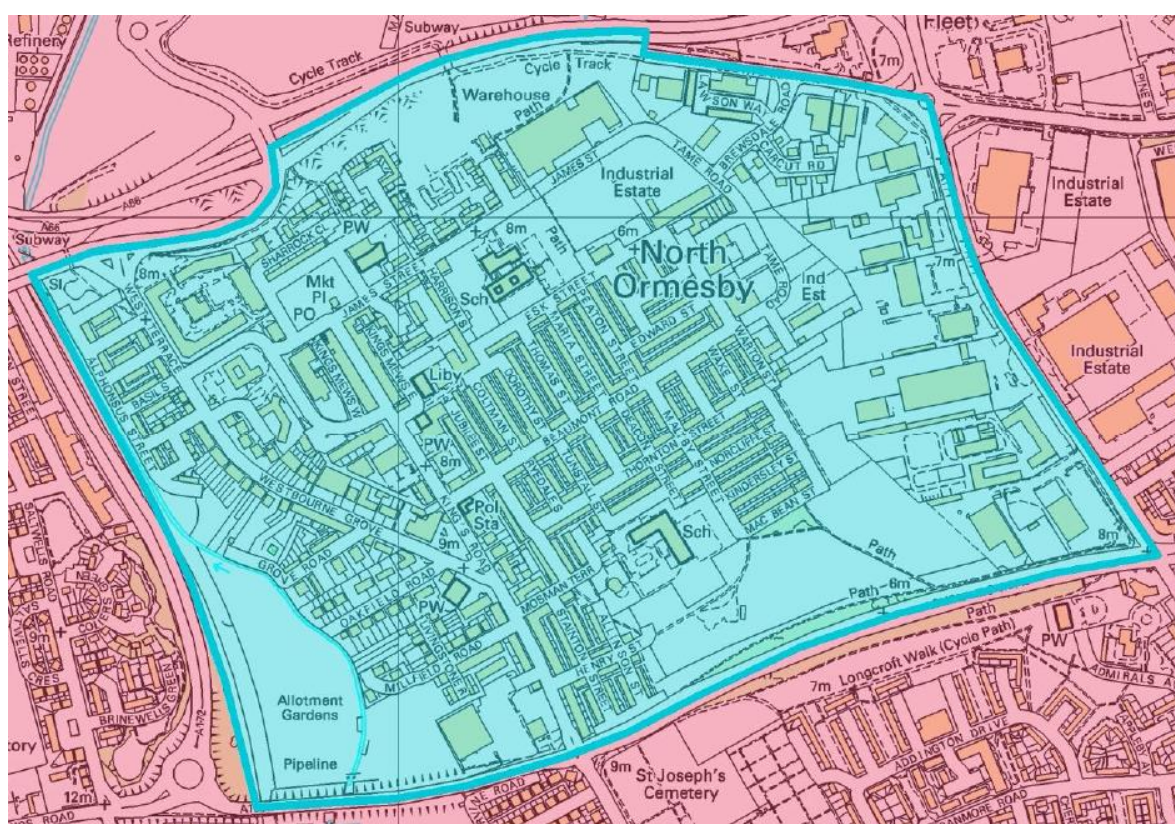


## Proposal by Middlesbrough Council to introduce Selective Licensing in North Ormesby



## CONTENTS

	Page number
<b>About this consultation .....</b>	<b>2</b>
<b>Challenges facing North Ormesby .....</b>	<b>2</b>
<b>Low demand housing .....</b>	<b>3</b>
<ul style="list-style-type: none"><li>• Tenure mix</li><li>• Empty properties</li><li>• Property values</li><li>• Turnover</li><li>• Housing stock condition</li><li>• Housing disrepair</li><li>• Illegal eviction/harassment</li><li>• Anti-social behaviour</li><li>• Crime</li></ul>	
<b>Wider indicators .....</b>	<b>5</b>
<ul style="list-style-type: none"><li>• Index of multiple deprivation</li><li>• Unemployment</li><li>• Fuel poverty</li></ul>	
<b>How the proposed selective licensing scheme will work .....</b>	<b>6</b>
<ul style="list-style-type: none"><li>• Licence application</li><li>• Fit and proper person test</li><li>• Licence conditions</li><li>• Refusal to grant a licence</li><li>• Failure to apply</li><li>• Exemptions</li><li>• Inspection programme</li><li>• Licence fees</li></ul>	
<b>Potential benefits of the Selective Licensing scheme .....</b>	<b>7</b>
<b>How Selective Licensing will support strategies for the area .....</b>	<b>8</b>
<ul style="list-style-type: none"><li>• Mayor’s Vision and Council’s Change Programme</li><li>• Health and wellbeing</li><li>• Private rented sector</li><li>• Anti-social behaviour</li><li>• Prevention of Homelessness Strategy</li><li>• Empty homes</li><li>• The BIG Local and North Ormesby Neighbourhood Action Plan</li></ul>	
<b>Alternative remedies and why the Council considers they are insufficient .....</b>	<b>10</b>
<ul style="list-style-type: none"><li>• Accreditation</li><li>• Enforcement of housing standards</li><li>• Management Orders</li><li>• Private Sector Leasing Scheme</li><li>• Alternative approaches – summary</li></ul>	
<b>Consultation: opportunities to engage and respond .....</b>	<b>12</b>
<ul style="list-style-type: none"><li>• Methods of consultation</li><li>• How to respond to the consultation</li></ul>	

