

Report of:	Director for Adult Social Care and Health Integration - Erik Scollay Executive Member for Regeneration - Councillor Ashley Waters
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Submitted to:	Executive - 16 February 2021
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Subject:	Re-designation of North Ormesby Selective Landlord Licensing - Consultation Responses and Approval to Proceed with the Re-designation
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Summary

Proposed decision(s)
That Executive consider the results of the consultation and the statutory tests referred to in this report and approve the re-designation of Selective Landlord Licensing for the proposed area of North Ormesby (Appendix A)

Report for:	Key decision:	Confidential:	Is the report urgent? ¹
Decision	Yes	No	No

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
The scheme will provide an opportunity to improve both the living and environmental conditions as well as making the community safer for residents in North Ormesby and improving the wider determinants of health.	The scheme is aimed at improving housing and environmental standards and encouraging investment to the area	The scheme has a significant contribution to, building confidence in the community, encouraging businesses to invest in the area and supporting residents to access all available resources.

Ward(s) affected
North Ormesby ward (see Appendix A, proposed map). Ward members have been consulted and are all supportive of the scheme.

¹ Remove for non-Executive reports

What is the purpose of this report?

1. An Executive decision was made on 1st September 2020 to commence consultation on the re-designation of a Selective Landlord Licensing Scheme in the North Ormesby Ward. The report set out the rationale for commencing consultation and provided full details on how this consultation would be undertaken. The purpose of this report is to present and consider the outcome of the ten week public consultation and to recommend that the area of North Ormesby shown in Appendix A is re-designated for Selective Landlord Licensing.

Why does this report require a Member decision?

2. Executive approval is required as this scheme is delivered via a legislative framework that requires organisational approval prior to implementation.

Report Background

3. The Housing Act 2004, gives local authorities powers to introduce Selective Landlord Licensing (over a five year period) for privately rented properties in areas experiencing low housing demand and/or significant and persistent anti-social behaviour. The purpose of such a scheme is to improve standards of property management in the private rented sector, reduce anti-social behaviour and when combined with other measures such as tenancy and landlord support, should lead to improved physical, social and economic conditions.
4. Under the Housing Act 2004, Part 3 (Selective Licensing of other Residential Accommodation), all private landlords operating within the designated area are required to obtain a licence from the Council for each rented property. The conditions of the licence ensure that the property is managed effectively, and licence holders have to demonstrate their compliance.
5. On the 9th December 2014 Executive approved a report setting out proposals for introducing Selective Landlord Licensing in Middlesbrough and a further report to Executive on 14th July 2015 saw the implementation of the scheme in North Ormesby on 1st January 2016 for a period of five years. The area of North Ormesby was designated as a Selective Landlord Licensing area as it was identified as an area with a high proportion of private rented properties which was suffering problems attributable to:
 - Low housing demand
 - A significant and persistent problem caused by anti-social behaviour related to tenants of or visitors to rented properties which were not being controlled by landlords;
6. On 1 April 2015, a new General Approval came into force for selective landlord licensing schemes. Under these new arrangements if a local housing authority makes a designation that covers 20% or less of its geographical area or privately rented properties, the scheme does not need to be submitted to the Secretary of State for approval, provided that the authority has consulted for at least 10 weeks on the proposed designation.

7. In addition, in 2015 the government widened the criteria for designating Selective licensing schemes to include poor housing conditions and high levels of deprivation, crime and migration. The improvement of management standards in the private rented sector would help to combat housing problems associated with deprivation.
8. An Evaluation of the North Ormesby Selective Landlord Licensing Scheme was undertaken using the Guidance from Local Government Regulation. (Appendix B) This evaluation identified 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.
9. The evaluation also identified that the Selective Landlord Licensing work with landlords is integral to the success of the scheme, supporting them 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.

There has been a relatively low number of legal cases taken against landlords for failing to licence their properties, four resulted in court hearings and 8 landlords applied for their licences after receiving their court summons.
10. It was also recognised that the strong community infrastructure in the area has 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 has been supported by significant financial investment from national charitable organisations. 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.

Re-designation

11. Re-designation of the North Ormesby area is recommended on the same bases as stated for the previous designation in 2015/16;
 - low housing demand
 - a significant and persistent problem caused by anti-social behaviour

In order to designate, Executive must be satisfied that the conditions are met in relation to at least one of these recommended bases for designation, even if the Executive is not satisfied that the conditions in relation to the other have been established.

Low Housing Demand

12. To demonstrate that the North Ormesby area is an area of low housing demand Executive should consider the following:

- (a) residential property values compared with values for similar properties in comparable areas,
- (b) the turnover of occupiers of residential properties and
- (c) the number of vacant residential properties available to rent or buy and the amount of time that they remain unoccupied

13. Executive should also consider how the designation, when combined with other measures taken in the area by the authority, or by others persons, contribute to the improvement of the social or economic conditions in the area.

