

**TITLE OF REPORT:**           **Review of Selective Licensing of Private Landlords within Central Gateshead-Phase 1**

**REPORT OF:**               **Paul Dowling, Strategic Director, Communities & Environment**

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### **Purpose of the Report**

1. This report provides a review and evaluation of the Central Gateshead, Phase 1 Selective Licensing Scheme, which expired on 17<sup>th</sup> May 2017, and considers how the area is supported by the Council beyond this date.
2. The report puts forward evidence of the Scheme's performance, its impact and outcomes achieved and includes feedback from residents, landlords and other stakeholders.

### **Background**

3. In 2012, parts of Central Gateshead (see Fig 1) were designated an area subject to Selective Landlord Licensing as set out in the Housing Act 2004. This area was then known as Central Gateshead Phase 1 Selective Landlord Licensing Scheme ("the Scheme"). This followed extensive research and consultation, and was approved by Cabinet in February 2012. The Scheme was subsequently introduced on 18<sup>th</sup> May 2012 and was the third licensing scheme to be introduced in Gateshead, coming after Sunderland Road in 2007 and the Chopwell River Streets in 2010. The Scheme would last five years, the maximum period for a licensing scheme, and expired on 17<sup>th</sup> May 2017.
4. Gateshead has been at the forefront of the development and implementation of the selective licensing of landlords, as a tool to improve standards of housing and management within the private rented sector.
5. At the time of designation in 2012, data collection confirmed that the Scheme area had high concentrations of privately rented homes and was experiencing a wide range of issues associated with low housing demand, low property values, anti-social behaviour and poor property conditions. It was considered that the Scheme would contribute towards the wider regeneration of the area, as well as improved property management standards. The aim was to raise standards within the private rented sector with a view to improving the overall social and economic conditions in the area to create a stable, strong, healthy and vibrant neighbourhood.
6. The problems evident were:
  - Declining property values;
  - Decreasing levels of owner occupation;
  - Increasing vacancy levels;
  - Anti-social behavior and criminal activity
  - Abandonment of properties, and

- A high turnover or residents
7. At the time of designation the area was subject to a major area regeneration programme and had benefitted from Housing Market Renewal Pathfinder funding (later referred to as BridgingNewcastleGateshead). Clearance and re development of homes were in progress and several blocks of homes had benefited from block improvements (BIS Scheme) following the creation of the Bensham and Saltwell Neighbourhood Action Plan. The introduction of Selective Landlord Licensing was considered a key, complementary tool to support the regeneration programme, the achievement of the objectives of the Bensham and Saltwell Neighbourhood Action Plan and a range of the Council's key priorities.
  8. Central Gateshead is still undergoing change. New houses continue to be built in the regeneration area and land is available for housing development. There is significant evidence that the Scheme has been operating effectively, and has directly delivered improved management and property standards within the private rented sector.

### **Performance of the Scheme**

9. Appendix 2 to this report provides detailed evidence of how the Scheme has performed against the aims and objectives set at the beginning of the Scheme.
10. The key aim of the Scheme was to address the factors causing low housing demand, so improving wider social and economic conditions in the area, resulting in a stronger, healthy and vibrant neighbourhood.
11. There is strong evidence the Scheme has delivered a positive impact on the social and economic wellbeing of the area. There remain some ongoing challenges within the area where the consideration of the continuation of licensing in certain areas is an option and would assist in ensuring improvements and investment to date are sustained and further improvements can be achieved— see **Cabinet Report of 24<sup>th</sup> January 2017 - Future Programme for the Selective Licensing of Private Landlords.**

### **Proposal**

12. Cabinet accepts the findings of the evaluation report of the Central Gateshead, Phase 1 Selective Licensing Scheme, which expired on 17<sup>th</sup> May 2017.

### **Recommendations**

13. It is recommended that Cabinet accepts the findings of the evaluation report of the Central Gateshead, Phase 1 Selective Licensing Scheme, which expired on 17<sup>th</sup> May 2017.

For the following reason:

To demonstrate that full and open evaluation of the Scheme has been made

### Policy Context

1. The proposal referred to in this report supports Gateshead's long-term Sustainable Community Strategy: **Vision 2030**, and the Council Plan.
2. The promotion of sustainable neighbourhoods to provide quality areas to live and work is a key priority within the Core Strategy and Urban Core Plan for Gateshead (2010-2030). Policy CS9 Existing Communities aims to ensure that communities will be sustainable places of quality and choice and within this strategy, Selective Licensing is recognised as tool to improve homes within the private rented sector to manage and secure improvements in areas in low demand and related social problems.
3. The proposal also aligns with Objective 2 of Gateshead's Housing Strategy 2013-18 and complements the Council's wider regeneration and economic development objectives.
4. The aim of The Housing Strategy 2013 – 2018 is to help people access and sustain a good quality affordable home in a sustainable community. Objective 2 relates to Housing Standards and is intended to improve the quality, condition and management of housing so that all residents benefit from safe, healthy and well-managed homes with one of the key challenges being the improvement of the private rented sector. The Selective Licensing designation has contributed towards several of the intended outcomes of this challenge by the following;
  - Improved stock condition (including energy efficiency)
  - Better management
  - Reduced environmental impact
  - Improved satisfaction with home, landlord and area
5. The Selective Licensing Scheme, implemented alongside other initiatives, has made a significantly contribution to tackling the Council's key priorities.