## **ABOUT THIS CONSULTATION**

The Housing Act 2004 gives the Council powers to introduce Selective Licensing for privately rented properties in areas experiencing low housing demand and/or significant and persistent anti-social behaviour. The purpose of such schemes is to improve standards of property management in the private rented sector. The Council can make the 'designation' if it believes this will, when combined with other measures, lead to improved social and economic conditions in the area.

The Council proposes to introduce Selective Licensing in North Ormesby, as outlined on the map at Appendix 1. The Council's proposal is made on the grounds that North Ormesby is an area of low housing demand.

This document explains why the Council believes Selective Licensing is needed in North Ormesby, how it will operate alongside and complement other measures, the improvements it will bring about and why alternative remedies are insufficient.

The Council wants to hear from those who are likely to be affected by the proposed scheme, including local tenants, landlords, managing agents and other members of the community who live or operate businesses or provide services within the proposed designation. This includes local residents and those who operate businesses or provide services in the surrounding area outside of the proposed designation who are likely to be affected. This wider consultation area is also outlined on the map at Appendix 1.

Details of how to respond to the consultation are set out from page 12.

The consultation will last for a period of 10 weeks, starting on 12 January 2015 and closing on 23 March 2015. After this time the results will be published, including a summary of the responses received and how these have either been acted on or not, giving reasons in each case.

The Council will make a final decision on Selective Licensing after it has fully considered the responses to the consultation.

Should the Council decide to introduce a scheme then all affected parties will be formally notified 3

months in advance of it coming into operation.

## **CHALLENGES FACING NORTH ORMESBY**

North Ormesby is experiencing major challenges associated with social and economic decline:

- between 2007 and 2010 the area showed the most significant increase in deprivation across the whole town;
- a burgeoning private rented sector with evidence to suggest poorly managed properties are feeding a concentration of anti-social behaviour and crime in the area, borne out by the BIG Local whose survey has confirmed it as a key concern for residents;
- equivalent crime levels to Gresham (the area with the highest recent crime levels in the town);
- high levels of social isolation particularly amongst older people; and,
- low levels of resilience to welfare reform impacts.

A significant and concerning pattern of housing and subsequent social decline in parts of North Ormesby can be identified:

- the older terraced properties are no longer the first time buyers 'house of choice' they have been in previous generations;
- the low demand for two bedroom terraced properties has led to private sector landlords purchasing properties at relatively cheap prices;
- some, but by no means all, of these landlords have housed tenants who have gone on to present a wide range of problem behaviours further fuelling low demand levels;
- there are a high number of empty properties in the area; and
- this concentration of issues has seen a broad range of social problems manifest themselves from drug and alcohol abuse to domestic violence and high crime levels.

Whilst North Ormesby may not always be recognised as the most disadvantaged area against every statistical measure, the rate of its decline, its vulnerability in terms of crime, social isolation, and the impact of welfare reform provides a particularly compelling picture of chronic need – especially in conjunction with the apparent housing market failure. If not addressed, this decline could threaten the long-term stability of the area.

## **LOW HOUSING DEMAND**

The Council is looking to introduce Selective Licensing in North Ormesby on the basis that there is compelling evidence of low housing demand. In line with legislation and guidance the Council has considered the indicators of low housing demand described in the following section. The evidence points to an area with a high incidence of private renting, low property prices, a transient tenant population and high proportion of empty properties.

### **Tenure mix**

North Ormesby has a disproportionately high level of private rented properties and very low levels of owner occupation. It consists of approximately 1,750 properties, of which 38% are privately rented. Approximately 39% are owner-occupied and 18% are social rented.

The level of private renting in North Ormesby contrasts markedly with the rest of the town and the national rate of 16.8%.

In the 10 year period between 2001 and 2011, North Ormesby has seen a major change in its tenure mix.<sup>1</sup> Owner occupation decreased by 17.7%, the social rented sector decreased by 16.9%, in contrast the private rented sector increased by 118.2%.

### **Empty properties**

The problems empty properties cause for local communities are well known, but in summary they:

- deny homes to those in need;
- attract vermin, crime, arson, vandalism, fly-tipping and anti-social behaviour;
- are a source of anxiety for owners and neighbours;
- reduce the value of neighbouring properties; and,
- as a consequence, are a drain on public services and budgets.