14. The evidence for consideration by Executive to demonstrate low housing demand in the North Ormesby are is provided below:

Property values

15. Prior to the current scheme average sale prices in North Ormesby were £48,000 and amongst the lowest in the town. Comparable wards such as Gresham, show property values of a similar price £47,400 together with the average price in other town centre wards such as 64,000 in Middlehaven (64,000) and University (£98,000). The average house price for Middlesbrough was £124,000). A number of factors affected the value of properties 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. The older terraced properties were no longer the first time buyers 'house of choice' as they had been in previous generations.

16. At the time of the initial designation, evidence was obtained from local estate agents websites which provided information about the price of properties, location and length of time on the market. Their responses are summarised below.

- Prices ranged from £25k-£30k up to £55k dependent on the particular location. Those purchasing properties in North Ormesby tended to be investors looking to buy to rent. Properties could be well kept/decorated to a good standard but the location was the issue and limited the selling price. Sales could take from three to eight months.
- Prices were dropping and interest was from investors only, not first or second time buyers. Two bedroom properties were selling for £25k to £40k, with three bedroom properties selling for £30k to £50k. Prices halved in the previous three to four years. There had been a rise in repossessions, or simply moving out of the area.
- Sale price was very much dependent on the location within North Ormesby. Properties around the Beaumont Road area were the ones that sold for very low prices with investor interest and selling for around £22k-£25k.

17. During the current scheme in North Ormesby land registry records have shown the following data in relation to house prices:

- 2017 – TS3 6 - Semi £113,750K (2 sold), Terrace £36,493K (42 sold) – Overall average £40,005 (44 sales).
- 2018 – TS3 6 - Semi £55,750K (2 sold), Terrace £39,163K (38 sold) – Overall average £39,922 (40 sales).
- 2019 – TS3 6 - Semi £71,500K (2 sold), Terrace £39,711K (27 sold) – Overall average £41,840 (30 sales).

18. In 2020 it was reported that the average price for a terraced property in Middlesbrough was £72943, however in June 2020, the average price for a property in North Ormesby was £45323.

Turnover of properties

19. Prior to the introduction of the North Ormesby Selective Landlord Licensing scheme Council Tax records provided 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%).

20. As of 31st December 2019 Council Tax records for North Ormesby provided the following data, of the 1787 Council Tax accounts in 2019/20 a change occurred in 30.72%, of them, requiring a new account to be created, affecting 391 properties (21.88%).

Empty properties

21. In 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 had the second highest proportion of long term empties than other areas in Middlesbrough. This position contributed to a negative image causing uncertainty for established residents and making it hard to attract people to the area.

22. In the past 5 years the overall number of empty properties has fluctuated throughout the life of the scheme, however there has been a considerable reduction in the number of long term empty properties which are often the more problematic for residents. The situation at the end of December 2019 is that there were 45 long-term empty properties (empty for six months or more.) Further sustained work is needed in the area to reduce the overall numbers of empty properties.

High incidence of private rented properties.

23. Prior to 2016, North Ormesby had a disproportionately high level of private rented properties and very low levels of owner occupation. It consisted of approximately 1,750 properties, of which 38% were privately rented. Approximately 39% were owner-occupied and 18% were social rented. The level of private renting in North Ormesby contrasted 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 had seen a major change in its tenure mix. Owner occupation decreased by 17.7%, the social rented sector decreased by 16.9%, in contrast the private rented sector increased by 118.2%.

Anti-social behaviour

24. To demonstrate that the North Ormesby area is an area affected by anti-social behaviour Executive should consider the following:

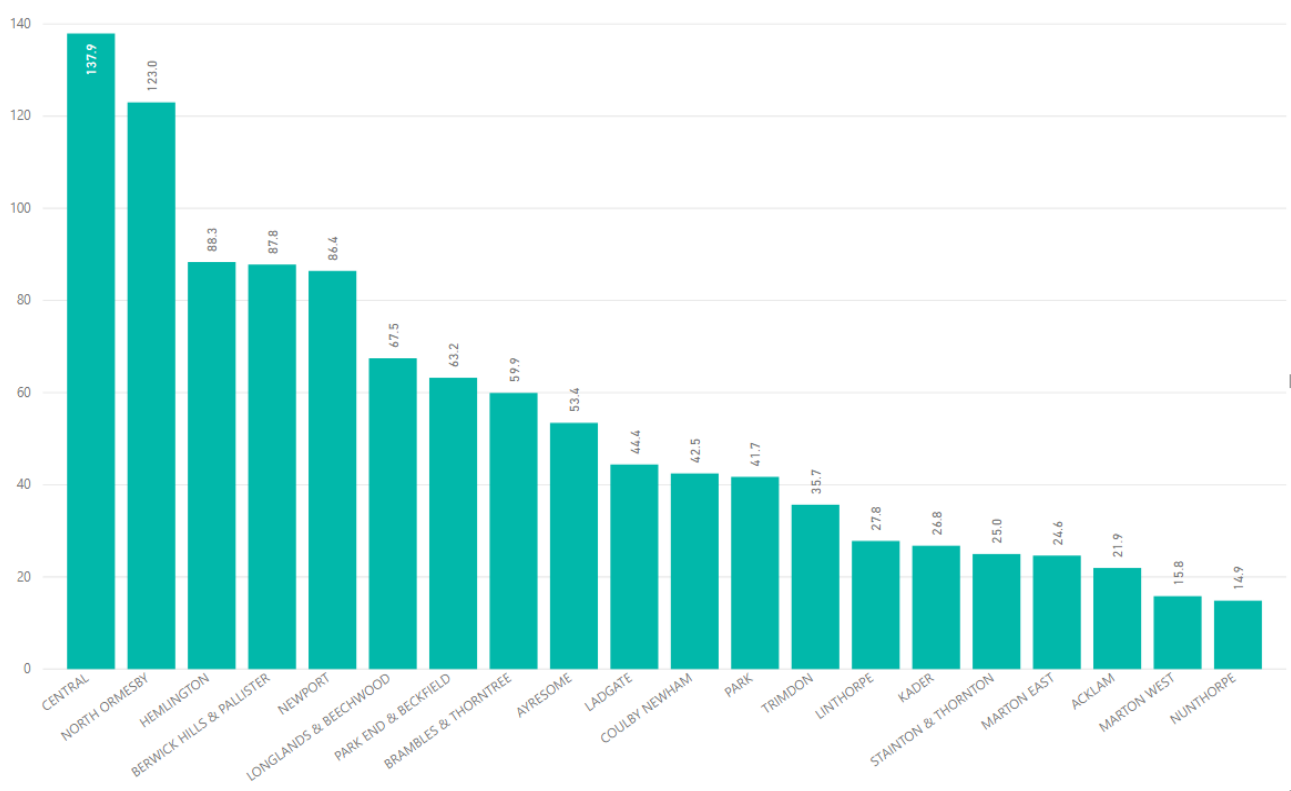
- (i) that the North Ormesby area is experiencing a significant and persistent problem caused by anti-social behaviour;

- (ii) that at least some of the private sector landlords who have let premises in the area are failing to take action to combat the problem that it would be appropriate for them to take; and
- (iii) that making a designation will, when combined with other measures taken in the area by the authority, or by other persons together with the authority, lead to a reduction in, or the elimination of, the problem.

Anti-Social Behaviour

25. Prior to the introduction of Selective Licensing in Middlesbrough between 2011/12 and 2013/14 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%.

Anti-Social Behaviour 2019



26. Anti-social behaviour levels in North Ormesby remains high - it still has the second highest rate of crime and anti-social behaviour out of all Middlesbrough wards. Anti-social behaviour and crime continue to have a devastating effect on individuals and communities ranging from everyday nuisance, disorder and crime from graffiti and noisy neighbours to harassment and street drug dealing. 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.

Interventions to tackle anti-social behavior

27. Since the start of the current North Ormesby scheme the Selective Landlord Licensing team have delivered a wide range of intervention to tackle anti-social behaviour:

- 1249 early interventions have been carried out. These are mainly referrals into other services for support

- 2495 low Interventions. These include telephone call/e-mail, letter drop, diary sheets received, initial warning letters, motorbike warning letter, site meetings and joint patrols.
- 955 medium interventions. These include second warning letters, final warnings, ABC issued, ABC breached, joint interviews and tenancy breach interviews.
- 15 high level interventions. These include Criminal Behaviour Orders, Civil Injunction, House Closures (all for high levels of persistent antisocial behaviour and as a last resort after all low and medium level interventions have been exhausted).
- 154 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;

28. The number of environmental antisocial behaviour incidents remain high, the number of incidents with rubbish bins/refuse left in alleyways and reports to the contact centre have considerably reduced.

29. The above interventions demonstrate that there are private sector landlords who have rented premises in the North Ormesby area who are failing to take the appropriate action to combat the issues of their tenant's anti-social behaviour.

Crime

30. Prior to the introduction of Selective Licensing between October 2013 and September 2014, Cleveland Police dealt with 732 cases of anti-social behaviour in North Ormesby. This was 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.

31. Information provided by Cleveland Police show that they have dealt with the following numbers of cases of anti-social behaviour in North Ormesby:

- 2016/2017 - 693 cases,
- 2017/18 - 571 cases,
- 2018/19 - 508 cases, and
- 2019/20 - 369 cases

Since the start of the current North Ormesby scheme:

- There has been a reduction in personal antisocial behaviour incidents from 233 in 2015 to 118 IN 2019 (-49%).
- There has been a reduction in nuisance antisocial behaviour incidents from 337 in 2015 to 301 in 2019 (-11%).

