

TITLE OF REPORT: **Future Programme for the Selective Licensing of Private Landlords**

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

Purpose of the Report

1. To request that Cabinet consider the introduction of Selective Licensing of private rented accommodation in further areas of the Borough, and approve and endorse a proposed phased programme of implementation.

Background

2. Gateshead has for many years been at the forefront of tackling poor standards in the private rented sector. In September 2007 the Council introduced one of the first Selective Landlord Licensing Schemes (SLL) in the country at Sunderland Road. This followed extensive campaigning to introduce landlord licensing as a tool to tackle problems associated with the private rented sector. A further three schemes were introduced in January 2010 (Chopwell River Streets), May 2012 Central Bensham Phase 1) and April 2013 (Swalwell). The schemes remain in place for a period of five years.
3. The Private Sector Housing Team continues to deal with poor standards of management and rented homes that are in a poor condition. Staffing within the team has reduced by 43% since mid-2014 and, with those reduced resources, the team is becoming increasingly focused on tackling those landlords whose poor practices result in the most numerous complaints and impact sometimes on the most vulnerable residents. Alongside the advice and guidance that is provided to tenants and landlords, enforcement activity is being targeted in an effort to change the behaviour of those who repeatedly fail in their responsibility to provide safe and well managed housing. Particular neighbourhoods can become vulnerable to investment from unscrupulous landlords as a result of lower than average property value, and concentrations of poorly managed homes become evident. These in turn causes an increase in the number of properties left empty, prevalence of anti-social behaviour and crime, and a high turnover of tenants, sometimes referred to as low demand. .
4. Selective Landlord Licensing (SLL) includes the provision of intensive support to landlords, tenants and residents in affected neighbourhoods. SLL results in improvements to property standards, management practices and reductions in anti-social behaviour, demonstrating that licensing can be an effective approach to providing support to an area suffering from low demand. Copies of the evaluation summary and achieved outcomes for the Sunderland Road and Chopwell licensing schemes can be seen in Appendix 2.
5. The Council has both a strategic role and statutory responsibilities to tackle the poor housing and antisocial behaviour that is prevalent in areas of low demand. The Council receives thousands of complaints each year from residents requesting help. Areas of

housing where complaint numbers are high, tend also to have the lowest property values, highest turnover, concentrations of poorly managed rented homes and increasing numbers of problematic empty properties. This negatively affects neighbourhood confidence and can compromise the success of other public sector or private regeneration investment. The targeting of enforcement action is necessary to reduce the demand that is created on key services by unscrupulous landlords.

6. Although a report was sent to Cabinet in January 2015, which suggested that there were no longer the necessary resources to continue selective licensing in one of our existing areas, the issues that this initiative was established to tackle remain. A recent review of working practices has concluded that this is the most effective way of dealing with these issues, and permanently solving the problems that they create.
7. Further research (Appendix 1) has been carried out to identify concentrations of Private rented sector properties within the Borough, and areas demonstrating low demand. This intelligence indicates that there are further areas that will benefit from Selective Licensing, including:
 - a. Further areas within the Bensham and Saltwell Neighbourhood Action Plan and
 - b. A redefined and smaller area of the existing Central Bensham Scheme - Phase 1 licensing area. See Figures 1 and 2.

Proposal

8. It is proposed that in line with the expiry dates of existing schemes a further and phased licensing programme should be introduced, subject to necessary consultation and based on the continuation/availability of current revenue resources. The proposed phasing reflects available resources and is based on the continuation of current revenue resources, and the use of reserves generated by income from existing licensing schemes, which has not been available until now. The schemes will generate a fee income stream to support the cost of delivery, and this will be determined following consultation.
9. The lessons learned and efficiencies achieved in the delivery of the four current schemes have also been considered in determining the programme's phasing.
10. In parallel the remaining scheme at Swalwell will require continued management and development to support continued improvements in this area and to ensure achievement of scheme objectives up until its expiry in April 2018.
11. The areas identified as priority for intervention are detailed in Figures 1 to 2 and are:
 - a. Central Bensham Phase 1 (Smaller redesignated area).
 - b. Central Bensham Phase 2 - The Avenues (1)
 - c. Central Bensham Phase 3 - The Avenues (2)
 - d. Central Bensham Phase 4 - The Avenues (3)
12. This report highlights the necessity to introduce further licensing schemes. Prior to implementation of each scheme, authorisation by Cabinet will be required, and the necessary consultation with stakeholders will be undertaken.