At the end of September 2014, according to Council Tax records, there were 68 long-term empty properties in North Ormesby, which equates to 3.9% of total stock. North Ormesby has the second highest proportion of long term empties than other areas in Middlesbrough. This position contributes to a negative image causing uncertainty for

established residents and making it hard to attract people to the area.

### **Property values**

With average sales prices in North Ormesby at £48,000<sup>2</sup>, they are amongst the lowest in the town. Gresham's property value are of a similar price £47,400 where the average price in other town centre wards are higher (£64,000 in Middlehaven and £98,000 in University). The average house price for Middlesbrough is £124,000). A number of factors are at play, including the disproportionate levels of private rented properties when compared with other parts of the town, high levels of crime, anti-social behavior and deprivation, and empty properties. These older terraced properties are no longer the first time buyers 'house of choice' they have been in previous generations.

Anecdotal evidence has been obtained from local estate agents who were asked about the price of properties, location and length of time on the market. Their responses are summarised below.

- Prices range from £25k-£30k up to £55k dependent on the particular location. Those purchasing properties in North Ormesby tend to be investors looking to buy to rent. Properties can be well kept/decorated to a good standard but the location is the issue and limits the selling price. Sales can take from three to eight months.
- Prices are dropping and interest is from investors only not first or second time buyers. Two bedroom properties are selling for £25k to £40k, with three bedroom properties selling for £30k to £50k . Prices have halved in the past three to four years. The condition is not an issue and the sale is completed based on price. There has been a rise in repossessions, or simply moving out of the area.
- Sale price is very much dependent on the location within North Ormesby. Properties around the Beaumont Road area are the ones that sell for very low prices with investor interest and selling for around £22k-£25k.

### **Turnover**

The presence of a more transient population typically housed in privately rented accommodation can have a negative impact on the stability and desirability of an area. It can also affect community integration and investment

<sup>1</sup> National Statistics, Household Tenure QS405EW (2001 & 2011).

<sup>2</sup> Land Registry, Sold Prices, August 2013 to July 2014.

and affect school performance negatively. Transience can also attract disadvantaged people to the area, which in turn can lead to increased social deprivation.

Concentrations of one and two person younger adult households are associated with the private rented sector in North Ormesby along with a higher level of turnover of tenancies. In North Ormesby 25.7% of the resident population is aged between 20 and 34 compared to 21.5% across Middlesbrough. Population turnover rates from the Office for National Statistics (2009-2010) identified that the Middle Super Output Area for North Ormesby had one of the highest rates of inflow of people aged 25 to 64 in Middlesbrough.

Council Tax records provide a guide as to the proportion of properties experiencing turnover in the North Ormesby area. Of the 1,791 Council Tax accounts in 2013/14 a change occurred in 72.8% of them, requiring a new account to be created, affecting 705 properties (39%). In the preceding year a change requiring a new account to be created occurred on 85.8% of accounts, affecting 870 properties (50%).

### **Housing stock condition**

Middlesbrough's Private Sector Stock Condition Survey (PSSCS) 2008 identified North Ormesby as having the highest proportion of non-decent dwellings in Middlesbrough at 60.5%. Non-decent homes do not meet current statutory minimum standards, are not in a reasonable state of repair, do not have reasonably modern facilities and fail to provide a reasonable degree of thermal comfort.

North Ormesby also recorded the highest non-decency remedial cost score by area (£40.3m and an average of £3,685, per non decent dwelling).

The same survey identified North Ormesby as having the largest proportion of vulnerable households (74.2%) living in non-decent homes.

North Ormesby was also found to have by far the highest proportion of homes with a Category 1 hazard (37.8%). Examples of Category 1 hazards include:

- inadequate heating
- absence of working fire alarms
- leaking roof

- broken rail on a steep stairway
- lack of physical security, such as doors and windows not closing or locking properly.

North Ormesby also had the lowest SAP rating (40) – this compares the energy performance of different homes and is measured on a scale of 1 to 100. The higher the rating the lower the fuel costs.

### **Housing disrepair**

The Council received 145 complaints of housing disrepair in private rented property in North Ormesby between 2011/12 and 2013/14, this equates to 8.4% of the private rented properties in North Ormesby, the town average being 3.4%.

The Council forwarded 41 pre-formal schedules of work to landlords in North Ormesby between 2011/12 and 2013/14 (2.4% of private rented housing in the area) with the town average being 0.6%.

The Council served 9 statutory repair notices on landlords in North Ormesby between 2011/12 and 2013/14.

### **Illegal eviction/harassment**

Between 2011/12 and 2013/14 there were 16 complaints of illegal eviction and harassment in North Ormesby, which is the highest rate in the town within the private rented sector.

