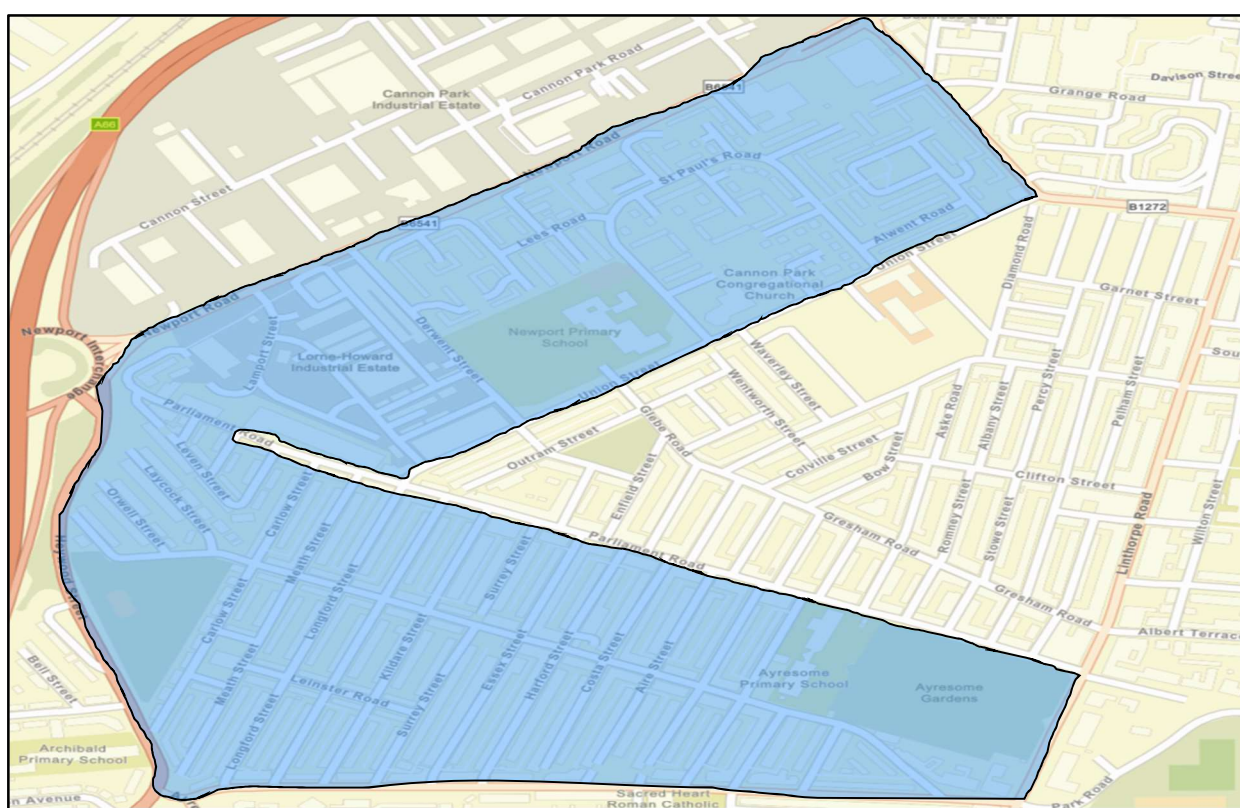


Proposal by Middlesbrough Council to designate the area identified as Newport 2 for Selective Landlord Licensing



Middlesbrough Council
PO Box 504
Civic Centre
Middlesbrough
TS1 9FY

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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 the Newport 2 area, as outlined on the map at Appendix 1. This is the area of Newport ward which is not currently included in the Newport 1 designation. The Council's proposal is made on the grounds that the Newport ward is an area of low housing demand with significant levels of antisocial behaviour.

Newport 1 scheme was implemented on the 13th June 2019. Since the implementation of the scheme a residents survey has been completed in November 2021 which showed an increase in the percentage of residents who responded that they felt fairly or very safe in the ward. The figure for residents who felt fairly or very safe during the day rose from 35.48% in March 2021 to 68.65% in November 2021. The figure on an evening rose from 12.9% in March 2021 to 48.98% in November 2021. Although these results are promising and show that the approach we are taking is having a positive impact, we are committed to continuing to improve residents feelings of safety within the ward, we know there is still a lot more work to do but by working together we are confident we can make greater improvements.

This document explains why the Council believes Selective Licensing is needed in Newport 2, how it will operate alongside and complement other measures, the improvements it will bring about and why alternative remedies are insufficient. This proposal presents information on a full Newport ward basis, were we have been able to present granular data for the smaller Newport 2 area we have used it.

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 (to be added) and closing on (to be added.) 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.

Progress of the delivery of the Newport 1 SLL scheme.

It is too early in the delivery of the Newport 1 SLL to carry out a full evaluation, however the main outcomes to date are summarised below:

- House prices in the designated area have started to increase slightly with the overall average price of £48,585 (89 sales) in 2019 and the overall average price of £49,903 (115 sales) in 2021.
- 301 private rented properties have been inspected and housing conditions have improved. 167 serious housing hazards were identified (category 1 & 2) in properties and have been addressed to protect tenants. 50 properties were safe without any Cat1 & Cat 2 Hazards. Smoke alarms checks have been carried out on all housing inspections to ensure they are provided in properties.
- 410 reports made to the contact centre in regard to the number of environmental antisocial behaviour incidents with rubbish bins/refuse left in alleyways.
- 69 post tenancy visits have been carried out to provide support to the tenant on a wide range of issues including substance misuse, parenting skills, unemployment;
- There has been a relatively low number of legal cases taken against landlords for not licensing their properties, as those landlords who received notice to prosecute applied for their licence after receiving their court summons.
- Support for landlords – the scheme in Newport has supported landlords in the following ways:
 - Free empty property advertising;
 - Dedicated Neighbourhood Safety Officer;
 - Dedicated tenancy relations officer;
 - Housing and tenancy support/advice;
 - Referencing;
 - Post tenancy visits for new and existing tenancies.
- Anti-social behaviour has been tackled through a wide range of interventions by the SLL team;
 - 3610 low Interventions. These include telephone call/e-mail, letter drop, diary sheets received, site meetings, joint patrols and referrals into other services for support
 - 43 medium interventions. These include warning letters, final warnings, ABC issued, ABC breached, joint interviews and tenancy breach interviews.
 - 79 high level interventions. These include Criminal Behaviour Orders, Civil Injunction, House Closures (all for high levels of persistent antisocial behaviour and a last resort after all low and medium level interventions have been exhausted).
- There has been a reduction in personal & nuisance antisocial behaviour incidents from 1377 in 2018 to 884 in 2021 (-64%)
- Through our joint approach with Cleveland Police we have established working groups and an approach that has resulted in 10 Premises closure orders taking place and an increase in the execution of drug warrants across the ward. We have also worked with landlords to serve section 8 & 21 notices.
- A residents survey completed November 2021 showed an increase in the percentage of residents who responded that they felt fairly or very safe in the ward. The figure for

residents who felt fairly or very safe during the day rose from 35.48% in March 2021 to 68.65% in November 2021. The figure on an evening rose from 12.9% in March 2021 to 48.98% in November 2021. Although these results are promising and show that the approach we are taking is having a positive impact, we are committed to continuing to improve resident's feelings of safety within the ward, we know there is still a lot more work to do but by working together we are confident we can make greater improvements.

- The same resident survey showed the following results:

PI Name	Start Value	Most up to date PI Value
Percentage of people indicating crime and ASB is a big or fairly big issue	80.65%	44.29% **
Percentage of people satisfied with their home as a place to live	55.91%	67.85%
Increase in percentage of people interested in volunteering	19.35%	65.1%
Percentage of people indicating they intend to live in the ward (over 3 years)	39.79%	87.23%
Percentage of people indicating gang nuisance is a big or fairly big issue	64.51%	36.91% **

** Note. This indicator shows the percentage of respondents who advised that this issue was a big or fairly, big problem. Desired outcome, reduction in percentage.

CHALLENGES THAT NEWPORT CONTINUES TO FACE

Newport ward experiences major challenges associated with social and economic decline. This includes:

- high levels of crime and antisocial behaviour;
- high levels of private rented properties and poor living conditions;
- high levels of empty properties; and,
- a transient population.

In addition to this there has been significant investment in the physical regeneration of Middlesbrough and social regeneration is a key priority for the Council

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

- the older terraced properties are no longer the first time buyers 'house of choice' as they have been for 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 fueling low demand levels;
- 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 Newport may not always be recognised as the most disadvantaged area against every statistical measure, the rate of its decline, it's 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.

WIDER INDICATORS

Index of Multiple Deprivation (IMD)

2019		2015	
Category	Rank (National)	Category	Rank (National)
IMD Deprivation	26	IMD Deprivation	30
Income	18	Income	29
Employment	116	Employment	58
Education, Skills and Training	57	Education, Skills and Training	32
Health Deprivation and Disability	84	Health Deprivation and Disability	8

The Index of Multiple Deprivation (IMD) is used to provide a set of relative measures of deprivation (ranks) for small geographical areas (Lower-layer Super Output Areas (LSOA)). Movement in ranks between the IMD in 2015 and 2019 does not necessarily imply that an LSOA has improved or declined between the reporting periods, rather it may imply that other LSOAs have improved/declined at a greater rate. The ranks are only in relation to each other. The IMD is derived from seven different domains, based on data from a multitude of sources, from the most recent time point available (e.g. population data from August 2012 for the 2015 IMD and from August 2015 for the 2019 IMD). It is not possible to access all the data sources for raw data, therefore this report is based on data from the IMD websites and, where possible, supplemented with data from other sources.

The LSOAs used to calculate the ward based estimates rank between 51st most deprived and 3,285th most deprived in the Indices of Multiple Deprivation 2019, with almost 33,000 LSOAs in England, all seven in Newport ward are within the most deprived 10% in England. Three LSOAs in Newport have seen an improvement in their ranking since IMD 2015, whilst the remaining four have worsened. The LSOA comprising of the Cannon Park to Union Street area (E01012041) has consistently been one of only five nationally which have been in the 100 most deprived LSOAs in all IMD's since 2004.

In 2015, out of 7,219 wards, Newport was the 26th most deprived ward in the country, and remains at the 26th most deprived ward at IMD 2019. Newport is ranked as the fourth most deprived ward in Middlesbrough.

The rank changes below show that the increase in deprivation has been largely driven by low income and high crime rates, both of which have a causal effect on the Income Deprivation Affecting Children Index (IDACI) and Income Deprivation Affecting Older People Index (IDAOPI). In contrast, there has been a significant improvement in Barriers to Housing and Services of 5,674 positions between 2015 and 2019.

Newport Ward Rankings

	Domain	2019	2015	Movement	
	Overall	1116	1172	-56	▼
	Income	1047	1198	-151	▼
	Employment	2283	2184	+99	▲
	Education, Skills and Training	1647	1400	+248	▲
	Health Deprivation and Disability	1534	1528	+5	▲
	Crime	1449	3101	-1,652	▼
	Barriers to Housing and Services	24684	19009	+5,674	▲
	Living Environment	8795	8043	+752	▲
	Income Deprivation Affecting Children Index (IDACI)	764	866	-102	▼
	Income Deprivation Affecting Older People (IDAOP)	2423	2817	-394	▼

LOW HOUSING DEMAND

The Council is looking to introduce Selective Licensing in the Newport 2 area 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

The Newport ward has an area of 229 hectares which represents 4.25% of the total area of Middlesbrough with a resident population of 11,440 which represents 8.27% of the total Middlesbrough resident population of ~138,000.