Additional matters to be considered in the designation of the North Ormesby area:

32. In order to designate, Executive must also be satisfied that the making of a Selective Licensing designation is consistent with the authority's overall Housing Strategy. Housing plays a fundamental role in delivering sustainable communities, facilitating social and environmental improvements and promoting economic growth. The Council believes that Selective Landlord 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. The proposed designation is consistent with Middlesbrough Council's Housing Strategy.

33. In order to designate, Executive must also be satisfied that the authority seeks to adopt a co-ordinated approach in connection with dealing with homelessness, empty properties and anti-social behaviour, both
- as regards combining Selective Landlord licensing with other courses of action available to them, and
 - as regards combining such licensing with measures taken by other persons.
34. The proposed Selective Landlord Licensing designation for North Ormesby is coordinated and consistent with the delivery of the following Council policies and strategies:

Middlesbrough Council Strategic Plan (2020-23)

35. The proposal for North Ormesby contributes to the delivery of Plan in terms of:
- Tackling crime and anti-social behaviour
 - Securing improvements in Middlesbrough's housing, infrastructure and attractiveness, improving the town's reputation, creating opportunities for local people and improving our finances.
 - Working with communities and other public services to improve the lives of our residents.
 - Working with communities to improve local health and wellbeing, focusing in particular on tackling obesity, poor mental health and substance misuse.
 - Working with local communities to redevelop Middlesbrough's disadvantaged estates, and introduce locality working with our partners, placing services at the heart of communities.

Health and well-being Strategy

36. 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. The Selective Landlord Licensing Team will promote multi-agency case intervention strategies where problems are identified.

Private rented sector Regulation

37. 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 Sector 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

- Empty Property Enforcement
- Housing Health and Safety Rating System (HHSRS)

By re-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 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 behavior

38. 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 North Ormesby area 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 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

39. 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.

40. 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 anti-social behaviour, 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.

41. 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.

42. 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

43. In Middlesbrough there were 1470 homes empty for six months or more as of 1st October 2018. 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.

44. 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 Rent and Refurb scheme has been introduced. 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 has contributed to tackling problem empty properties in North Ormesby.

The BIG Local and North Ormesby Neighbourhood Action Plan

45. The BIG Local is a community structure based in North Ormesby and formed through a £1m Lottery grant. They 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.

46. The Council concluded there was an urgent need to take strong and immediate action to halt the decline of the area. However, it 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.

47. Selective Licensing has 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.

Place Based Working

48. The proposed locality based working approach planned for North Ormesby aims to build on the intensive targeted delivery of services working in partnership and Selective Landlord Licensing would be an integral part of this approach.

Alternative Remedies and why the council considers them insufficient.

49. The Council must not make a Selective Landlord Licensing designation unless they have considered whether there are any other courses of action available to them (of

whatever nature) that might the same outcomes and that the designation will significantly assist them to achieve the objective or objectives.

50. There are other courses of action available that might provide an effective method of achieving the objectives as the Selective Landlord Licensing designation. The following alternative powers and projects that are available to the Council have been considered:

Accreditation

51. 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.

52. 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.
53. 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.
54. 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

55. 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.
56. 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.
57. 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

58. 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.
59. 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).
60. 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.
61. 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

62. 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.
63. There is no guarantee that landlords, especially the irresponsible, 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.
64. A range of issues have been raised with the alternatives to Selective Landlord Licensing and each has its limitations. No single intervention can solve the problems presented in North Ormesby however it is considered that Selective Landlord Licensing, as part of a co-ordinated strategy, linking in with a full range of agencies and services utilising various interventions will significantly assist the authority in achieving its desired objectives.

Proposed Changes to the North Ormesby Selective Licensing Scheme

65. There are a small number of proposed minor amendments to strengthen the re-designated scheme which were included in the consultation:
- To include the costs of an Environmental Health Officer. This post carries out the housing inspections as part of the Selective Landlord Licensing scheme.

Including this post would be consistent with the approach taken in the Newport Selective Landlord Licensing scheme. When the scheme was introduced in 2015 it was not included and has been funded from the Council's revenue budget.

- The mandatory condition of the current scheme on tenancy referencing to be amended to require landlords to specifically use Middlesbrough Council's free referencing service.
- Payment of the Selective Landlord Licensing fee by instalments. This has been requested by some landlords. The fee is paid in two parts and it is proposed that Instalment arrangements could only be applied to the second part of the fee, the initial payment covers the cost of administering the application process. It is proposed that fees could be paid over a term of between 6 and 12 months depending on the number of properties to be licensed. Terms would be applied and to cover the cost of administering the Selective Landlord Licensing fee would be increased by £100 to cover this cost. Any landlord who defaults on payments would not be offered payment by instalments for subsequent licenses.

