

SELECTIVE LANDLORD LICENSING NORTH ORMESBY SCHEME

EVALUATION REPORT 2020

CONTENTS

Introduction

1. Aim of the evaluation
2. Methodology

Policy background and project set up

3. Background to Selective Landlord Licensing
4. The introduction of Selective Licensing in North Ormesby
5. Selective Landlord Licensing fees

Performance

6. Low Demand
 - 6.1 House prices
 - 6.2 Turnover of tenants
 - 6.3 Empty properties & long term empties (more than 6 months)
7. Property Conditions
 - 7.1 Improving housing standards
 - 7.2 Housing disrepair
8. Management Standards
 - 8.1 Tenancy referencing
9. Antisocial Behaviour & Early Help
 - 9.1 Antisocial behaviour
 - 9.2 Early help
10. Environmental nuisance
11. Application Process
 - 11.1 Applications Received
 - 11.2 Licences issued
 - 11.3 Licences issued to interested parties
12. Enforcement
 - 12.1 Enforcement for non-compliance
 - 12.2 Partnership working

Scheme Audits and Evaluations

13. External and Internal Evaluations/audits of the scheme
 - 13.1 MHCLG Independent Review of SLL schemes
 - 13.2 Middlesbrough Council scrutiny panel review
 - 13.3 Middlesbrough Council internal audit

14. Conclusion

Appendices

- Appendix 1 - Map of designated area
- Appendix 2 – Fit & proper person check
- Appendix 3 – Licence conditions
- Appendix 4 - Exemptions
- Appendix 5 – Fee Structure
- Appendix 6 – Case Studies
- Appendix A – Proposal document

INTRODUCTION

1. Aim of the evaluation

Middlesbrough Council currently operates two Selective Landlord Licensing (SLL) schemes set up under Part 3 of the Housing Act 2004.

Under the terms of the Act, each scheme runs for five years, with an evaluation required before the end of that period to assess its impact and to contribute to the decision whether it should be continued or ended.

The North Ormesby scheme, five-year period during which the locality is designated for Selective Licensing ends in December 2020. The designation on the Council's second Selective Licensing scheme within a part of Newport ward ends on 12th June 2024.

The aim of this report is to present the findings of an evaluation of the Selective Licensing scheme within North Ormesby ward.

Using guidance from Local Government Regulation, the evaluation seeks 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.

2. Methodology

The methodology used for this evaluation of the Selective Licensing scheme within North Ormesby consists of:

- Analysis of data from Middlesbrough Council and other stakeholders collected during the 2016 - 2020 licensing period;
- Case studies, including descriptions of the housing market and details on how the Selective Licensing scheme has been managed;
- Interpretation of opinions expressed by managing agents, landlords and stakeholders operating in the Selective Licensing area.

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

This report also sets out the policy background to Selective Licensing and describing the situation at North Ormesby. The report summarises the performance outputs of the North Ormesby scheme including costs and concludes with a review of options and recommendations. Various further details are contained in appendices.

POLICY BACKGROUND AND PROJECT SET UP

3. Background to Selective Licensing

Part 3 of the Housing Act 2004 provides that a Council (i.e. the Local Housing Authority) may declare a licensing scheme for privately rented accommodation if the following conditions are met: -

- *that the area is, or is likely to become, an area of low housing demand; and;*

- *that the area is experiencing a significant and persistent problem caused by anti-social behaviour;*

Selective Licensing requires that any person wishing to rent out a property in a designated area must first obtain a licence from the Council. In order to grant such a licence the Council must be satisfied that the landlord is a “fit and proper” person with satisfactory management arrangements in place to deal with any anti-social behaviour caused by their tenants. Selective Licensing applies only to private landlords, not to social landlords.

Selective Licensing is intended to be just one of many tools available to the Council to address low demand and anti-social behaviour, it is not a stand-alone panacea for every issue affecting a neighbourhood. Therefore, the 2004 Act requires the Council to identify how Selective Licensing will work alongside other measures by showing how it forms part of an overall strategic approach, contributing to existing policies and underpinning future plans for the area.

A full public consultation must be carried out before a decision can be made to introduce a Selective Licensing scheme. This should include consultation with local residents, including tenants, landlords and managing agents, and other members of the community who live, run businesses or provide services in the area proposed for designation. Those outside of the designation who will be affected should be included too.