The 2015 election ward of Newport had 5,006 households, which represents 8.75% of Middlesbrough's 57,203 households. The proposed area of Newport 2 will represent 2617 properties.

The largest number of households was 'private landlord or letting agency accommodation' at 40.7%. That compared with 15.1% for Middlesbrough as a whole, 23.7% for North East Region and 13.6% for the whole of England.

The second largest number of households was 'owned outright accommodation' at 17.7%. That compares with 30.6% for Middlesbrough as a whole, 27.1% for North East Region and 34.5% for the whole of England.

Empty properties

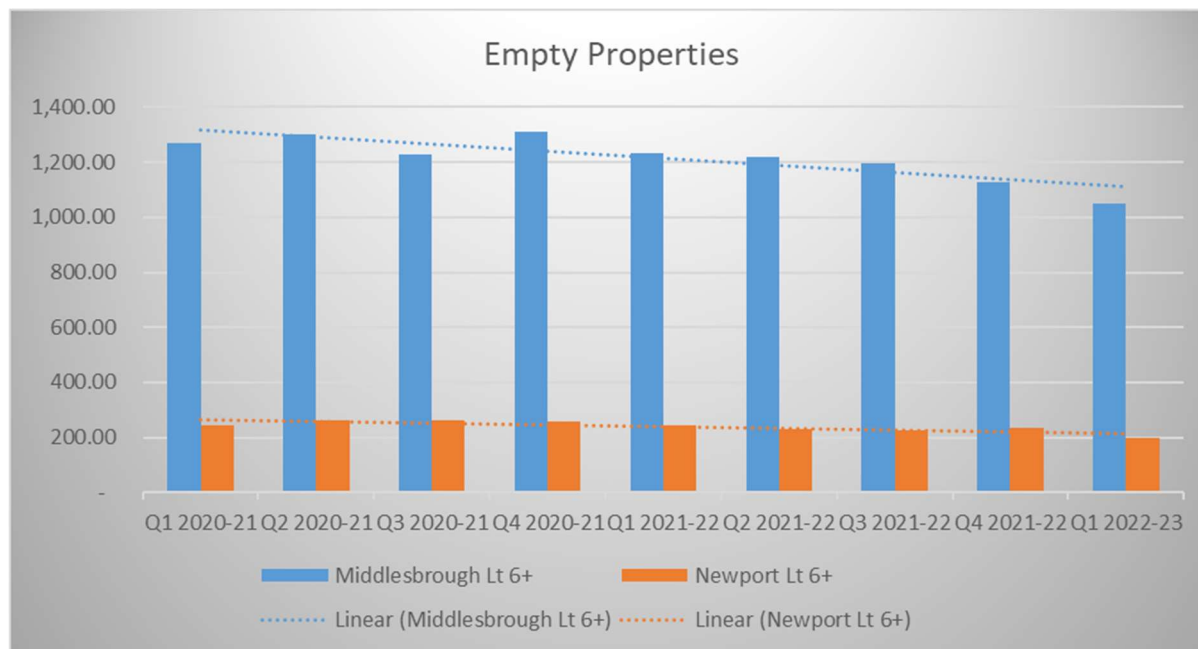
The problems empty properties cause for local communities are well known, but in summary they:

- 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 June 2022 there were 199 properties which had been empty for greater than 6 months

in Newport, which is 3.7% of the Newport housing stock. There were 323 empty properties in total which is 5.9% of the wards stock. Newport is the second highest ward in Middlesbrough behind North Ormesby and just ahead of Brambles & Thorntree and Central.

Long term empty properties in Newport account for 30.8% of the total long term empty properties in Middlesbrough, and the total empty properties in Newport account for 18% of the total number of empty properties in all of Middlesbrough.



Property values

Properties in Newport had an overall average price of £102,241 over the last year.

The majority of sales in Newport during the last year were terraced properties, selling for an average price of £91,224. Semi-detached properties sold for an average of £115,181, with detached properties fetching £141,995.

Overall, sold prices in Newport over the last year were 7% up on the previous year and 2% down on the 2019 peak of £104,110.

[House Prices in Newport \(rightmove.co.uk\)](https://www.rightmove.co.uk/house-prices-in-newport)

There are a number of potential factors at play which may affect the value of properties which include the disproportionate levels of private rented properties when compared with other parts of the town, high levels of crime, anti-social behavior, deprivation, COVID and the number and impact of empty properties.

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.

Transience can also attract disadvantaged people to the area, which in turn can lead to increased social deprivation.

The Newport Ward has a culturally diverse community with over 45 languages being used within the ward. This brings significant benefits to the local area i.e. many migrants have settled in the ward and established new businesses, contribute to the local economy and support the population levels. The local

community hub supports both the settled and migrant community however some tensions currently exist.

Council Tax records provide a guide to the proportion of properties experiencing turnover in the Newport area.

	Properties at 1 Jan	Accounts in year	New occupations (accounts)				
			Accounts Count	Rate for all Properties	Rate for Properties Count	Rate for all Properties	
2017	1673	2908	660	39.5%	122.2%	540	32.3%
2018	1674	2787	636	38.0%	127.5%	499	29.8%
2019	1670	2729	640	38.3%	121.2%	528	31.6%
2020	1670	2597	593	35.5%	120.8%	491	29.4%
2021	1665	2426	513	30.8%	121.0%	424	25.5%

Housing stock condition

Middlesbrough's Private Sector Stock Condition Survey (PSSCS) 2008 identified Newport as having the second highest proportion of non-decent dwellings in Middlesbrough at 49.3%. 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.