13. No referral or authorisation by Communities and Local Government will be necessary prior to implementation as a new general consent regime for discretionary licensing was introduced on 1 April 2010. This enables authorities to introduce schemes without seeking prior consent from Central Government.

Recommendations

14. It is recommended that Cabinet agrees to the proposed phased approach and implementation programme for selective licensing, subject to necessary consultation as follows:

- a) Redesignation of a smaller selective licensing area within the existing Central Bensham licensing scheme (Appendix 1, Figure 1).
- b) Prioritisation within the Bensham South, The Avenues and Bensham Central lower super output areas for a phased introduction of further selective licensing over the next three years (Appendix 1, Figure 2).
- c) Continuation of the existing landlord licensing scheme in Swalwell until April 2018.
- d) Focussed approach to anti-social behaviour problems affecting Birtley, Chopwell North and Swalwell.

For the following reasons:

- i. Ineffective property and tenancy management by some landlords
- ii. There are particularly high concentrations of private rented properties in the areas.
- iii. The areas are demonstrating indicators of low housing demand compared to the rest of Gateshead
- iv. To pilot a new approach to addressing anti-social behaviour in targeted geographical areas with the highest incidence.
- v. The proposal underpins the Council's and National Government's drive towards improving conditions in the private rented sector, and supports the Councils original campaign to licence private landlords.
- vi. The scheme would complement other initiatives and interventions in place to address low housing demand and anti-social behaviour within the proposed areas.
- vii. The proposal complements implementation of the Bensham and Saltwell Neighbourhood Action Plan.

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Policy Context

1. The proposals referred to in this report support 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 a 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 two objectives within the Housing Strategy 2013-18 to support delivery of the Council Plan. The Housing Strategy 2013-18 provides a single reference document for all of the Council's housing-related activity and provides a programme of actions that will maximise the contribution of housing to wider economic growth, personal health and wellbeing.
4. Key objectives contained within the strategy, which are consistent with the implementation of Selective Licensing include:
 - **Support** – to help residents access and sustain a home which promotes their wellbeing.
 - **Standards** – to improve quality, condition and management of housing in the private rented sector so that all residents benefit from safe, healthy and well managed homes.
 - **Supply** - To ensure use of existing stock and supply of new housing best meets current and future needs and aspirations.

Together these 3 objectives will promote sustainable communities and support the delivery of the Council Plan 2015-20 and Gateshead Core Strategy and Urban Core Plan.

5. The introduction of further landlord licensing into the proposed areas also complements the objectives of the BNG Pathfinder and the Bensham and Saltwell Neighbourhood Action Plan.
6. By ensuring that Selective Licensing is implemented alongside other initiatives and is aligned with key Council priorities, it is envisaged that this will significantly assist in tackling the key priorities.

Background

7. The Housing Act 2004 gives powers to Local Housing Authorities to designate areas for selective licensing in respect of privately rented accommodation, provided:
 - The area is or is likely to become an area of low housing demand and selective licensing, 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 selective licensing, when combined with other measures, will lead to a reduction in the problem.

8. In 2015, additional conditions were introduced within The Selective Licensing of Houses (Additional Conditions)(England) Order 2015, that are required to be satisfied prior to an area being designated for landlord licensing, these being;
- (a) that the area contains a high proportion of properties in the private rented sector, in relation to the total number of properties in the area;
 - (b) that the properties referred to in sub-paragraph (a) are occupied either under assured tenancies or licences to occupy; and
 - (c) that *one or more* of the sets of new conditions within the Order are satisfied, these being;

Condition 1 – that following a review of housing conditions in the area, the Council feel it appropriate for private rented properties to be inspected under the Housing Health and Safety Rating System, and intend to carry out such inspections and undertake any enforcement action necessary and, that by making the designation, combined with other measures taken in the area by the Council, this will contribute to an improvement in general housing conditions in the area.

Condition 2 – That the area has recently experienced or is experiencing an influx of migration into it and a significant number of privately rented properties are occupied by those migrants, and that by making the designation, combined with other measures taken in the area by the Council, this will contribute to the preservation or improvement of the social or economic conditions in the area, ensure that private properties are well managed and overcrowding is prevented.

Condition 3 – That the area is suffering from high levels of deprivation which affects a significant number of the occupiers in privately rented properties, and that by making the designation, combined with other measures taken in the area by the Council, contribute towards a reduction in deprivation in the area.