When the North Ormesby Selective Licensing scheme was introduced in 2015, Secretary of State approval was required to designate an area. However, since April 2010 this power has been delegated to local authorities, who must still meet all the other requirements of the 2004 Act to ensure that a scheme is legally enforceable.

4. The introduction of Selective Licensing in North Ormesby

North Ormesby faced significant major social and economic challenges as summarised below:

- between 2007 and 2010 the North Ormesby ward had the most significant increase in deprivation across the whole town;
- the private rented sector increased by 118% (2001-10) and owner occupation dropped by 18%; and
- poorly managed properties has continued to feed a concentration of anti-social behaviour and crime, confirmed by the Big Local survey which confirmed it as a key concern for local residents.

As a consequence of this concentration of issues a broad range of social problems have manifested themselves, from drug and alcohol abuse to domestic violence. The transient nature of households has also increased the turnover of the area with the local primary school seeing only 50% of those children who start the school at Reception year staying on until Year 6.

North Ormesby had become the destination for those people with limited housing choices. In some cases, those with the most chaotic lifestyles, and a range of social, health and welfare problems that require extensive public sector support, had become concentrated in North Ormesby and other inner areas. A proactive and preventative approach was needed to manage this structural imbalance or the Council and other public sector bodies will continue to pick up the service demands and costs generated by individuals and families. Typically the inner area demonstrated:

- a) High crime rates;
- b) Poor health outcomes;
- c) High levels of social care needs;
- d) Educational under achievement;
- e) Low employment levels;
- f) Benefit dependency; and,
- g) Disconnection from the job market.

Index of Multiple Deprivation (IMD).

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

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

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

The North Ormesby and Brambles Farm ward was the third most deprived ward in the town, and had declined since 2004.

The Housing Act 2004 gives Local Authorities the power 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 the Selective Licensing scheme is to improve standards of property management in the private rented sector, over a five year period of designation which, when combined with other measures, should lead to improved social and economic conditions.

The area of North Ormesby was designated for Selective Landlord Licensing in September 2015 and this came into force on the 1st January 2016. Every landlord who privately rents a property in the designated area of North Ormesby is required to apply for a licence to do so.

5. Selective Licensing 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 functions in relation to Interim and Final Management Orders (so far as they are not recoverable under that part of the Act).

The licensing fee in the North Ormesby scheme was set at £580 per property, plus a £20 Fit & Proper Fee per licence holder. The fee was calculated by estimating the number of licensable properties, and the anticipated staffing costs required to carry out the functions of the scheme (4.5 FTEs and an Apprentice). The payment was split in to two parts with £290 + £20 Fit and Proper Fee payable at the time of the application and £290 payable at the Notice of Intention stage.

With 550 licensable properties originally identified in the North Ormesby Selective Licensing area, an income of £319,000 was predicted from the scheme. The actual income has exceeded expectations as the number of licensable properties has changed over the five years of the scheme due to exemptions, sales of properties and changes in tenure. To date 934 properties have been licensed and generated fees of £608,896. This figure is made up of licence fees, part licensed properties and late fee charges. Income from the licence fees is ring fenced meaning that it can only be used for the delivery of the SLL scheme. North Ormesby fees pay for the following SLL staffing: Manager, SLL Officer, SLL Neighbourhood Safety Officer, SLL Assistant, Apprentice and Tenancy Relations Officer.

PERFORMANCE

Throughout the period of the North Ormesby SLL scheme a series of performance measures have been monitored to track the progress and outcomes of the scheme.

6. Low Demand for Housing

The Council introduced Selective Licensing in North Ormesby on the basis that there was compelling evidence of low housing demand. In line with legislation and guidance the Council considered the indicators of low housing demand such turnover, low property prices, a transient tenant population and high proportion of empty properties.

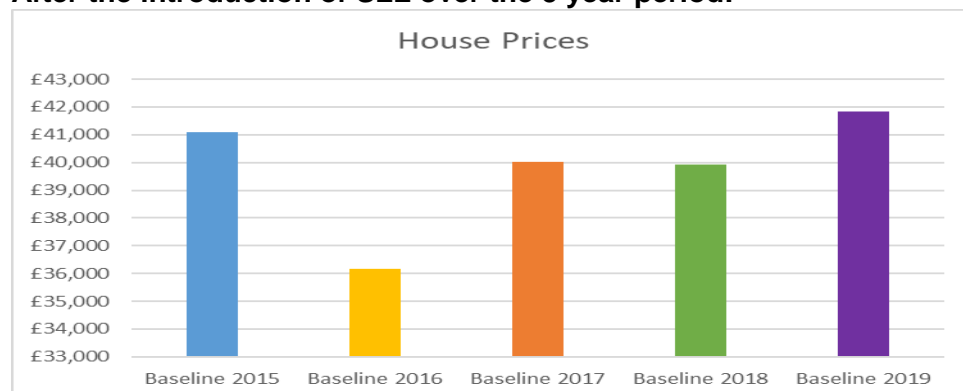
6.1 House Prices

Prior to the introduction of SLL:

With average sales prices in North Ormesby at £48,000 (Land Registry sold prices between August 2013 and July 2014), they were amongst the lowest in the town. (The average house price for Middlesbrough at this time was £124,000). Performance baseline figures the year prior to the scheme (2015) using Land Registry sold prices show house prices at £41,000.

Prices ranged from £25k-£30k up to £55k dependent on the location within the ward. Those purchasing properties in North Ormesby were predominantly investors looking to buy to rent.

After the introduction of SLL over the 5 year period:



Data source: HM Land registry Open data <https://landregistry.data.gov.uk/app/standard-reports/report-design>

Conclusion: This clearly shows that house prices in North Ormesby are starting to increase. During the designation period observations have indicated that there has also been an increase in the number of renovations of properties.

6.2 Turnover of tenants

Prior to the introduction of SLL:

Council Tax records provide a guide as to the proportion of properties experiencing turnover in occupancy in the North Ormesby ward. 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%).

After the introduction of SLL over the 5 year period:



Data Source: Middlesbrough Council, Council Tax records.

Conclusion: Prior to the SLL scheme North Ormesby had a more transient population typically housed in privately rented accommodation which can have a negative impact on the stability and desirability of an area. It can also affect community integration and investment and affect school performance negatively. Following the designation of the SLL scheme it can be seen that the turnover of properties has decreased each year which indicates that properties are not changing hands as much and there is a more static population contributing to improved community cohesion.

6.3 Empty Properties and Long Term Empties (More than 6 Months)

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

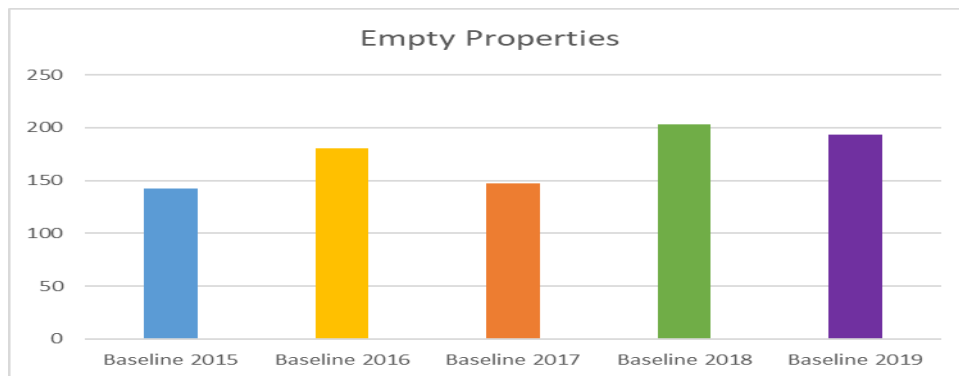
- deny homes to those in need;
- attract vermin, crime, arson, vandalism, fly-tipping and anti-social behaviour;
- are a source of anxiety for owners and neighbours;
- reduce the value of neighbouring properties; and as a consequence,
- are a drain on public services and budgets.

Empty properties which become open for access due to vandalism or criminal damage are subject to legal notices which require the owner to secure the property. This action is taken by officers in the Public Protection Service and this has not changed throughout the life of the scheme