The survey also recorded a non-decency remedial cost score as (£40.3m and an average of £3,685, per non decent dwelling).

The same survey identified Newport as having the second largest proportion of vulnerable households (50.1%) living in non-decent homes.

Newport was also found to have the second highest proportion of homes with a Category 1 hazard (23.1%). Examples of Category 1 hazards include:

- Damp and mould
- Excess cold
- Falls on stairs
- Hot surfaces
- Falls on the level
- Fire

Newport also had the second lowest SAP rating (42) – 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 629 complaints of housing disrepair in private rented property in Middlesbrough between 2018/19 and 2019/20, 156 (24.8%) of these complaints were in Newport ward.

The Council forwarded 38 pre-formal schedules of work to landlords in Middlesbrough between 2018/19 and 2019/20, 15 (39.5%) of these complaints were in Newport ward.

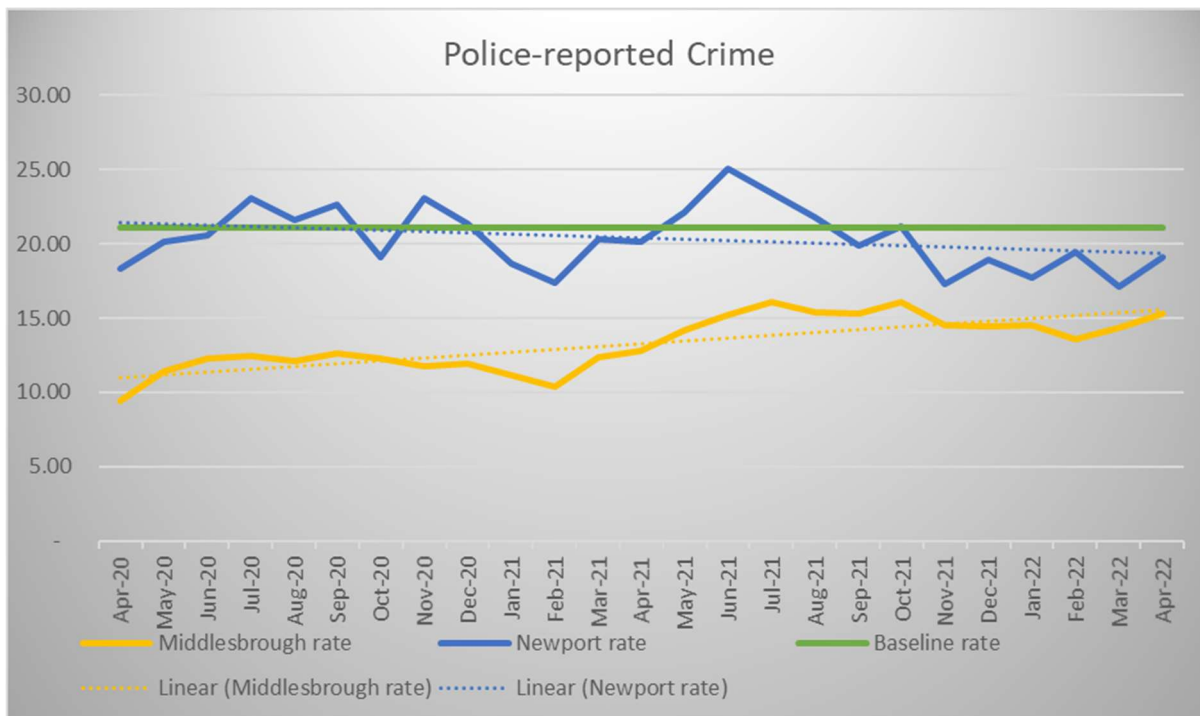
The Council served 131 statutory repair notices on landlords in Middlesbrough between 2018/19 and 2019/20, 75 (57.3%) of these complaints were in Newport ward.

CRIME AND ANTISOCIAL BEHAVIOUR

Crime

During the period 1st February 2018 to 31st January 2020, Newport ward had the second highest rate of Anti-Social Behaviour (ASB), racially motivated crime and other crime in Middlesbrough. During this period

there were 2,499 ASB reports, 123 racially motivated crimes, 311 fires and a total of 5,906 crime reports.