### **Anti-social behaviour**

Anti-social behaviour and crime can have a devastating effect on individuals and communities. It describes a wide range of everyday nuisance, disorder and crime from graffiti and noisy neighbours to harassment and street drug dealing. It is sometimes dismissed as trivial, but anti-social behaviour has a huge impact on victims' quality of life and it is often the public's number one priority when it comes to local concerns.

Anti-social behaviour that the Council's Community Safety Team regularly needs to deal with includes:

- Vandalism, graffiti, and other deliberate damage to property or vehicles
- Teenagers hanging around on the streets
- Rubbish or litter lying around
- Drug use and dealing
- Drunk or rowdy behaviour
- Chaotic families.

There was a total of 1,917 complaints of anti-social behaviour received by the Council's Private Housing Enforcement and Anti-Social Behaviour Teams, an increase over that period of 67.9%.

Between October 2013 and September 2014, Cleveland Police also dealt with 732 cases of anti-social behaviour in North Ormesby. This is the second highest rate per population in the town. The ward with the highest rate was Middlehaven, which includes town centre related anti-social behaviour e.g. reports of drunk/rowdy behaviour, often handled by Street Wardens.

### **Crime**

North Ormesby is experiencing some of the highest levels of criminal activity in Middlesbrough. Between October 2013 and September 2014 there were 716 crimes reported in North Ormesby. Middlehaven has the highest rate, however, this area includes crime associated with town centre retail and the nighttime economy.

## **WIDER INDICATORS**

### **Index of Multiple Deprivation (IMD)**

The IMD 2010 identifies areas of multiple deprivation for each local authority area as a whole and also for smaller areas within each local authority known as Lower Layer Super Output Areas (LSOAs).

The IMD is a relative measure of deprivation and is based on a variety of indicators. Each of the 32,482 LSOAs in England are assigned a score based on deprivation levels, and also a rank based on each of the scores. Rankings for the 326 English districts and boroughs are also calculated. Middlesbrough has a rank of average score of 8 meaning it is the 8th most deprived local authority area in England.

In 2010 the 2 LSOAs for North Ormesby were in the 10% most deprived nationally being ranked 326 and 328 of 32,482 LSOAs. Both LSOAs had declined since 2007 with one showing the biggest decline in Middlesbrough, falling by 1,172 places.

The North Ormesby and Brambles Farm ward is the third most deprived ward in the town, and has declined since 2004<sup>3</sup>.

---

<sup>3</sup> [www.middlesbrough.gov.uk/index.aspx?articleid=2135](http://www.middlesbrough.gov.uk/index.aspx?articleid=2135)

### **Unemployment**

Benefit dependency is a major concern with over 30% of the North Ormesby and Brambles Farm working age population claiming at least one of the key out of work benefits compared to 19.2% in Middlesbrough.

The North Ormesby and Brambles Farm ward has the highest rate of youth unemployment in the town (14.0%), and the fourth highest rate of long-term unemployment (3.6%), compared to Middlesbrough as a whole (6.7%) and (1.8%) respectively.<sup>4</sup>

### **Fuel poverty**

Fuel poverty in England is measured by the Low Income High Costs indicator, which considers a household to be in fuel poverty if they have fuel costs that are above average, and if they were to spend that amount they would be left with an income below the official poverty line.

The key drivers behind fuel poverty are: the energy efficiency of the property, the cost of energy, and the household income.

North Ormesby has a rate (30.9%)<sup>5</sup> of its households living in fuel poverty, almost three times the national rate (10.4%).

---

<sup>4</sup> Tees Valley Unlimited, Ward Statistics, September 2014.

<sup>5</sup> Gov.UK Fuel poverty: sub-regional data under low income high cost indicator, 2012.

## **HOW THE PROPOSED SELECTIVE LICENSING SCHEME WILL WORK**

### **Licence application**

Within the designated area all privately rented properties will need a licence to operate. The owner of the rented property will need to make an application to the Council. The Council must be satisfied that of all the person with an interest in the property, the most appropriate person is the licence holder, this would usually be the property owner.

The licence will be valid for a maximum 5 years, although the Council has discretion to grant the licence for a shorter period of time where there are problems with the application such as evidence of insufficient management. Failing to apply for a licence could lead to prosecution and a fine of up to £20,000. If prosecuted, this would lead to the licence holder no longer being classed as 'fit and proper' (see below) and would mean they would need to find someone else to hold their licence and undertake the management of the property.

### **Fit and Proper Person test**

As part of the application process, proposed licence holders and managers will be required to prove that they are "fit and proper persons" and that they have satisfactory management arrangements in place, including those for dealing with anti-social behaviour. A plan for how they will handle complaints of anti-social behaviour will need to be submitted with the application.

When deciding whether a landlord and/or managing agent is "fit and proper" the Council will look at whether they have:

- Committed any serious criminal offences (fraud, violence, drugs or sexual offences)
- Discriminated illegally against anyone
- Breached laws that relate to renting property.