### Background

6. The Housing Act 2004 gives the power to Local Housing Authorities to designate areas for selective licensing in respect of privately rented accommodation, provided:
  - The area is experiencing low housing demand and, when combined with other measures, would contribute to an improvement in the social or economic conditions in the area, and/or,
  - The area is experiencing a significant and persistent problem caused by anti-social behaviour, and that some or all of the landlords in the area are not taking appropriate action to combat the problem, and when combined with other measures will lead to a reduction in the problem.
  - Additional designation criterion were introduced in 2015 in relation to levels of deprivation, migration, crime and housing conditions.
7. These powers can be used if a designation would be consistent with the Authority's overall housing strategy, and subject to required consultation.

8. In February 2012 Cabinet approved the proposal to introduce Licensing in the Central Gateshead Phase 1 area. The Scheme became operative in May 2012 and expired on 17<sup>th</sup> May 2017.
9. The Scheme area has been the subject of a range of other regeneration interventions aimed at improving housing conditions and market confidence in addition to the wider funding through Housing Market Renewal Pathfinder; Bridging NewcastleGateshead. These have included property accreditation and energy efficiency grants, targeted enforcement action, engagement with property owners, a falls prevention scheme for those at risk of falls within the home and work to encourage the bringing back into use of empty properties.

### **The Aims of the Scheme**

10. The objective of Selective Licensing is to help improve housing market conditions, and reduce low housing demand and anti-social behaviour, so promoting community cohesion and long-term neighbourhood sustainability.
11. The key aims of the Scheme were:
  - (a) To reduce the turnover of occupants to create stable communities.
  - (b) To reduce the number of empty properties and the length of time they remain unoccupied.
  - (c) To reduce levels of anti-social behaviour.
  - (d) To increase the number of properties which meet the Decent Homes Standard, as well as meeting the Accreditation Standard.
  - (e) To improve the management of properties in the area.
  - (f) To increase the value of residential premises.
  - (g) To increase the number of landlords who are fit and proper and manage their properties well.
  - (h) To increase the number of tenants who manage their tenancies well.
  - (i) To support the PRS in its provision of well managed properties and tenancies, and assist those seeking to live and currently living in the private rented accommodation.

### **Key outputs and outcomes**

12. Throughout the life of the Scheme, monitoring of its operation has taken place. This monitoring enabled progress to be evaluated, procedures to be continuously improved and targeted complementary interventions to take place.
13. Appendix 2 provides evidence of how the Scheme has performed against the original aims and objectives.
14. Key interventions included:
  - (a) Campaigns carried out to raise awareness of problems of refuse in gardens, yards and rear lanes, and poor property condition.
  - (b) 59 enforcement notices served, and over 350 letters sent to landlords and owners to tackle poor housing and environmental issues.
  - (c) Targeted work to minimise anti-social behaviour.
  - (d) Property inspections to assess and improve housing conditions.

- (e) Annual reviews of Licences to ensure property and tenancy management standards are being maintained.

15. Key outputs include:

- (a) 509 number of properties licensed.
- (b) 201 number of properties within the Scheme area have been Accredited, during the course of the Scheme, under the Council's voluntary property Accreditation Scheme, that encourages the improvement of rented property standards beyond that required as a basic legal minimum.
- (c) Over 70% of landlords, who own rental properties within the Scheme area, are now members of a landlord association.
- (d) 75 number long term empty properties have been brought back into use.

16. Key outcomes have included:

- (a) 79% of the licensable private rented stock within the Scheme area have reached the Council's property Accreditation Standard.
- (b) 51% reduction in complaints about private rented property condition, received by the Council's Private Sector Housing Team.
- (c) Multiple turnover rates within the area have more than halved
- (d) ASB rates reported to Northumbria Police have reduced
- (e) Legal action in relation to four private landlords representing six private rented homes. Five of these cases were in relation to failing to apply for a licence with fines of up to £1000 and the sixth in relation to a licence holder who failed to deal appropriately with anti-social tenants who was fined £10,000.
- (f) Over £8,000 of reclaimed housing benefit payments through Rent Repayment Orders for unlicensed properties.