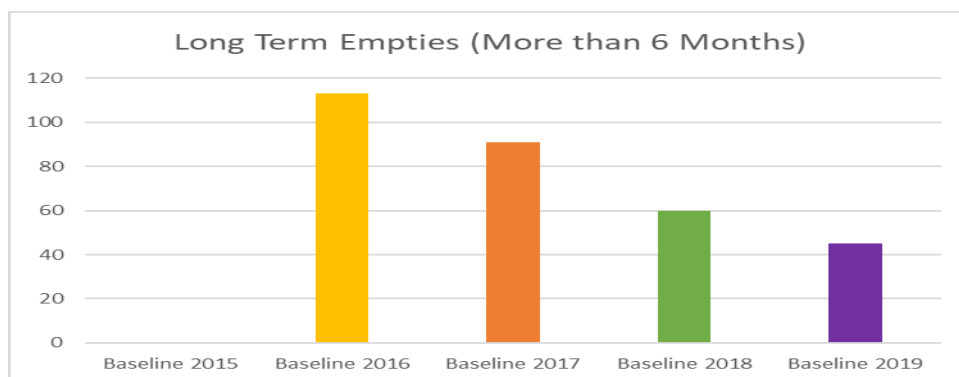
Prior to the introduction of SLL:

At the end of September 2014, according to Council Tax records, there were 68 long-term empty properties in North Ormesby, which equates to 3.9% of total stock. North Ormesby had the second highest proportion of long term empty properties 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.

After the introduction of SLL over the 5 year period:



Data Source: Middlesbrough Council, Council Tax records



Data Source: Middlesbrough Council, Council Tax records

Conclusion: Even with the introduction of Middlesbrough Council's Rent & Refurb Scheme and Thirteen purchasing properties in the area, there has been a fluctuation in the numbers of empty properties throughout the five year of the scheme. Whilst the number of empty properties remain high, there has been a very distinct decline in the number of long term empty properties which are the most problematic in terms of attracting anti social behaviour, damage and contribute to lack of confidence in safety in the community.

Recommendation for future SLL scheme: To continue with the delivery of the current scheme's approach to dealing with vacant properties. It is proposed that the SLL team will be given additional responsibility to serve legal notices to secure empty properties which become open for access. This could potentially increase the efficiency of securing properties in a shorter timescale.

7. Property Conditions

Middlesbrough's Private Sector Stock Condition Survey (PSSCS) 2008 identified North Ormesby as having the highest proportion of non-decent dwellings in Middlesbrough at 60.5%.

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

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

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

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

7.1 Improving housing standards

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.

Middlesbrough's Private Sector Stock Condition Survey (PSSCS) 2008 identified North Ormesby as having the largest proportion of vulnerable households (74.2%) living in non-decent homes.

7.2 Housing disrepair

Prior to the introduction of SLL:

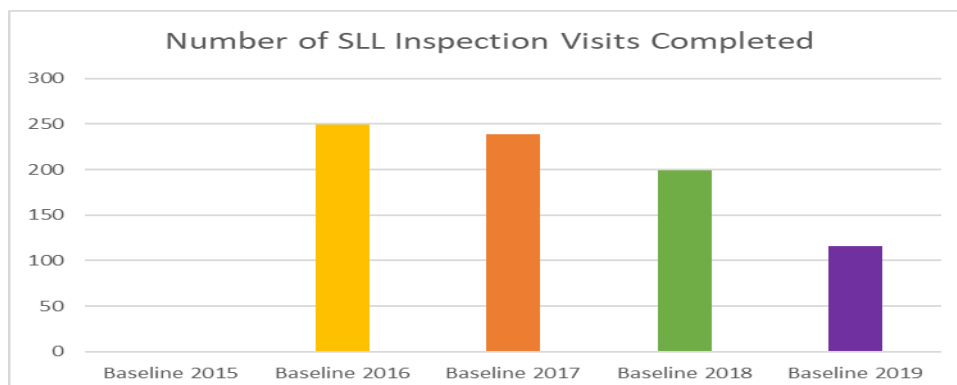
The Council received 145 complaints of housing disrepair in private rented property in North Ormesby between 2011/12 and 2013/14, this equates to 8.4% of the private rented properties in North Ormesby, the town average being 3.4%.

- The Council issued 41 pre-formal schedules of work to landlords in North Ormesby between 2011/12 and 2013/14 (2.4% of private rented housing in the area) with the town average being 0.6%.
- The Council served 9 statutory housing repair notices on landlords in North Ormesby between 2011/12 and 2013/14
- Baseline figures for the scheme show that in the year prior to the introduction of the SLL Scheme 6 housing standards inspections were carried out in North Ormesby following complaints from their tenants. The inspections identified 2 category 1 Hazards and 21 Category 2 hazards

After the introduction of SLL over the 5 year period:

The graphs below show the number of rented properties in NO which have been inspected throughout the course of the SLL to ensure they met housing standards. Generally, residents in the private rented sector do not complain about standards in their property, for a wide range of reasons, which is evident in the low number of complaints in 2014. The incorporation of housing standards inspections into the SLL scheme has resulted in improved housing conditions for residents. The majority of the inspections were completed in 2016/17 (the first two years of the scheme) with the number of inspections declining in 2018/19 due to the reduced numbers of properties requiring inspections which is reflected in the figures.

