in the 2020-25 declarations. Comparisons have been made with surrounding areas (within 1000m) to identify if the declarations have had a noticeable effect on property values or rent levels.

Four of the areas have in part, been under selective licensing for 5 years, two areas for 10 years. This provides an illustration of the effect of a previous designation on rent and property values.

The table below compares 200 records per selective licensing area, to identify the average rents and property values along with the % annual change in both property values and rents.

In all cases the average rents and values in the designated areas are lower than their surrounding area. This is expected, as the reason for the declarations is to address a housing market experiencing difficulties. The figures do not support the argument that the declarations have driven the market artificially. The orange figures show where the largest % increases have occurred. In 3 of the 6 areas both % values and rents have increased or are the same in the selective licensing areas as the surrounding areas. In Town Centre / Eastwood % property values have increase within the declarations whilst % rents are lower. In Thurcroft the % rent values in the selective licensing area is noticeably higher than the surrounding, however property values are similar. This may be explained by the high proportion of social housing surrounding the declaration in this area.

The table shows no consistent pattern in values or rents where selective licensing declarations have been made. There is no compelling evidence that previous selective licensing declarations have significantly influenced the local housing market, which is consistent with the findings of the national study above on the effect

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of selective licensing on rents. In conclusion, local housing markets are more influenced by supply and demand and national economic factors than the introduction of selective licensing.