Proposed licence fee

66. The inclusion of the EHO post in the Selective Landlord Licensing staffing generates additional cost for the North Ormesby Selective Landlord Licensing, which are consistent with the Newport Selective Landlord Licensing scheme and the previous approach that staff work across schemes in later years. It is proposed that the licence fee for the re-designated North Ormesby Selective Landlord Licensing scheme should be £745 per property for a licence lasting a maximum of 5 years, taking into account the expected number of properties which will require a licence. The existing £20 fee for the Fit and Proper Person Check in respect of the proposed licence holder and manager remains unchanged from the current scheme. Penalty fees of £100 would continue to apply for late applications.

Boundary to the NO Selective Landlord Licensing scheme

67. The geographical area for the existing Selective Landlord Licensing in North Ormesby is shown in Appendix A and there are no plans to amend the boundary of the scheme. It is considered to cover the locations with the highest density of rented properties in the ward as well as incorporating other factors such as potential displacement of tenants and anti-social behaviour. The selected area also forms a natural boundary for the scheme which would counter any displacement issues in relation to anti-social behaviour.

68. On 1st September 2020 following the presentation of the Evaluation Report, Executive approved a period of consultation on the re-designation of the selective landlord licensing scheme in the North Ormesby area, as shown at Appendix A.

Consultation

69. Consultation on the proposed scheme was carried out over a 10 week period between 28th September 2020 and 7th December 2020. Letters were sent out to all Selective licensing landlords, residents and businesses affected within the area of North Ormesby and leaflets were delivered to a wider consultation area. The consultation process provided full details of the proposed scheme and responses were requested to be submitted through a proforma questionnaire online (Appendix C) and via e-mail. In

addition, all consultation material was available on the internet and the consultation was publicised in the press, on social media and through partners. Contact could also be made by telephone. Due to Covid-19 restrictions it was not appropriate to arrange and host consultation workshops.

70. During the 10 week consultation the following were received:

- 7 telephone calls,
- 22 emails, and
- 60 proforma online responses.

The report attached at Appendix D shows a summary of the e-mail and telephone call responses. Some of those who responded by email also responded by completing the online proforma, as highlighted. In summary, the majority of the 29 email/telephone responses came from landlords/managing agents with 12 objecting to the scheme for a range of reasons including:

- Cost of the scheme/landlords should not be required to pay it
- The Selective Landlord Licensing scheme is not effective
- Landlords do not see the expected outcomes
- Landlords do not get enough support from the Council
- Good landlords are penalised for the behaviour of irresponsible landlords

71. The report attached at Appendix E provides a full breakdown of the 60 proforma responses received during the consultation process. An analysis of the 60 questionnaires show they originated from:

- 3 business owners,
- 8 interested parties,
- 18 landlords in the proposed licensing zone,
- 31 tenants/residents in the proposed licensing zone.

72. In summary, the tenant's proforma responses show support for the scheme by stating that:

- Selective Landlord Licensing will tackle some of the issues in North Ormesby
- They agree with the proposed licence conditions, proposed programmes of inspections and the tenancy support arrangements.
- They agree that properties are not maintained to a good standard
- They agree that landlords behaved irresponsibly in the letting of their properties.

73. In summary, the landlord's proforma responses mostly stated objections to the scheme by stating:

- They disagreed that it would tackle issues in North Ormesby
- 56% disagreed with the licence conditions
- There was no clear indication of favour for the inspection programme
- They support the additional penalty for late payment of fees.
- There was no clear indication on whether landlords maintained their properties to a good standard.
- 44% did not agree that the private rented sector was an issue.

A low percentage of landlords agreed that landlords acted responsibly with their properties. Both landlords and tenants agreed that long term empty properties, the high turnover of tenants, substandard properties and antisocial behaviour were an issue in the Selective Landlord Licensing area.

74. In summary, there has been a low number of responses to the consultation. There are 816 private rented properties in the current Selective Landlord Licensing scheme, and 427 landlords. There have been 36 responses from landlords, which represents 8% of the landlords in the North Ormesby Selective Landlord Licensing area. It could be assumed that the 92% who did not respond to the consultation do not have any strong views or do not object to the proposals for re-designating the Selective Landlord Licensing scheme in North Ormesby.

75. Whilst all responses have been fully considered and responded to there are two objection which has received significant consideration. These are detailed below:

Exclusion of the “Keepmoat” estate area of North Ormesby from the Scheme

76. Evidence was presented by one landlord acting on behalf of himself and 13 other landlords that an area of housing referred to as “KeepMoat” in North Ormesby should be excluded from the Selective Landlord Licensing scheme. Appendix F shows this location and the list of affected streets. There are 35 privately rented properties within this area and the landlord’s objections relate to 23 of the properties.