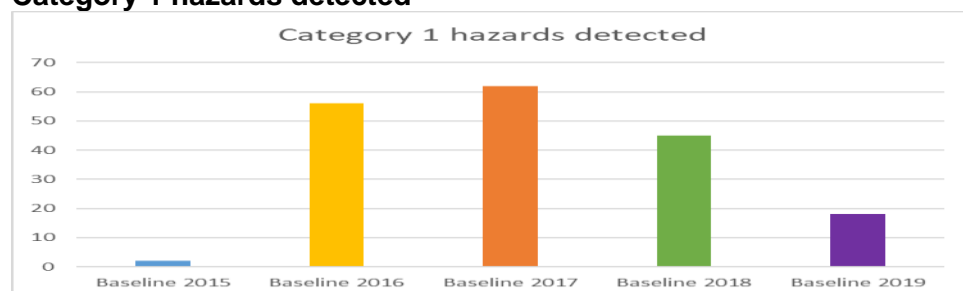
Number of SLL Inspection Visits Completed



Conclusion: It was originally intended that a 100% of the licence properties in North Ormesby would be inspected in the first 2 years. However, it became evident that due to the nature and chaotic lifestyles of the tenants access to the properties was often difficult and on some occasions it took 3 and 4 attempts to be able to carry out the inspection. In addition, if a property was licensed but was vacated before the inspection was carried out, it would be delayed until the property was tenanted. It was also evident over the course of the SLL scheme that new properties became licensable and required an inspection. The graph above shows the extended timescale required to complete the housing inspection.

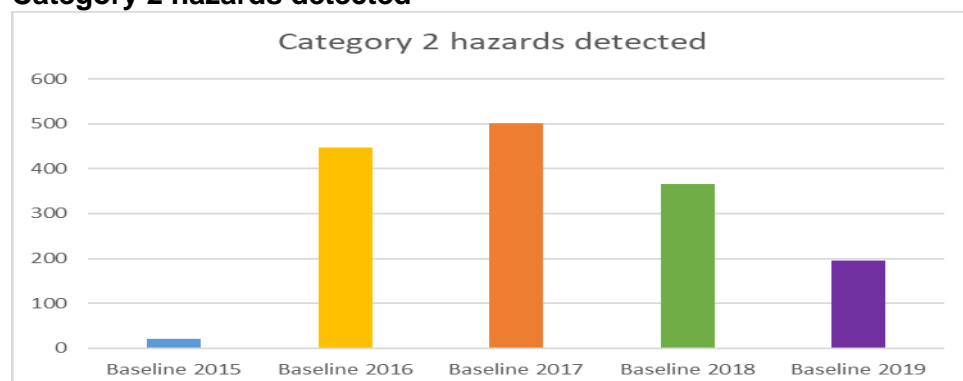
The figures for the housing inspections also provide the numbers of multi-agency visits made to each property to offer wider support, including the Tenancy support for vulnerable residents.