To check this, all applications will require detailed information from the landlord and any relevant managers. Any significant and relevant convictions, cautions, reprimands and warnings will not necessarily mean that an application for a Licence will be refused. Offences have been allocated into categories 1, 2 and 3, with Category 1 being regarded as the most serious (Appendix 2). Where the Council has concerns, applicants will be required as part of the licence conditions to seek a Disclosure Scotland.

There will be a fee to cover the Council's costs of carrying out the fit and proper person checks, which will be £20.00 per person. Landlords with multiple properties will only be required to pay this fee once, if it is the same owner and manager.

### **Licence conditions**

The license holder will have to satisfy a number of conditions. Breaches of these licence conditions could lead to prosecution and a fine of £5,000.

Mandatory conditions relate to the following requirements:

- a landlord must obtain references from all persons wishing to occupy the property;
- landlords must produce gas certificates;
- electrical appliances must be kept safe;
- the property must have working smoke alarms; and,
- each tenant must be provided with a written tenancy agreement.

The Council is proposing to include a number of discretionary conditions which relate to the management of the property, including: ensuring the number of occupiers does not cause overcrowding with the property, to supply a copy of the Energy Performance Certificate to the Council, to fit carbon monoxide detectors to the property, and have a suitable anti-social behavior plan in place. The proposed licence conditions are attached to this document at Appendix 3.

### **Refusal to grant a licence**

If the licence application is refused, and there is no reasonable prospect of the property being licensed in the near future, the Council can apply for an Interim Management Order to take over the management of the property for up to one year or until such time as the owner is able to rectify the reasons for the licence being refused. If the owner is unable to rectify the problems then the Council can apply for a Final Management Order to take on the management for up to 5 years.

In some circumstances rather than refuse the licence, it may be possible for the owner to apply for a temporary exemption notice. This allows 3 months for the owner to take such steps as are necessary so the property no longer requires a licence e.g. the property has been sold to an owner-occupier.

## **Failure to apply**

Failing to apply for a licence could lead to prosecution and a fine of up to £20,000.

In addition to the fine the Council can apply for a Rent Repayment Order which allows amounts paid in connection with a tenancy or licence to be recovered for the period that the property should have been licensed.

## **Exemptions**

There are certain properties that are exempt from applying for a licence, they are detailed at Appendix 4.

## **Inspection programme**

The Council will inspect all private rented properties within the area. High risk properties that are known to be problematic will be prioritised. The inspection programme will check for compliance with selective licensing conditions including:

- the working order and positioning of smoke alarms;
- carbon monoxide detector;
- tenancy agreements supplied to the tenant;
- property management arrangements.

Compliance action will be taken against landlords who breach licence conditions. Landlords will not be deemed to be 'fit and proper' if housing offences are proven against them in the courts.

The inspections will be on a multi-agency/disciplinary team, this could include a Licensing Officer, Police, Neighbourhood Safety Officer and Social Care Early Help Practitioners. This approach is to ensure that as well as checking compliance with the licence conditions, the tenants are helped and supported with any issues they may be facing. Issues may include substance misuse, parenting skills, unemployment; the team will make referrals to relevant agencies and follow-up any actions. It must be stressed that only the time of the licensing officer checking compliance with the licence conditions will be charged to the licence fee.

The other services offered through the Early Help Team will be of benefit to landlords, tenants and the wider community to help to reduce the turnover of tenants.

## **License fees**

The Housing Act 2004 gives the Council the power to charge landlords a fee for all costs it incurs carrying out its Selective Licensing functions. The Act also allows the Council to take into account costs incurred in carrying out functions in relation to Interim and Final Management Orders (so far as they are not recoverable under that part of the Act).

The Council proposes to charge a basic fee of £580.00 for a licence.

The proposed fee structure is set out in detail at Appendix 5. The Council aims to reward landlords, who come forward to comply in a timely manner. The Council is also proposing to look at payment plans over twelve months, by direct debit.

Income from the licence fees is ring fenced meaning that it can only be used for this project and not for any other reason. It is anticipated the scheme will require 4.5 FTEs and an Apprentice to operate.

## **POTENTIAL BENEFITS OF THE SELECTIVE LICENSING SCHEME**

It is anticipated that introducing this scheme in North Ormesby will have a number of benefits to the community, landlords, tenants and owners, both directly and indirectly, including:

- Improved management and condition of privately rented accommodation.
- Support for landlords in dealing with anti-social tenants.
- Reductions in levels of anti-social behaviour.
- Educating tenants about their responsibilities and their impact of their behaviour on the community and neighbours.
- Encouraging tenants to recognise when properties are of a sub-standard condition and what options are available to them.
- Promotion of landlord aspiration to let property to a higher standard and to act in a professional manner.
- Encouragement of landlords not to take tenants with a poor reference.
- Improvement of the image and desirability of the area.
- Improved values of property in the area.
- Encouraging a change to the tenure mix of the area. Protect investment in the area.