The housing in this area is approximately 15 years old, located within the North Ormesby ward and forms part of the natural boundary of the Selective Landlord Licensing area.

77. In summary, the landlord states that:

- Only 20% of the properties on the Keepmoat estate are privately rented which is the same as the ‘All England’ average, whereas across the rest of North Ormesby the figure appears to exceed 50%.
- The average property price on the Keepmoat estate is approximately twice as high as the average property prices across the whole of North Ormesby.
- Anecdotal comments from landlords on the Keepmoat estate are that tenant turnover is low.
- There are no historic records on any empty properties in the Keepmoat estate between 2016 and 2019 and there are no empty properties currently.
- Between 2016 and 2020 there were no CAT1 hazards and one CAT2 hazard reported in the rented properties.
- In the last three years there has been 13 reported incidents of anti-social behaviour for the licensed properties. Throughout the entire five years, none of the 14 landlords have ever been contacted by the Selective Licensing Team, Police, or any other agency about anti-social behaviour at any of their properties.
- From 2011 onwards, Keepmoat landlords made significant investments in new build properties. Just five years later they were then required to pay an additional cost of £580 per property for a Landlord Licensing Scheme to redress low housing demand and anti-social behaviour based on a set of indicators, which the evidence in this report has shown to be inapplicable to the estate, but to elsewhere in North Ormesby.

78. In setting the proposed boundary to the Selective Landlord Licensing area in North Ormesby consideration has been given to including those locations with the highest density of rented properties in the ward as well as other factors such as potential displacement of tenants and anti-social behaviour. Whilst the properties in the Keepmoat

area are newer than the rest of North Ormesby, the area is still an integral part of the North Ormesby ward, located in close proximity to the Health Village and Market Place and contains walking routes accessible to all residents in the ward to use for access to retail areas, football stadium and wider. Of the properties in the Keepmoat area:

- 26% - private rented
- 17% - social housing
- 42% owner occupiers.

Whilst the private rented properties are located throughout the Keepmoat area there are three streets where most properties are located:

- Conyers Way – 29% (15) of the properties are privately rented.
- Orme Court – 55% (6) of the properties are privately rented
- Saxon Close – 77% (10) of the properties are privately rented.

In addition, there are potential plans underway to convert an empty property located in the Keepmoat area into self-contained flats which may be maintained for rental and each would require individual licences.

Antisocial behaviour in the Keepmoat area

79. The figures below demonstrate that antisocial behaviour incidents are occurring in the Keepmoat area and in the private rented properties .

Year		2016	2017	2018	2019	2020 (to date)
Total number of reported police incidents of anti-social behaviour	In North Ormesby	693	571	508	369	Not given
	In the Keepmoat estate	87	138	34	126	101
	for the 35 Licensed properties	15	12	4	0	9

Whilst the 14 landlords objecting to the inclusion of the Keepmoat area state that they have not had any issues with antisocial behaviour, there are 12 properties which are not represented by their owners and their views are not represented in this objection. It should be noted that whilst the objection quotes 13 reported incidents of anti-social behaviour for the licensed properties in three years, during the 5 years of the scheme our records show that 40 antisocial behaviour actions have been taken.

80. There is concern that excluding this area of housing would be detrimental to the Selective Licensing scheme as it is in such close proximity to the main body of the North Ormesby Selective Landlord Licensing area, it is difficult to consider it in isolation and

excluding it could potentially make the scheme less effective. Ownership of the rented properties in the Keepmoat estate may change over time, issues with displacement and tenants or housing standards may arise in these rented properties. Although tenancy referencing would be available it would not be enforceable without the Selective Landlord Licensing licence conditions.

81. An area was excluded from the Newport Selective Landlord Licensing Scheme as the properties had undergone extensive improvement, however there are considerable differences between this area and that of Keepmoat. The area in Newport was designated a “Comprehensive Improvement Zone” and consisted of 35 properties owned by one landlord. Since the implementation of the Newport scheme there have been no reported issues of anti-social behaviour associated with the properties in this area. The involvement of multiple landlords in the ownership of properties in the Keepmoat area, some of which have not been involved this objection, would potentially make it more difficult to resolve issues with housing standards and tenants antisocial behaviour. There is already evidence of antisocial behaviour in the Keepmoat area.

82. Detailed consideration has been given to the proposal to exclude the Keepmoat area from the North Ormesby Selective Landlord Licensing area, however it is recommended that the boundary for the scheme remains unchanged, as detailed in Appendix A.