Category 1 hazards detected



Data Source: FLARE data system

Category 2 hazards detected

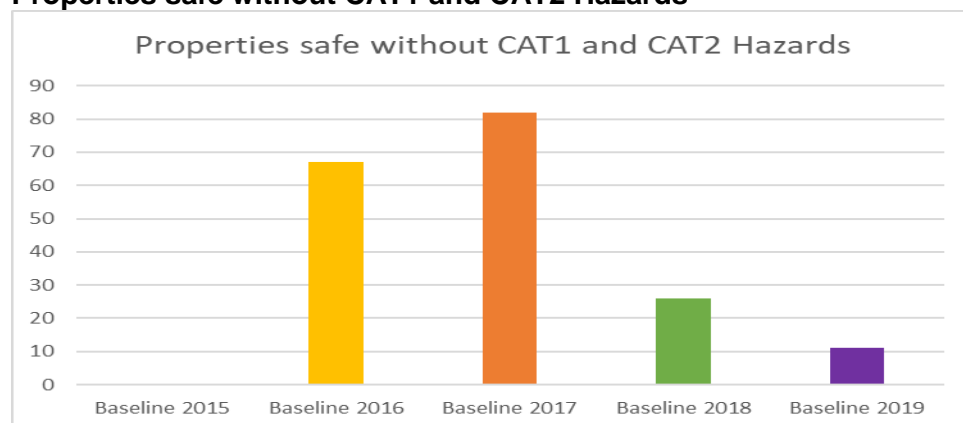


Data Source: FLARE data system

Conclusion: Category 1 hazards are those where the most serious harm outcome is identified, for example, those hazards which may cause death, permanent paralysis, and permanent loss of consciousness, loss of a limb or serious fractures. There is a legal duty to take action when category 1 hazards are identified, and a power to enforce against category 2 hazards. The baseline data shows the low number of tenants which were coming forward to report poor housing conditions. The proactive housing inspections incorporated into the SLL scheme has resulted in a significant increase the number of properties with poor housing conditions in NO and a significant improvement in housing conditions. Without the SLL scheme these improvements would not have been achieved.

Recommendation for future SLL scheme: To maintain a multi-agency approach to property visits and housing standards inspections as a requirement of the SLL scheme.

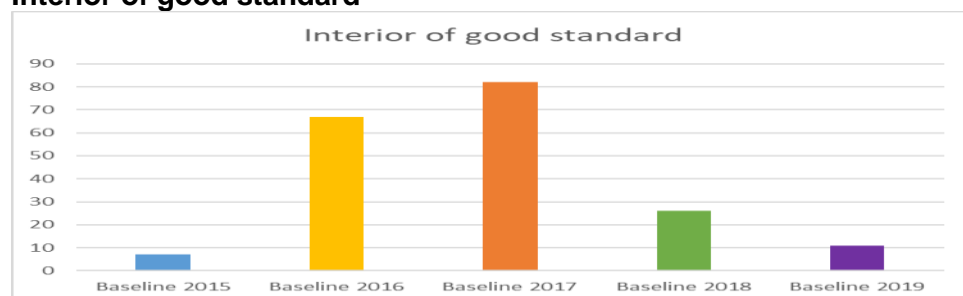
Properties safe without CAT1 and CAT2 Hazards



Data Source: FLARE data system

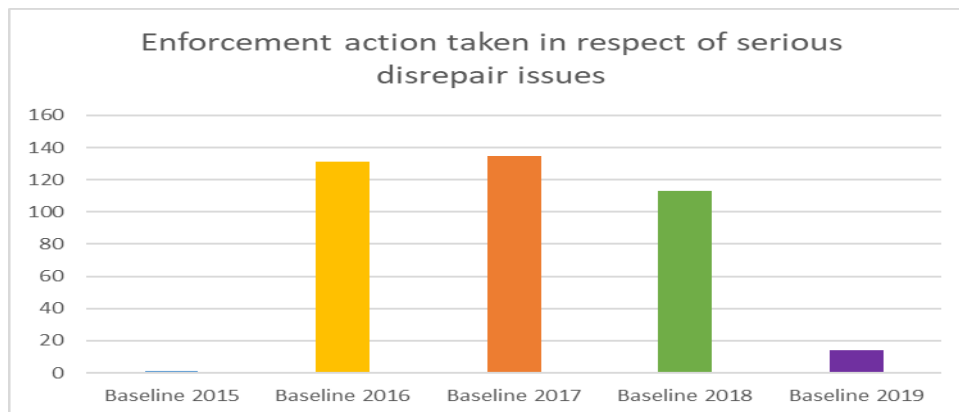
The above graph shows the number of properties safe without Cat1 and CAT 2 hazards. As with the previous graph the majority of the inspections were completed in 2016/17 (the first two years of the scheme) the number of inspections declined in 2018/19 due to the lower number of inspections required to be completed which is reflected in the figures.

Interior of good standard



Data Source: FLARE data system

Enforcement action taken in respect of serious disrepair issues



Data Source: FLARE data system

Case studies are provided to support the above (Appendix 6 – Case study 1 & 2.)

Landlord Testimonial (Nigel Fick) – “In a perfect world there would be absolutely no need for Selective Licensing. There would be no anti-social behaviour, all tenants would conduct their tenancies immaculately and private landlords would be aware of their responsibilities both to tenants and the public and share the information they have.