- Working with those landlords who are not providing good quality accommodation or managing their tenancies effectively and removing “rogue landlords” altogether.
- Reduced tenant turnover leading to sustainable communities, creating communities where tenants want to remain.
- Encourage the use of reputable managing agents when landlords are inexperienced or “absentee”.
- Raising community confidence through the appropriate use of enforcement powers against landlords who are failing to comply with the provisions of the Housing Act 2004.

The Council aims to build better working relations with landlords in the area and concentrate resources on eradicating bad practice by some landlords.

License conditions will help to ensure that vulnerable tenants are living in accommodation where the management is capable of dealing with their needs.

It will also help the Council to better target resources in dealing with anti-social tenants and enforce against unprofessional landlords.

Selective Licensing will seek to develop a more consistent level of property management services among all private landlords in the area, thus assisting prospective private tenants in making a positive, confident choice about their next home.

Reputable landlords can be assured that if a Selective Licensing scheme were in place, those landlords whose business practices do not meet the required minimum standards would be encouraged and supported to improve their management standards. Landlords who are not willing to work with the Council could face being refused a licence and ultimately having a Management Order imposed against the property.

### **HOW SELECTIVE LICENSING WILL SUPPORT STRATEGIES FOR THE AREA**

Housing plays a fundamental role in delivering sustainable communities, facilitating social and environmental improvements and promoting economic growth. The Council believes that Licensing has an important role to play and offers valuable support to existing initiatives to tackle

empty homes, prevent homelessness, create sustainable, high quality neighbourhoods and reduce anti-social behaviour.

### **Mayor’s Vision and the Council’s Change Programme**

The proposal for North Ormesby clearly links to the Mayors Vision in terms of its contribution to a learning town, in which families and communities thrive, and a town that continues to transform. It contributes directly to a number of the Change Programme outcomes, specifically:

- Providing services and support to communities such that people have more fulfilling lives, feel safe and their need for support services reduces.
- Achieving longer and healthier lives, reducing health inequalities and protecting the local population from environmental hazards and incidents.
- Providing support to help families and adults in need and, maximise their independence such that dependency on services reduces.

### **Health and well-being**

Housing has an important impact on health and well-being: good quality appropriate housing in places where people want to live has a positive influence on reducing deprivation and health inequalities by facilitating stable/secure family lives. This in turn helps to improve social, environmental, personal and economic well-being. Conversely, living in housing which is in poor condition, overcrowded or unsuitable will adversely affect the health and well-being of individuals and families.

As mentioned, the Licensing Team will promote multi-agency case intervention strategies where problems are identified.

### **Private rented sector**

Many properties in the sector provide decent accommodation and are well managed by landlords. Selective licensing will be a vital tool in driving up standards. It will reduce the negative impact on neighbourhoods of poor landlords and encourage greater awareness and a sense of responsibility in landlords and tenants alike.

The Council’s Housing Enforcement team will continue to employ a wide range of tools to tackle poor property condition, inadequate tenancy management and improve conditions in

the private rented sector. These tools include:

- Mandatory HMO Licensing
- Tenant Referencing
- Empty Property Enforcement
- Housing Health and Safety Rating System (HHSRS)

By introducing selective licensing the Council is fully utilising the suite of tools introduced by the Housing Act 2004 to address management standards and property conditions within the private rented sector. As part of a coordinated approach, Selective Licensing will compel landlords to maintain good standards and raise the profile of problem properties. Through the increased awareness amongst the community and across agencies, Selective Licensing will become a valuable mechanism for identifying and dealing with bad practice amongst private landlords.

### **Anti-social behaviour**

Selective Licensing will help to ensure that landlords meet their statutory duties regarding tenancy management and will encourage and assist them to deal with issues of anti-social behavior by taking appropriate and effective action where they receive a complaint about their tenants.

There is a range of other initiatives that are targeted at reducing crime and anti-social behaviour operating across the North Ormesby area and the Selective Licensing team will work in close partnership with other services and agencies to maximise the impact and contribute to improved community safety.

The Licensing Team will promote multi-agency case intervention strategies where problems are identified, which can include actions for the Police, the Youth Offending Team, ASB, and Housing Enforcement teams. Landlords will be offered support and advice to help tackle anti-social behaviour from their tenants.

### **Prevention of Homelessness Strategy**

The private rented sector has a central role to play in offering a decent alternative to owner-occupation or social rented housing. The sector makes a significant contribution to meeting the housing needs of vulnerable people and in many cases has prevented homelessness and minimised the use of temporary accommodation. The Council continues to work in partnership

with the private rented sector and Selective Licensing will strengthen this partnership by increasing the number of landlords working with the Council with well-managed, good quality accommodation.