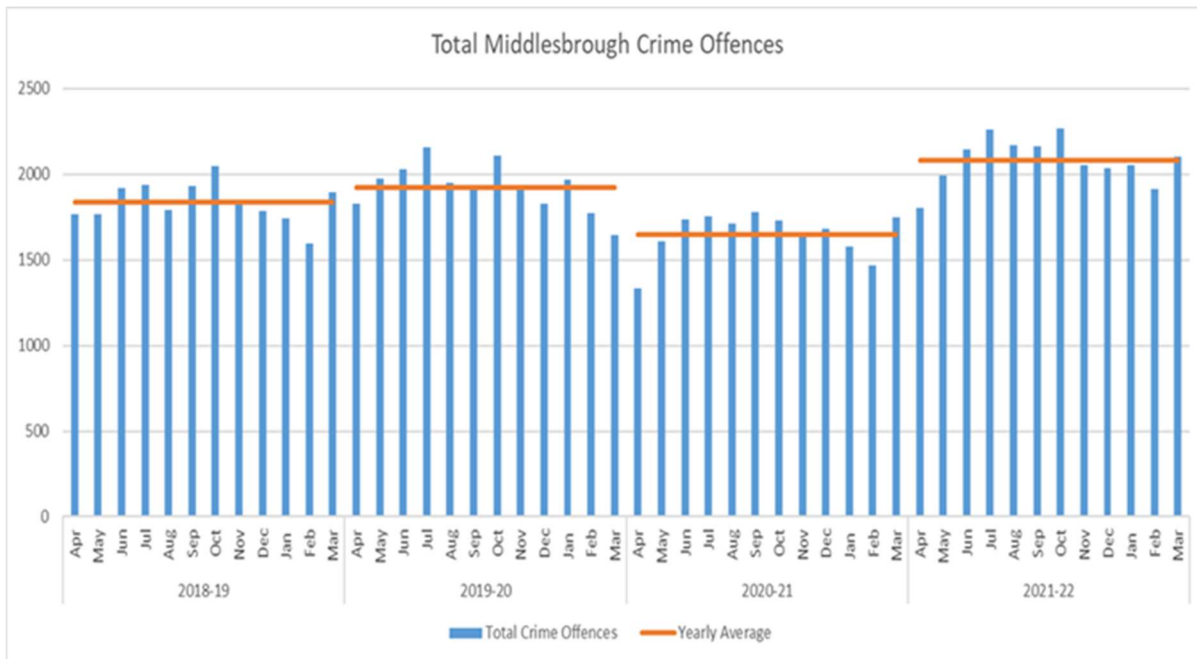


Crime:

The financial year (20-21) shows the impact COVID-19 had on crime levels across all Middlesbrough. Prior to this and afterwards crime was on a continuing increase, but declined during this financial year.

The increase in crime across Middlesbrough since 2018-19 can be seen below – total number of crimes in Middlesbrough for the last 4 financial years. As discussed the trend is an upwards trajectory and looking at the peaks in financial year 2019-20 compared to 2021-22 the peaks in the last financial year were higher.





With the financial year of 2020-21 (COVID-19) included, this graph also shows the increase in crime. With the rising crime numbers in each financial year, the yearly average number of crimes committed each month has increased, in 2018-19 the average was 1834, in 2019-2020 this rose to 1922, this dropped in the pandemic to 1647, and so far this financial year is at an average of 2079 crimes per month. This can be seen on the monthly graph by observing the red average bar in each financial year moving higher up the scale.

Antisocial behaviour

Antisocial 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.

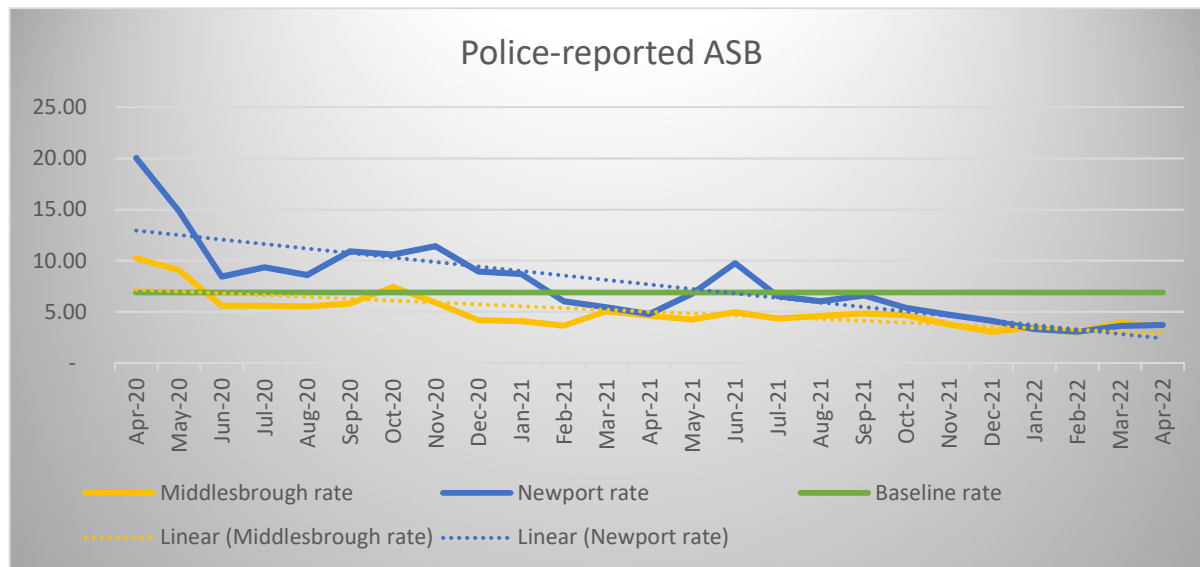
The types of anti-social behaviour which the Council's Neighbourhood Safety Officers regularly respond to with includes:

- 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.

A total of 1334 complaints of anti-social behavior were received by the Council's Public Protection and Community Safety teams in 2018. As you can see in the table below, there had been a slight decrease in 2019, followed by a sizable increase in 2020 and 2021. For 2021 the total number of complaints received were 28.6% higher than the reported levels in 2018.