Response from the National Residential Landlords Association

83. The National Residential Landlords Association objected to the relevance of Selective Licensing Schemes by local authorities and their detailed response is shown at Appendix G. The matters which they have raised have been fully considered and specifically:

- Waste Management in tenancies – Middlesbrough Council are currently considering an approach to support tenants and landlords with excess waste at the end of a tenancy.
- Additional fee for licence payment instalments. The additional payment of £100 for instalment arrangements is considered to be part of the licence fee.
- Crime and anti-social behaviour. Through the funding for the scheme there will be a dedicated Neighbourhood Safety Officer for the North Ormesby area to tackle these matters. In addition, existing legal powers will be utilised alongside the Selective Licensing powers.

After considering the NRLA response there are no changes to the proposed scheme.

What decision(s) are being asked for?

84. That Executive consider the results of the consultation and the statutory tests referred to in this report and approve the re-designation of Selective Landlord Licensing within the proposed area of North Ormesby ward (Appendix A)

Why is this being recommended?

85. The North Ormesby area meets the legal requirements for the designation Selective Landlord Licensing area and re-designation will require all privately rented properties within the identified boundaries, subject to statutory exemptions, to apply to be licensed for

up to five years and comply with the licence conditions. The Selective Landlord Licensing scheme in North Ormesby has resulted in improvements in the living and environmental conditions for those living in the area and contributed to reductions in antisocial behaviour.

86. The scheme would continue to ensure that property standards are maintained, anti-social behaviour issues related to tenants are reduced and managed and that landlords are held accountable for the costs of both licensing and the property management improvements. The existing Selective Landlord Licensing scheme designation is self-financing and, in line with the recommended changes to the scheme, the new designation would work in the same way.

87. The proposed fee of £745 (plus £20 for the Fit and Proper Person check) enables the Council to ensure the scheme is self-financing, it is calculated on the staffing requirements for the administration and regulation of the selective landlord licensing scheme.

88. The current boundary for the Selective Landlord Licensing scheme is to be maintained to ensure complete coverage of the area in relation to improved housing standards, improving environmental conditions and reduction in crime and anti-social behaviour and to avoid any issues of displacement.

89. The re-designation will allow the continuation of the achievements the scheme has achieved to date, improving living and environmental conditions, reducing anti-social behaviour as set out in the Evaluation Report.

Other potential decisions and why these have not been recommended

90. Other potential decisions were presented and rejected at the Executive meeting on 1st September.

Re-designate an amended area within the area of North Ormesby for Selective Licensing and request approval for consultation.

91. This is not recommended as the current area is considered to cover the locations with the highest density of rented properties in the ward as well as incorporating other factors such as potential displacement of tenants and anti-social behaviour.

92. Do not renew the Selective Landlord Licensing designation and carry out alternative interventions to replace of a formal scheme

93. Alternatives to Selective Licensing were considered in 2014 prior to the designation of the current Selective Licensing areas. These courses of action have been considered and are explained in detail in paragraphs 49-64. Whilst selective landlord licensing is not intended to be indefinite, a shift to an alternative non-regulatory approach or only relying on traditional reactive enforcement tools is not considered appropriate to sustain outcomes or achieve the Council's objectives. Traditional interventions do not provide the level of engagement with landlords necessary for the desired improvements. Short term proactive enforcement projects have only a limited impact

and are not sustainable without significant investment from existing revenue budgets or grant funding. Selective landlord licensing delivered in a coordinated approach, working in partnership and utilising a wide range of powers is considered to be the most effective means of delivering the Council's objectives.

94. In considering the responses received to the consultation it is maintained that the recommended action to re-designate the Selective Landlord Licensing Scheme in North Ormesby is the most appropriate course. The area meets the legal criteria for the designation of a selective landlord licensing scheme which is the most effective solution to improving management standards in the private rented sector.

Impact(s) of recommended decision(s)

95. The recommended decision to re-designate the Selective Licensing scheme in the North Ormesby ward will result in the implementation of the scheme using the same model as the previous scheme with the enhancements described in paragraph 33. The scheme will become effective after a three month period and will be in place for a period of five years, subject to periodic reviews.

96. The designation of North Ormesby as a Selective Landlord Licensing area will significantly assist the Council to achieve its objectives.

Legal

97. Part 3 of the Housing Act 2004 sets out the scheme for licensing private rented properties in a local housing authority area. Under the Act a local housing authority can designate the whole or any part or parts of its area as subject to Selective Licensing. Where a selective licensing designation is made it applies to privately rented property in the area.

98. A Selective Licensing designation may be made if the area to which it relates satisfies one or more of the conditions required. The local authority may only make a designation if the area has a high proportion of property in the private rented sector. Nationally the private rented sector currently makes up 19% of the total housing stock in England.

99. Before making a designation, a consultation is required and full consideration should be given to any representations made during the process. Where the criteria are satisfied and a Selective Licensing scheme is made, a designation may be made for up to 5 years. The designation cannot come into force until 3 months after it is made. A notice of the designation has to be published within seven days of the designation being confirmed. All those consulted on the proposed designation should be notified within two weeks of the designation being confirmed.