By strengthening the partnership between landlords and the Council, Selective Licensing can contribute to the prevention of homelessness through effective tenancy management that minimises ASB, tackles rent payment issues in a timely and constructive manner and offers a housing option for some of the most vulnerable households in need of a home.

The Localism Act 2011 enabled the use of suitable offers of accommodation in the private rented sector and allowed this sector to be used to discharge the main homelessness duty. Against the backdrop of high demand but a shortage of accessible, affordable social housing, the sector has increasingly become a valuable resource for offering a range of more easily accessible housing solutions for homeless households, but elements of poor management contribute to repeat homelessness. Licensing has the potential to effect long term positive change in the sector and to provide considerable benefits to homeless households.

It is anticipated that the Selective Licensing scheme will help achieve a long-term reduction in the culture of 'tenancy hopping', i.e. the practice of households who are frequently homeless due to anti-social behaviour, and who may be aided by rogue landlords to move around the sector, which prevents underlying behavioural issues from being tackled and which blights local communities.

### **Empty homes**

In Middlesbrough there were 657 private homes empty for six months or more in September 2014. The Council has already begun to tackle this issue and to date has, amongst other things, secured funding from the Homes and Communities Agency and adopted an Empty Homes Action Plan to bring empties back into use.

An important part of the strategy to tackle empty homes is actively targeting owners and providing them with information on the incentives available and the reasons why empty properties are a poor financial option. A range of promotional and marketing measures will be introduced.

In some cases encouraging owners will not be enough and the Council will need to take strong enforcement action. It is anticipated that Selective Licensing will help strengthen the partnership between landlords and the Council and the benefits Licensing will deliver to the area will contribute to tackling problem empty properties in North Ormesby.

### **The BIG Local and North Ormesby Neighbourhood Action Plan**

The BIG Local is a community structure based in North Ormesby and formed through a £1m Lottery grant. They recently completed (August 2013) a community survey with over three hundred and fifty residents of the area. The three clear priorities which emerged during that consultation were:

- problems associated with the private rented sector;
- anti-social behaviour;
- street condition.

The Council has concluded there is an urgent need to take strong and immediate action to halt the slide of the area. However, it has also recognised that traditional forms of public sector intervention are no longer applicable and there is a need to re-focus interventions around supporting communities to practice greater levels of self-management, by focusing on strengthening those activities and structures which underpin that ability. In light of this it has agreed to formulate a comprehensive response to address the social and economic issues arising in North Ormesby and endorsed the implementation of an eighteen month strategic intervention in the area.

Selective Licensing will have an important role to play given the priorities identified by the community and the fact that it responds to the need to develop a more radical partnership response to the problems in the area.

### **ALTERNATIVE REMEDIES AND WHY THE COUNCIL CONSIDERS THEY ARE INSUFFICIENT**

The Council has considered whether there are any other courses of action available that might provide an effective method of achieving the objectives that the designation is intended to achieve.

The following paragraphs consider other powers and projects that are available to the Council and why they could not replace the proposed Selective Licensing Designation in North Ormesby.

### **Accreditation**

Accreditation is a mechanism for helping landlords or agents to meet agreed standards of competence, skills and knowledge about the business of owning, managing or letting a private rented home.

Accreditation is supported nationwide by a wide range of stakeholders, including the Government, landlord associations, local authorities, Shelter, the National Union of Students and the Chartered Institute of Environmental Health. It can aid the supply of good-quality, well-managed homes.

Accreditation attracts a limited number of landlords, mainly those already providing appropriate management standards and who are motivated to improve the reputation of the private rented sector. Such schemes do not have an intensive impact in any one area, nor do they tackle the worst privately rented properties, as due to the voluntary nature the worst landlords will not engage with the Council or join the scheme.

Experience shows that it is resource intensive to encourage the poorer landlord to join accreditation and when asked to make improvements due to its voluntary nature many landlords fail to comply showing that accreditation cannot tackle the worst standards of property condition and management practices.

### **Enforcement of housing standards**

The Housing Act 2004 introduced the Housing Health and Safety Rating Scheme (HHSRS) which allows local authorities to inspect privately rented properties to ensure the condition of that property does not have an adverse effect on the health, safety or welfare of tenants or visitors to that property. Where necessary the Council will serve statutory enforcement notices to ensure the condition is improved.

The current service is in the main reactive - a complaint will be made and an inspection will determine whether action needs to be taken.

Whilst this approach does improve property conditions it does not have a concentrated impact in one area. In addition this power does not tackle property management standards. Through the selective licensing designation and associated training advice and support, landlords will recognise what improvements need to be made to their properties reducing the need for action under the HHSRS.

In addition the Council will continue to undertake proactive property inspections in the designation area, offering advice and where necessary taking enforcement action to improve property conditions. Improved property conditions will assist in retaining tenants and attracting occupants to the area assisting in tackling low demand.