Condition 4 – That the area suffers from high levels of crime affecting those living in private rented properties, or other households and businesses in the area, and that by making the designation, combined with other measures taken in the area by the Council or the police, will contribute towards a reduction in the levels of crime in the area, for the benefit of those living in the area.

9. To date Cabinet has approved the introduction of Licensing in four areas within the borough. Two schemes have now expired (Sunderland Road and Chopwell) and two schemes remain in existence (Central Phase 1 expiring 2017 and Swalwell in 2018) which are both operating effectively, with initial positive indicators, resulting in improved management and property standards.
10. Building on the success of the expired and existing licensing schemes and given that there are strong indicators of housing market decline in other areas in Gateshead, the current proposal commits to a further programme of licensing to underpin improvements achieved to date.
11. The indicators which have been used to identify areas suffering from low demand and suitable for further licensing schemes include:

- Low property values - High levels of privately rented accommodation.
- High vacancy levels - High turnover or residents.

12. In addition, indicators relating to incidents of crime, anti-social behavior and housing related complaints have also been considered.

13. The evidence demonstrates that there are a number of areas within the Borough that could benefit from Licensing. The ten areas demonstrating the highest combined rank across the Borough (when considering specific indicators) are detailed below. Some neighbourhoods (not all) within the first three areas and Bensham South 2 already have Selective Licensing schemes in place. Sunderland Road and Chopwell North cover areas where landlord licensing schemes have now expired.

14. Consideration is also being given to the redesignation of a reduced and specific area within the existing Central Bensham Area - Phase 1 licensing scheme which expires in May 2017 (**Figure 1**). Specific streets within this area are continuing to demonstrate indicators of low demand and ineffective property management by some landlords and as such would benefit from a further period of intervention to secure improvements. Landlords within this area have benefited from training and support to understand expectations of good management standards and many have improved their practices as a result. There remains a number of landlords whose standards without ongoing regulation are likely to return to pre licensing practices, compromising the wider neighbourhood improvements made.

Table 1

Lower Super Output Areas	Overall Rank	Private rented properties	Sold property rank	Property transaction rank	Rank long term voids	Multiple turnover rank	Youth ASB 14-15 rank - Police	ASB Rank 14-15 Police	Criminal damage rank- Police	Private Housing Complaints 2103-16	Rank totals
Bensham South	1	15.9	11.0	3.3	10.6	13.3	0.8	1.7	3.6	16.7	76.8
Kelvin Grove	2	16.7	11.2	3.7	8.2	11.7	1.9	1.8	3.3	11.8	70.3
Swalwell/Metro Centre	3	14.8	10.9	3.1	13.6	8.3	1.1	2.2	5.5	9.2	68.9
The Avenues	4	15.4	10.4	2.6	7.8	12.8	0.9	1.2	3.1	13.0	67.3
Birtley/Birtley Industrial	5	13.5	10.4	3.3	9.0	6.9	5.6	3.0	5.6	8.9	66.0
Sunderland Road	6	16.5	9.0	3.3	8.3	10.1	1.3	2.2	4.1	9.8	64.7
Chopwell North	7	10.6	12.5	2.4	11.9	5.8	1.3	1.0	3.9	15.1	64.6
Bensham South (2)	8	13.5	10.7	3.6	8.9	10.8	1.0	1.2	2.7	11.8	64.1
Shipcote	9	13.7	11.0	3.5	5.6	10.5	1.4	2.2	3.1	12.5	63.6
Bensham Central	10	11.4	9.6	3.1	4.4	11.6	2.0	2.1	2.9	11.3	58.3

15. It is also proposed to prioritise further areas within Bensham South (rank 1), The Avenues (rank 4) and the Bensham Central (rank 10) lower super output areas from this ranking, using a phased approach over the next three years. This will be subject to periodic review of the appropriate indicators to ensure this intervention is still required. **Figure 2.**