### **Other issues**

17. Concern was expressed prior to designation of the Scheme, that there could be some displacement of residents and poor landlords to other areas of Gateshead. There is, however, no evidence of this having occurred, and by effective support of, and engagement with tenants and landlords, standards of property and tenancy management have been driven up, rather than poor practices being displaced.

18. As understood at the outset of the Scheme, and particularly given the significant discounts offered to landlords, the full delivery cost to the Council have not been covered by the licence fee income received (£190,730). It was considered appropriate that fees would be set at a rate that would be reasonable, and supportive of those landlords who had good quality properties and were members of a landlord association. Landlords were asked to accept that, in exchange for this relatively small investment, the support provided by the Council for the duration of the Scheme would lead to improvements in the area which would benefit all stakeholders.

19. Whilst the fee was initially viewed by some landlords as an additional burden, the approach adopted has proved to have been a balanced one, with very few landlords failing to submit a licence application. It has been necessary to progress prosecution of four landlords, with the Court finding in favour of the Council in each instance.

## Consultation

20. The Cabinet Members for Housing have been consulted.

21. During the Scheme, a number of monitoring and consultation exercises have been carried out. These have included:

- Engagement with residents, landlords and other stakeholders, through newsletters, meetings and questionnaires to determine perceptions and concerns about the Scheme area
- Ongoing monitoring of property conditions, empty properties, property management practices and housing turnover.

22. Specific consultation in February 2017 to assist in the overall evaluation of the Scheme. The consultation involved:

- Sending a questionnaire to all stakeholders (including all residents, landlords and property agents) in and around the Scheme area, inviting responses on the Scheme. Over 110 completed questionnaires were received.
- Individual consultation with stakeholders who had specific comments and concerns.

## Alternative Options

23. A future option is to consider the redesignation of all or parts of the Area: Before considering redesignating the Area, the Council would have to be satisfied that the Area suffers, or is likely to suffer, from low housing demand, and or a significant and persistent problem caused by anti-social behaviour. In view of the evidence and feedback from consultation there remain some challenges however several improvements have been achieved by the Scheme.

## Implications of Recommended Option

### 24. Resources

- (a) **Financial Implications** - The Strategic Director, Corporate Resources confirms that there are no financial implications arising from the recommendations within this report.
- (b) **Human Resources Implications** – Staffing resources are currently available within the Communities and Environment Service to provide advice and support to the area whilst a proposal for re-designation is developed.
- (c) **Property Implications** – None anticipated

25. **Risk Management Implication** – During the period of the Scheme, potential risk issues have not arisen to affect the deliverability of the scheme. Following the expiry of the Licensing Scheme, there is some risk that the improvements in standards of property and tenancy management secured may not be sustained, and may decline.

26. **Equality and Diversity Implications** – The aim of the Scheme was to have a positive impact upon those in most need within the designation area. Public consultation has been carried out in such a way as to fully satisfy the legislative

requirements, and to attempt to reach all stakeholder groups. The aim of Selective Licensing has been to promote community cohesion and stimulate long term neighbourhood sustainability, improve housing market conditions, and reduce low housing demand and anti-social behaviour.

27. **Crime and Disorder Implications** - Selective Licensing aims to reduce levels of anti-social behaviour thereby benefiting the whole community.
28. **Health Implications** – Selective Licensing actively promotes the Accreditation of privately rented properties. For properties to become accredited they must achieve the decent homes standard and thereby provide a safe and healthy environment for the occupants.
29. **Sustainability Implications** - Securing the long-term sustainability of the proposed designation area is an underlying objective.
30. **Human Rights Implications** – Where the Council's undertakes enforcement activity there are human rights implications, under Article 8 Right to respect for private and family life (Everyone has the right to respect for his private and family life, his home and his correspondence. There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others) The interference is reasonable in order to achieve adequate standards of repair and comfort to the occupiers.
31. **Area and Ward Implications** – The proposal affects the Bensham and Lobley Hill and Saltwell wards in the Central area.

### 32. **Background Information** -

- The Housing Strategy 2013-18
- The Private Sector Housing Enforcement Policy 2009 -2012
- Cabinet report – 20 March 2007 – Selective Licensing of Private Landlords, (Sunderland Road)
- Cabinet report – 14 July 2009 Selective Licensing of Private Landlords, (Chopwell)
- Cabinet report – 01 March 2011 - Future Programme for the Selective Licensing of Private Landlords
- Cabinet report – 7<sup>th</sup> February 2012 - Proposed Selective Licensing of Private Landlords within Areas of Swalwell and Central Gateshead
- Cabinet report – 24<sup>th</sup> January 2017 - Future Programme for the Selective Licensing of Private Landlords
- Members Briefing – Selective Landlord Licensing Recent Enforcement Action