### **Management Orders**

Part 4 of the Housing Act 2004 introduced the use of Management Orders. The general effect of a Management Order is that the Council takes control of the property, although legal ownership does not transfer from the landlord. There are two forms of Management Order, interim and final. Interim lasts for a period of 12 months which can then be followed by a final Management Order which lasts for a maximum of 5 years.

Once a Management Order is in place the Council takes over the management of the property. The occupiers pay their rent to the Council and any repair costs such as routine repairs or building insurance are taken from the rent before any surplus is given to the owner (landlord).

This power only deals with individual properties and is resource intensive.

This approach does not present a long term solution to address poor management of privately rented stock as the property is returned to the original owner who may not necessarily have improved their management standards in the interim.

The Council will use Management Orders in the designation area as a last resort to deal with landlords who fail to comply with selective licensing and improve their management standards.

### **Private Sector Leasing Scheme**

A Private Sector Leasing Scheme is where the Council takes out a lease, normally 3 to 5 years in duration, from a private owner or landlord on their property. The Council then uses the property to provide affordable accommodation for homeless families.

There is no guarantee that landlords, especially the worst, will join the scheme and the Council cannot compel them to do so. As with Management Orders the scheme does not address poor management practices as the landlord does not gain experience, advice or training during the lease meaning that once handed back management standards will once again be unsatisfactory.

In summary the alternative options to selective licensing would require some, if not all, of the finance from the Council, which in turn comes from everyone paying Council Tax.

Selective Licensing will be self-financing, paid for by the licence applicants and not the community.

### **Alternative approaches – summary**

There is no single solution and each alternative will have its limitations. No single intervention, including Selective Licensing, can solve the problem and therefore a co-ordinated strategy is required which links a full range of agencies and services using various interventions.

Problems relating to the use of the alternatives to Selective Licensing can include the following:

- They are expensive and there is the likelihood that some of the finance required would need to be collected from Council Tax. This seems unjust when many of the problems are caused by the lack of effective tenancy management. Selective Licensing will be self-financing, paid for by landlords.
- The use of Management Orders on all problematic properties would be neither appropriate nor feasible, given the number of properties. The Council must act in a proportionate manner and a heavy handed approach would undermine efforts to work with landlords to improve standards. Selective Licensing provides an opportunity

to continue to forge partnerships with otherwise anonymous private landlords and provide training and support, where the use of these orders does not.

- Alternatives do not adequately tackle the private tenant's behaviour. This could result in the same "problem" tenant being left to float within an area without any real targeted tenancy enforcement and where required, supported tenancy referral. The proposed Selective Licence conditions include a requirement for the landlord to seek references when allocating the property and to deal with any complaints of anti-social behaviour from their tenants (and/or their visitors/children).
- None of these tools provides a long-term solution to the training of inexperienced landlords whose business would benefit, either because they are not fit, or because of their poor management arrangements.
- Whilst Selective Licensing is only to be used in areas where authorisation is sought and given, many private landlords have properties across the entire town and indeed across local authority borders. Therefore, improvements attained in management standards will have a trickledown effect and will benefit tenants and communities across wider areas.

### **CONSULTATION – OPPORTUNITIES TO ENGAGE & RESPOND**

The consultation is being carried out over a 10 week period, and will be widely publicised using various channels of communication.

The consultation will start on 12 January 2015 and close on 23 March 2015.

Once the consultation has been completed the results will be published and made available to the local community.

The Council is required to consult with local residents, including tenants, landlords, managing agents and other members of the community who live or operate businesses or provide services within the proposed designation and those in the surrounding area which is shown on the map at Appendix 1.

Everyone who responds to this consultation will have their views fully considered.

A comprehensive engagement and consultation process with partners, stakeholders and customers will include:

- Private landlords
- Private tenants
- Local communities
- Tenant and resident associations
- Landlord associations
- Citizens Advice Bureau
- Registered Social Landlords
- Local community committees
- Locally elected members
- Local businesses
- Middlesbrough Police
- Other Council service areas.

### **Methods of consultation**

Consultation will be taking place using the following methods:

- Direct mail to landlords and residents.
- Direct mail to local community groups.
- Press release to local media/press.
- Information on Middlesbrough Council's website.
- Drop-in sessions for landlords, tenants, other residents, businesses and other agencies (details will be included in letters posted to all consultees).
- Email to all Ward Councillors.
- Email to all relevant Council service areas.

### **How to respond to the consultation**

A questionnaire will be available to complete on the Council's website, a paper version of which can be downloaded from the website. It will also be available to collect from the receptions of the Civic Centre, Town Hall and Middlesbrough House.

All questionnaires and comments should be returned to: Housing Service, Middlesbrough Council, P.O. Box 504, Civic Centre, Middlesbrough, TS1 9FY.

If you would like any further information about the Selective Licensing proposals please contact: Michael Quinn, Principal Housing Needs & Enabling Officer.