Figure 1

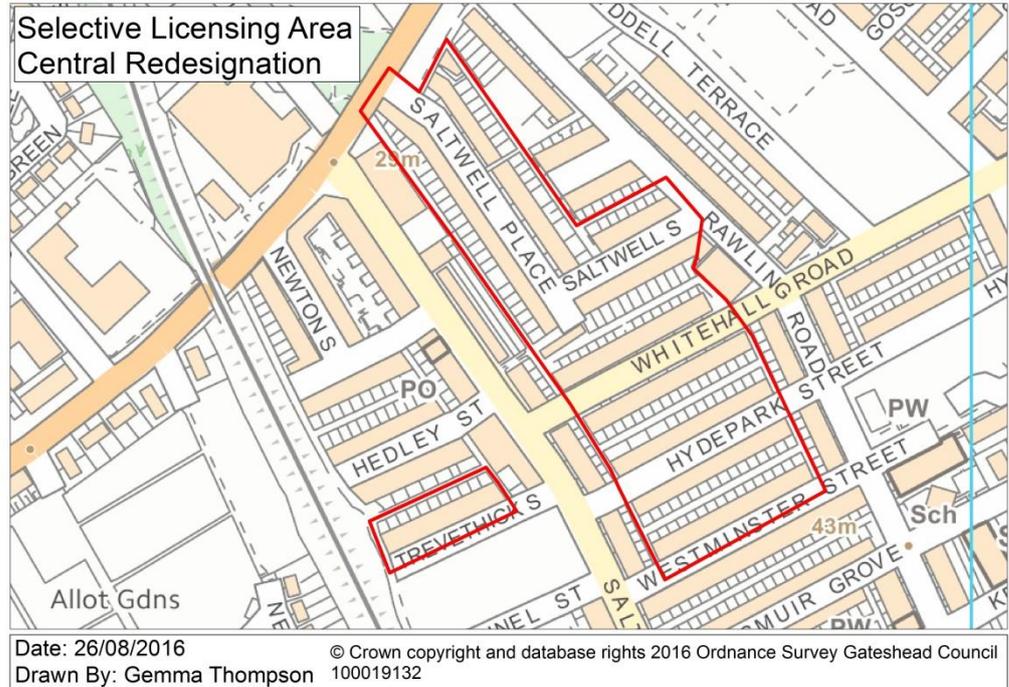
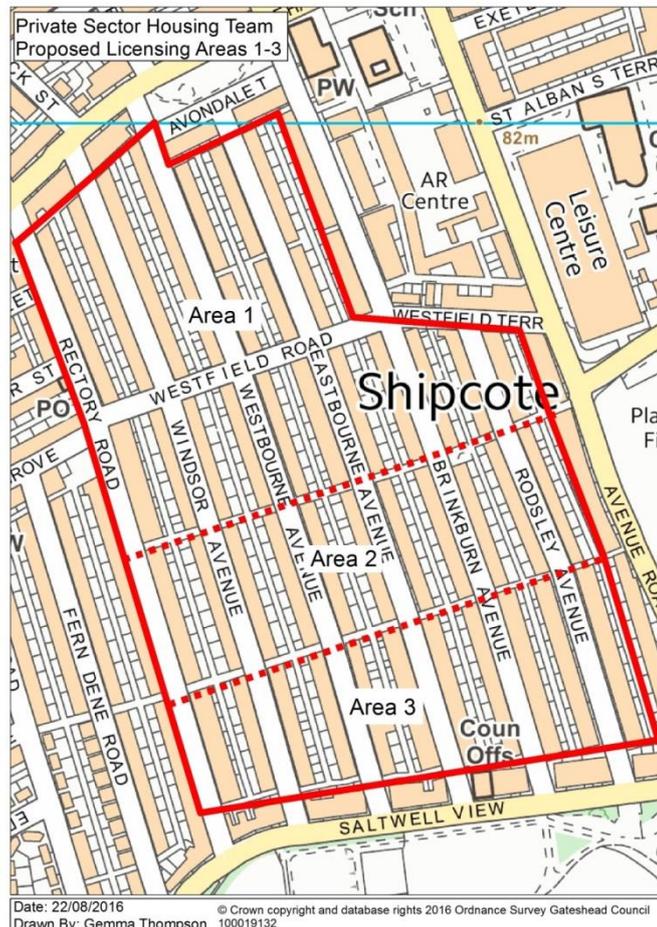


Figure 2

(Area 1 May 2018
Area 2 May 2019
Area 3 November 2019)



16. Experience obtained following the expiry of former schemes and feedback from residents and landlords would also indicate that in some instances when the intensive support through SLL is withdrawn, there is the potential that the area may be more vulnerable to a new phase of decline and deterioration.