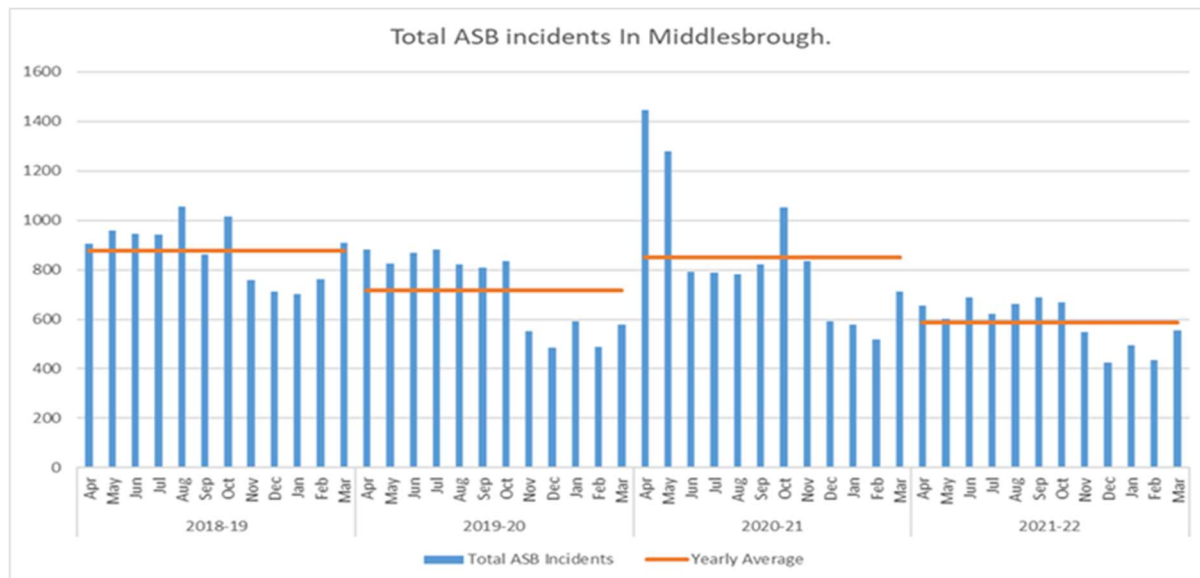
Year	Council complaints
2018	1334
2019	1312
2020/21	1716

In 2021 Cleveland Police recorded 915 incidents of ASB in Newport ward, a decrease of 37.6% on the previous year (the figures for 2021 are also lower than 2019 and 2018). Newport has the second highest number of reports per ward (Central ward has the highest.) In terms of rate per population, Newport has the fourth highest rate of antisocial behavior per population of any ward in Middlesbrough, behind North Ormesby, Hemlington, and Central wards.



ASB during the COVID-19 pandemic.

Over the last 4 financial years ASB in Middlesbrough has been declining, however in 20-21, COVID-19 year, there was a significant rise. In 18-19 the average number of ASB offences per month was 877 occurrences, this decreased to 718 in FY19-20, but then increased back to 849 occurrences. In FY21-22 this average has remained at 587 which is lower than pre-COVID-19 years.



How SLL contributes to the reduction in Anti-social Behaviour.

Under the Selective landlord licence there are mandatory conditions in place which aim to address anti-social behavior. These mandatory conditions require

- the licence holder to take reasonable and practical steps to reduce or prevent anti-social behaviour by persons occupying or visiting the house and the use of premises for illegal purposes.

- a written action plan to be provided to Middlesbrough Council outlining procedures for dealing with anti-social behaviour at the time of application. This must be reviewed annually, tenants made aware of it and submitted on request;
- to provide to the local authority, upon request, the full names and dates of birth of each occupant of the property;
- cooperation with Middlesbrough Council, Cleveland Police and other agencies in resolving complaints of anti-social behaviour or criminal activity. The Licence holder and/or their nominated Managing Agent must not ignore or fail to take action against any complaints regarding their tenants. Written records of action taken, shall be maintained and made available for inspection by an authorised officer of Middlesbrough Council on request;
- the appropriate authorities (namely Middlesbrough Council and Cleveland Police) are informed, where they have reason to believe that their tenant's behaviour involves criminal activity;
- regular (at least quarterly) inspections of the property to ensure that the property is in a good state of repair and that the occupiers are not in breach of tenancy terms and conditions. Written records of inspections made, conditions noted and actions taken as a result shall be maintained and made available for inspection by an authorised officer of Middlesbrough Council;
- that each tenant is made aware that they are responsible for their own behaviour and the behaviour of other occupiers and visitors.

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 an unlimited fine. 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 (Appendix 2)

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:

- (a) They have committed any offence involving fraud or other dishonesty, or violence or drugs, or any offence listed in Schedule 3 to the Sexual Offences Act 2003 (c. 42) (offences attracting notification requirements);
- (b) Practised unlawful discrimination as defined in the Equality Act 2010 on the grounds of sex, sexual orientation, gender reassignment, age, race, religion or belief, marital status, pregnancy, maternity, or disability in, or in connection with, the carrying on of any business; or
- (c) Contravened any provision of the law relating to housing or landlord and tenant law.

To check this, all applications will require detailed information from the landlord and any relevant managers.

A criminal conviction or evidence of unlawful discrimination or breaches of housing or landlord and tenant law doesn't necessarily mean that a landlord won't pass the test. The Council will have to look at every case individually and weigh up all the circumstances when making a decision. For example, the Council will have to think about:

- What the conviction was for;
- The circumstances of the case;
- How long ago it was and whether it is spent or not;
- Whether or not it will affect the person's ability to be a good landlord;
- The risk of the same thing happening again and whether that would affect the person's duties as a Licence Holder.

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 licence 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 using Middlesbrough Council's FREE referencing service from all persons wishing to occupy the property;
- landlords must produce gas certificates;
- electrical appliances must be kept safe;
- the property must have working carbon monoxide alarms in any room in the house which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance;
- 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: general property management, security, management of antisocial behaviour and external refuse and waste. 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 an unlimited fine.

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**.

Property Inspection programme

The Council will inspect all private rented properties within the area of the scheme. High risk properties that are known to be problematic will be prioritised. The inspection programme will combine a housing standards inspections (Housing Health and Safety Rating Scheme) and also check for compliance with the 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. Action will be taken where issues of non-compliance with the HHSRS standard are identified. Landlords will not be deemed to be 'fit and proper' if housing offences are proven against them in the courts.