100. There is a possibility of legal challenge in the form of a judicial review against the decision to introduce or renew a Selective Landlord Licensing scheme. However the risk of such a challenge will be less where the Authority ensures that the legislation is

complied with. An application for permission to Judicially Review a previous Council decision to designate part of Newport Ward was made by one landlord. The High Court refused to grant permission to the landlord to Judicially Review the decision because none of the grounds raised by the landlord were found to be arguable.

101. Legal Services have been consulted on the content of this report.

Financial

102. The Selective Landlord Licensing scheme will be self-financing through the payment of the fee by landlords to obtain their licence. The licence fee of £745 per property (plus £20 Fit and Proper check) will ensure that the scheme can be delivered within the existing financial envelope. An additional fee of £100 is proposed for landlords who wish to pay their fee by instalments. This is considered to part of the licence fee and covers the additional costs associated with implementing and maintaining this arrangement.

103. The re-designation to the North Ormesby Selective Landlord Licensing scheme has been delayed due to the impact of the COVID-19 pandemic. Therefore, if a re-designation is approved by Executive in February 2021 there will be a gap between the existing scheme which ends on 31st Dec 2020 and the implementation of the new scheme estimated to be in May 2020. It is proposed that in order to maintain the progress of the Selective Landlord Licensing work in North Ormesby the staffing costs will be met by the Public Protection revenue budget.

104. This fee and staffing structure has been agreed with Finance and Governance and the Public Protection Strategic Accountant.

Policy Framework

105. The linkages to the Council's policy framework are detailed in full in paragraphs 35-48. The proposed designations contribute both to Middlesbrough Council's Strategic Plan, Housing Strategy through improving the quality of the private rented sector and reducing fuel poverty. The designation will also contribute to reducing health and social inequalities by tackling deprivation in the least well off areas; improving the quality of housing, environmental conditions and reducing crime and disorder which has a direct impact on health and wellbeing.

Equality and Diversity

106. An Equality Impact Assessment has been completed and is attached to this report (Appendix H). There will be no negative, differential impact on diverse groups and communities associated with this report. It has been demonstrated that the North Ormesby Selective Landlord Licensing scheme provides significant benefit to vulnerable groups by improving living standards and providing support in improving health, education and financial management.

Risk

107. Approval for designations must be sought from the Secretary of State for Communities and Local Government if more than 20% of the private rented housing or 20% of the geographical area of the local authority are will be subject to licensing, The area proposed, along with the recent designations for the Newport Selective Landlord Licensing area do not cover more than 20% of the geographical area of the borough. This means that the Council does not require Secretary of State approval to make the designation proposed in this report.
108. If the Selective Landlord Licensing scheme is not approved for re-designation there is a risk that the successes seen in the North Ormesby ward as a result of Selective Landlord Licensing will start to slow down returning to the initial position prior to the introduction of the scheme e.g., poor housing standards, long term empty properties, elevated levels of anti-social behaviour.
109. There is a risk of a shortfall in recovering the costs of the scheme if the scheme does not receive applications and fees from the anticipated number of licensable premises. However the vast majority of the licensable properties have already been identified as part of the previous designation and consultation processes. This risk is also mitigated by the experience that the Selective Licensing team has developed in mapping and taking enforcement action where there is a failure to licence.

Actions to be taken to implement the decision(s)

110. Following approval by the Executive there will be a three month lead in time period before the designation comes into force. A notice of the designation will be published within seven days of the designation being confirmed. A delivery implementation plan will be developed to ensure that the recommended decisions are implemented, including key milestones and will be monitored by a Governance Board.

Appendices

- Appendix A – Map of proposed designated area (North Ormesby)
- Appendix B – Evaluation Report
- Appendix C – Selective Licensing consultation proforma.
- Appendix D- Selective Landlord Licensing Consultation Telephone & Email Responses 13112020
- Appendix E – Full Consultation Proforma Response Report
- Appendix F – Keepmoat Estate Street Names and Map.
- Appendix G – NRLA response to the consultation
- Appendix H – Equality Impact Assessment

Background papers

Body	Report title	Date
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Executive Report	Proposal to introduce Selective Licensing (including Early Help) in North Ormesby	9 December 2014
Executive Report	Selective Licensing (including Early Help) in North Ormesby	14 July 2015
MHCLG	Selective Licensing in the Private Rented Sector. A Guide for Local Authorities.	March 2015
Executive report	Selective Landlord Licensing: Update on the North Ormesby Scheme and Proposed Consultation on the Phase 2 Rollout to Part of Newport Ward	1 October 2018
MBC	Evaluation Report for North Ormesby ward Selective Landlord Licensing Scheme.	July 2020

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