17. These choices has also been informed by additional factors including;

- The majority of locations within each of the lower super output areas including Kelvin Grove, Bensham South, Bensham South 2 and The Avenues have benefited from a range of interventions including Block improvement schemes, demolition and redevelopment programme, environmental and public space improvements, which have already been used to support neighbourhood sustainability;
- There are particularly high concentrations of private rented properties within Kelvin Grove, Bensham South and The Avenues.
- The scale of the proposed licensing areas is commensurate with the existing available resources to deliver effectively and based on efficiencies achieved in delivery and lessons learned from the two existing schemes.
- The closer working with the Community Safety Team, and improved approach of investigating and resolving antisocial behaviour, means that we can pilot new approaches to some of the problems within the top ten areas at the same time.
- The schemes have the potential to self-finance through the fee income

Consultation

18. In preparing this report, the Cabinet Members for Housing and each of the ward members whose area features in Table 1 have been consulted. Councillors are supportive of the proposal and of the action planned within areas that fall outside the proposed licensing areas.

19. In January 2010, Overview and Scrutiny Committee considered the Selective Licensing process and its effectiveness. The benefits and impact of the schemes were endorsed by the Committee.

20. Specific consultation with necessary stakeholders, including private landlords and residents in relation to the introduction of Selective licensing within the proposed areas, will take place prior to reporting to Cabinet for approval. Consultation will ensure all relevant views are sought on the implementation of Selective Licensing in the areas identified. The report will seek Cabinet approval to the introduction and detail of the next scheme.

Alternative Options

21. Acceleration of the phased programme outlined below, **Table 2**, could be considered, however further staff resources would be required.

22. The option of not carrying out further schemes has been considered and disregarded, as there remains strong evidence of the need to introduce selective licensing without which problems associated with low demand including poor property prices and standards, levels of empty properties and anti-social behaviour are likely to continue. This would not align with the Council's wider strategic objectives of Vision 2030.

Implications of Recommended Option

23. Resources:

a) Financial Implications –

A pre requisite for the proposed programme for introduction of further licensing schemes is that existing staffing resources supporting the schemes are maintained and income from current and previous schemes is used to support the development and implementation of the proposed programme. The designation of further areas, and/or continuation of existing areas will also be dependent upon scheme overlap and scheme size.

If the programme is to be progressed using existing resources this would allow for the redesignation of a reduced area within the existing Central Bensham Area Phase 1 to be introduced in June 2017 (**Figure 1**), subject to Cabinet approval and relevant consultation, and the continuation of the Swalwell scheme to its expiry in April 2018. It is proposed that this be followed by the phased introduction of a further three areas (**Figure 2**) with increased staffing using fee income in May 2018, May and November 2019, subject to consultation in all three areas in late 2017.

The schemes generate a fee income and it is proposed to use income from existing and former schemes to resource initial additional staffing required to designate future areas. The table below outlines the resources required to deliver the schemes and is based on the continuation of current revenue resources and by utilising fee income. New schemes will continue to generate a fee income stream to support the ongoing costs of delivery, and this will be determined following consultation

Table 2

Current Resources		Additional Staffing	Additional Staffing plus	Additional Staffing plus+
(FTE) Senior EHO 0.7 EHO 0.8 Senior Support Assistant 0.2 Business Admin Trainee 0.3		+ Technical Officer 1.0 + Admin 1.0 (Grade D)	+EHO 1.0	+ T0 1.0
Existing Areas	Future Areas	Future Areas	Future Areas	Future Areas
Central Phase 1 – 850 homes – Expires May 2017 Swalwell - 490 homes- Expires April 2018	Redesignated Central Bensham Area Phase 1 – 321 homes Continuation of Swalwell – 490 properties	Redesignated SLL area (321 homes); plus Avenues 1 (559 properties)	Redesignated SLL area (321); Avenues 1 plus Avenues 2 (314 properties)	Redesignated SLL area (321); Avenues 1 and 2 plus Avenues 3 (299 properties)
Existing	Commence June 2017	Commence May 2018	Commence May 2019	Commence November 2019

Fees for future schemes will be determined following consultation and Cabinet will be advised prior to implementation of each scheme. Fees will be determined in line with the

costs that the Council is likely to incur, in relation to the development, implementation and delivery of the proposed scheme. Discounts may be included within the scheme for landlords who have demonstrated their commitment to the private rented sector, by attaining acceptable property standards.

Legislation states that a Selective Licensing area designation can only last for a maximum time period of five years. Each scheme needs to be reviewed on an annual basis. If it is deemed that the designation has been successful and the problems associated with low demand have been resolved, the designation may be revised or revoked.