The inspections will be completed by a multi-agency/disciplinary team, this could include a Licensing Officer, Neighbourhood Safety Officer, Tenancy Relations Officer and an Environmental Health Officer (when non-compliance with HHSRS standards are identified). 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.

The other services offered through the tenancy relations support will be of benefit to landlords, tenants and the wider community to help to reduce the turnover of tenants. The licence holder must demand and obtain references for all prospective occupiers of the house to enable the licence holder to make an informed decision regarding occupancy of the property.

All references shall be obtained by the licence holder via the **FREE** Middlesbrough Council, tenant referencing service.

The licence holder must retain all references obtained for occupiers for the duration of this licence and must provide Middlesbrough Council, upon demand and within 14 days of that demand, a copy of pre-let reference checks along with full names and dates of birth of each occupant.

Licence 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 £760.00 for a licence.

The Council will split the licence fee payment into two instalments, one payment to be made upon application for a licence, with the other payment to be made upon the licence being granted.

The proposed fee structure is set out in detail at **Appendix 5**.

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 7 FTEs to operate.

POTENTIAL AND PROVEN BENEFITS OF THE SELECTIVE LANDLORD LICENSING SCHEME

Introducing Selective Licensing in both North Ormesby and part of Newport ward has shown 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.
- Free property advertising of empty properties.

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

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

It also helps the Council to better target resources in dealing with anti-social tenants and enforce against unprofessional landlords. Selective Licensing seeks 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 where Selective Licensing schemes are in place, those landlords whose business practices have not meet the required minimum standards have been 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.

Case Studies from current and previous Schemes

Tenant Support: During a tenancy inspection visit with a landlord, it was identified that the tenant was struggling with mental health issues due to spiraling debts. Whilst at the property a debt enforcement agency arrived to reclaim goods to the value of the debt. Both the Officer and landlord negotiated on the tenant's behalf, providing evidence that the property was a furnished tenancy and that their only belongings were clothing and toiletries. The Tenancy Relations Officer arranged an appointment for the tenant to attend Citizens Advice and also made a referral to Firmer Foundations (mental health support). During the Citizens Advice appointment the tenant disclosed significant debts; therefore a Debt Relief Order was applied for (due to severe mental health issues) and a food bank voucher was issued. The tenant has now applied for different benefits and is receiving the much needed support they required.

Property Conditions: The SLL Team had arranged numerous inspection visits to a property but the

tenant repeatedly wouldn't allow access. An evening visit was made and the tenant finally opened the door. The tenant was initially angry as they were confused as to who their managing agent was as they kept changing. The tenant agreed for officers to carry out the inspection which highlighted at least four Category 1 (most serious) Hazards in the property. These included: no boiler, no heating, no hot water, the bathroom roof had fallen in (which was propped up with pole), the kitchen was inaccessible and had no cooking facilities. Due to the condition of the property and the hazards identified, a Prohibition Order was served. The Landlord has since installed a new boiler, new kitchen (including cooking facilities), new bathroom roof, bathroom suite, new rear windows downstairs and a new back door. The landlord has also informed the tenant that he is going to supply new carpets in the property downstairs.

Landlord Support:

The Selective Licensing team have assisted landlords with difficult housing benefit claims and successfully helped landlords receive payments for housing benefits, even after they have been determined as closed. A recent claim dating back more than 8 months was paid after intervention from the team. This claim amounted to more than £3000 and prevented tensions arising between the tenant and the landlord and ultimately a possible eviction.

Testimonials from North Ormesby Scheme

"For many years I prevented my clients (investors) and myself from purchasing /working in this area and told anyone who asked where to buy, not North Ormesby! Since Selective licensing has been rolled out my attitude to the area has changed dramatically due to the efforts by the team at the hub.

I can see, personally, the difference to the area and the type of tenants. I see a lot more builders vans here than I have ever seen in the street (we did have a few we managed and maintained before my change of heart). Houses look better generally, and it seems a concerted effort to remove the stigma from "Doggy" is slowly being removed for the landlords. As a comparison, to show our faith in the improvement, we are currently working on 8 refurbishment programmes in the area. In Middlesbrough, just 1!

The referencing is very good, I am an Accredited Landlord with the NLA, and their referencing costs me £24 per time. It does not, however, tell me their history at previous address's, nor their conduct, whether they have issues with housing benefits and rent etc. The service is much more beneficial to prospective and established landlords.

In my opinion, Selective Licensing has changed North Ormesby and it was much needed".

Landlord Paul Norman

"Cleveland Police fully support Selective licensing. It is an excellent process that supports the interests of the landlords, ensures safe and suitable accommodation for tenants and also helps to improve the quality of the broader community. I would fully support its expansion into other areas within Middlesbrough. I think there is an excellent working relationship with the Police".

Inspector D Snaith

Evaluation of the first North Ormesby scheme

An evaluation of the North Ormesby Selective Landlord Licensing Scheme was undertaken in June 2020 using guidance from Local Government Regulation, prior to the re-designation of the area June 2021. The evaluation sought to identify the effectiveness of Selective Licensing in:

- reducing anti-social behaviour attributable to the private rented sector;
- improving management standards in the private rented sector;
- increasing housing demand;
- improving the environment; and
- contributing to the effectiveness of partnership working to improve the quality of life.

The evaluation also took into account findings from an Independent Review of the Use and Effectiveness of Selective Licensing which was carried out by Ministry of Housing, Communities and Local Government (MHCLG June 2019, Updated September 2019).