The intensive support provided through SLL to landlords, tenants and residents, contributes towards effective property and tenancy management, as well as improved housing conditions in problem areas. Subsequently the demand from residents and tenants for help from the Council in relation to our statutory obligations is reduced, allowing resources to be used more effectively. Acceleration of the proposed programme, subject to required resources would achieve this over a shorter timescale.

b) Human Resources Implications

Staffing resources are currently available within Development and Public Protection to deliver the proposed June 2017 programme. Additional resource will be required to introduce three further phases during 2018-19, and this will be resourced using income generated from licensing fees. **Table 2**

c) Property Implications – All rented properties within licensing areas are inspected by Officers during the five year period to ensure good quality accommodation is provided and that conditions meet the legal minimum standard. Property owners are requested to undertake repairs and improvements where necessary and many go beyond the minimum standard to reach the Councils Property Accreditation standard. This reduces the number of non-decent homes and those that have Category 1 hazards under The Housing Health and Safety Rating System. The introduction of licensing can also contribute towards stabilising and improving rental and property values.

23. Risk Management Implication – As part of the development of the schemes the risks associated have been considered including; lack of support from stakeholders, changes in legislation and funding. Steps have been taken to minimise the risks to delivery, however the risks will be reviewed prior to final cabinet approval and implementation of the specific schemes.

24. Equality and Diversity Implications – The scheme aims to have a positive impact upon those in most need within the Areas identified.

25. Crime and Disorder Implications - Selective Licensing aims to address low demand and will contribute to improving the wider sustainability of the neighbourhood so helping reduce levels of crime and disorder.

26. Health Implications – The introduction of Selective Licensing contributes directly to improving the health and well-being of residents of Gateshead by improving conditions and management of private sector homes.

27. **Sustainability Implications** - Securing the long-term sustainability of Gateshead is an underlying principle of the phased approach to licensing.

28. **Human Rights Implications** – Where the Council 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) Enforcement activity within SLL areas can result when a property is identified that fails to meet the basic minimum housing standard. This interference is reasonable in order to achieve adequate standards of repair, safety and comfort to the occupiers.

29. **Area and Ward Implications** – Lobley Hill and Bensham and Saltwell in the Central Area.

30. **Background Information**

- The Core Strategy and Urban Core Plan for Gateshead (2010-2030).
- The Housing Strategy 2013-18
- Cabinet Report – November 2014 – Reviewing SLL in Chopwell
- Cabinet Report - December 2015 – Mid Term Evaluation Summary - Central Bensham-Phase 1 Licensing Scheme
- Housing Portfolio Update-June 2015 – Central Bensham Phase 1 and Swalwell Licensing Schemes.

Appendix 2

Summary of Key Interventions, Outputs and Outcomes of Chopwell River Streets landlord licensing scheme January 2010-January 2015.

Full evaluation summary can be found at

<http://www.gateshead.gov.uk/DocumentLibrary/housing/Private/Chopwell-SLL-Review-Nov-2014.pdf>

Key interventions included:

- Campaigns carried out to raise awareness of problems of refuse in gardens and yards, and poor property condition.
- 59 enforcement notices served, and 232 letters sent to landlords and owners to tackle poor housing and environmental issues.
- Targeted work to minimise anti-social behaviour.
- Property inspections to assess and improve housing conditions.
- Annual reviews of Licences to ensure property and tenancy management standards and being maintained.

Key outputs include:

- 273 number of properties licensed.
- 177 number of properties within the Area have been Accredited, during the course of the Scheme, under the Council's voluntary property Accreditation Scheme.
- 71% of landlords, who own rental properties within the Area, are now members of the Gateshead Landlords Association (GPLA), and as such are required to abide by a code of conduct.
- 85 number long term empty properties have been brought back into use.

Key outcomes have included:

- 64% of the licensable PRS stock within the Area have reached the Council's property Accreditation Standard.
- 55% reduction in complaints about property condition, received by the Council's Private Sector Housing Team.
- The % of empty properties, as a proportion of the housing stock in the Area, has reduced from 7.5% to 4.7%.

The Selective Licensing Area has been the subject of a range of other regeneration interventions aimed at improving housing conditions and market confidence. These have included accreditation and energy efficiency grants, targeted enforcement action, engagement with property owners, a falls prevention scheme and work to tackle the problem of empty properties.