In summary, the main findings of the evaluation report were:

- House prices in the North Ormesby Selective Landlord Licensing area had started to increase. In 2016 the average house price plummeted to £36,000 and had since increased by 17% to £42,000.
- The turnover of tenants had reduced by 50% resulting in a more static population.
- The overall number of empty properties had fluctuated throughout the life of the scheme, however there had been a considerable reduction in the number of long term empty properties which are often the more problematic for residents. Further work is needed to reduce the overall numbers.
- The number of private rented properties which have been inspected had increased and housing conditions have improved. Prior to the introduction of the scheme only 8.4% of the properties had been inspected on complaints from tenants regarding their housing conditions. In 2020 760 properties have been inspected. Serious housing hazards were identified on 1,692 (category 1 & 2) properties and have been addressed to protect tenants. Smoke alarms checks have been carried out on all housing inspections to ensure they are provided in properties.
- There had been a relatively low number of legal cases taken against landlords for not licensing their properties, 4 resulting in court hearings and 8 landlords applying for their licence after receiving their court summons.
- Support for landlords – the scheme in north Ormesby had supported landlords in the following ways:
 - Free empty property advertising;
 - Dedicated Neighbourhood Safety Officer;
 - Dedicated tenancy relations officer;
 - Housing and tenancy support/advice;
 - Rent recovery in excess of £5,000;
 - Referencing;
 - Post tenancy visits for new and existing tenancies.

The Evaluation Report recognised that the Selective Landlord Licensing scheme had made a major contribution to the achievements in North Ormesby working together with key partners. It is also recognised that the strong community infrastructure in the area had played a significant role in delivering the outcomes i.e. North Ormesby benefits from a number of community organisations working together with local schools, businesses, and key partners and this had been supported by significant financial investment from national charitable organisations. It should also be noted that the intensive approach to delivering services in North Ormesby from a number of agencies and partners is considered one of the key factor in its success.

The full Evaluation Report is available upon request.

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.

Middlesbrough Council Strategic Plan

The proposal for Newport clearly links to the strategic plan in terms of its contribution to people and place.

It contributes directly to a number of the outcomes, specifically:

- We will tackle crime and anti-social behavior head on, working with our partners to ensure local people feel safer
- We will work to address the causes of vulnerability and inequalities in Middlesbrough and safeguard and support those made vulnerable.

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 have 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 Selective 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 is a vital tool in driving up standards. It reduces the negative impact on neighbourhoods of poor landlords and encourages greater awareness and a sense of responsibility in landlords and tenants alike.

The Council's Private Rented Sector Housing 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
- Empty Property Enforcement
- Housing Health and Safety Rating System (HHSRS)

By designating the area for 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 compels landlords to maintain good standards and raise the profile of problem properties. Through the increased awareness through tenancy referencing, amongst the community and across agencies, Selective Licensing has become a valuable mechanism for identifying and dealing with bad practice amongst private landlords.

Anti-social behaviour

Selective Licensing helps to ensure that landlords meet their statutory duties regarding tenancy management and encourages and assists them to deal with issues of anti-social behaviour 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 Newport ward and the Selective Licensing team work in close partnership with other services and agencies to maximise the impact and contribute to improved community safety.

The Selective Landlord Licensing Team 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 are 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 strengthens 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 continue to contribute to the prevention of homelessness through effective tenancy management that minimises ASB, tackles rent payment issues in a timely and constructive manner and offer 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 this 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 1254 homes empty for six months or more (1st October 2021.) 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. In some cases encouraging owners will not be enough and the Council will need to take strong enforcement action. Selective Licensing has helped strengthen the partnership between landlords and the Council and the benefits Licensing delivers to the area contributes to tackling problem empty properties, as has been seen in North Ormesby.

Place Based Working

The locality based working approach in Newport is a strategic priority. It aims to build on the intensive targeted delivery of services working in partnership and the Selective Licensing team is an integral part of this.

Locality working involves a system change to the current operational delivery model across Council services. It seeks to achieve joined-up systems and reconfigure relationships between statutory organisations, partners and the community. It involves developing collaborative approaches to address the underlying causes of community problems and build capacity within the community in order for residents to take charge of their own future, to have a strong voice and to build social capital and connections within the community. Locality Working commenced with two pilots in North Ormesby and Newport.

Evidence shows that having multi-agency teams working together from one location brings benefits. It reduces the need for referrals when a quick conversation with a member of the team can identify the most

appropriate course of action. Through better information sharing it also provides an opportunity to identify support needs early and proactively intervene to prevent crisis.

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 Newport.

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.

Traditional interventions do not provide the level of engagement with landlords necessary for the desired improvements. Landlord take up of previous accreditation schemes have been very low, they tended to only engage with responsible landlords who saw a value in being part of a scheme. An example of a non-mandatory scheme is the Stockton Pluss model which is run by landlords. Stockton Council figures show that they had 80 members for this scheme with 539 properties and not all landlords who opposed their SLL scheme joined the accredited scheme.

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, proactive inspection of private rented sector properties against the HHSRS standards will be undertaken. The associated training, advice and support, will enable landlords to recognise what improvements need to be made to their properties, reducing the need for action under the HHSRS.

Enforcement action will be taken to improve property conditions, where necessary. 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.

Alternative approaches – summary

In summary the alternative options to selective licensing would require some, if not all, of the finance from the Council. Selective Licensing will be self-financing, paid for by the licence applicants and not through the Council.

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.

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

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 (to be added), 9am and close on (to be added), 12 Noon.

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.
- 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.

All questionnaires and comments should be returned to: Selective Landlord Licensing, 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 the

Selective Landlord Licensing Consultation Team on 01642 728100.

Or please email the team on:

licensing_consultation@middlesbrough.gov.uk