Regrettably that is not the world we live in. By definition, any area that is subject to Selective Licensing will have poor standards of private housing and higher than normal instances of anti-social behaviour and it is therefore essential that private landlords behave responsibly which is clearly not always the case.

If we are to have Selective Licensing it is of fundamental importance that the local authority team charged with the task does so with understanding and professionalism but also be firm enough to punish landlords who demonstrate an unwillingness to ‘play ball’.

I would like to thank you and your team for being so helpful with our licence applications, with on-going advice and support, with helpful information and a boot up the backside when needed”.

8. Management Standards

By introducing selective licensing the Council is fully utilising the suite of tools introduced by the Housing Act 2004 to address management standards and property conditions within the private rented sector. As part of a coordinated approach, Selective Licensing 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.

Whilst reputable landlords are provided assurance with a Selective Licensing scheme in place, those landlords whose business practices did not meet the required minimum standards are encouraged and supported to improve their management standards. Landlords who were not willing to work with the Council could face being refused a licence and ultimately having a Management Order imposed against the property which removes it from their control.

8.1 Tenancy Referencing

The Tenancy Referencing Service offers a free service to member landlords which allows them to make informed choices about prospective tenants when letting properties in the Middlesbrough area.

A traffic light system is used to explain the results of the reference check. This lets landlords make an informed choice about whether or not to allocate a tenancy.

- Green: indicates no issues.
- Amber: may indicate that there has been no previous tenancy held, or there may have been some minor tenancy issues or rent arrears.
- Red: indicates evidence of eviction, anti-social behaviour, or high rent arrears.

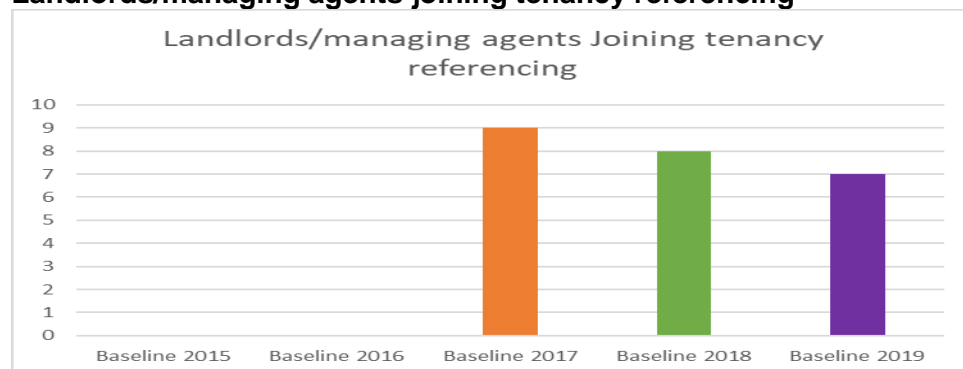
Prior to the introduction of SLL:

Landlord referencing existed but it was discretionary for landlords to join and use the service.

After the introduction of SLL over the 5 year period:

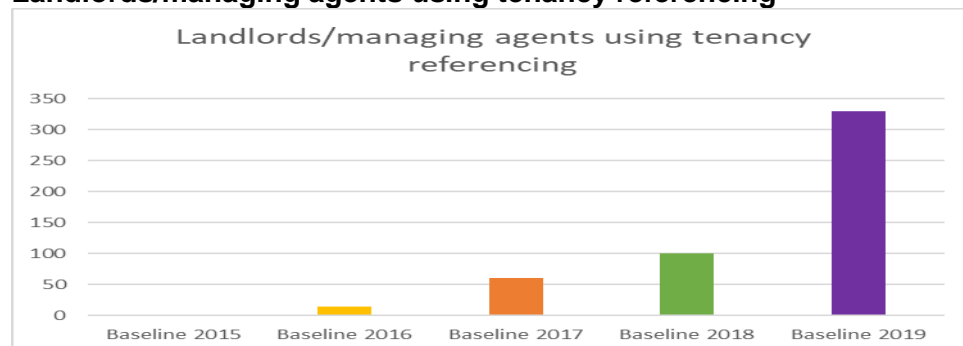
When SLL was introduced tenancy referencing became a mandatory condition of the licence, in addition to conditions requiring landlords to provide a copy of a tenancy agreement, up to date gas safety certificate and an anti-social behaviour plan.

Landlords/managing agents joining tenancy referencing



Data Source: FLARE data system

Landlords/managing agents using tenancy referencing



Data Source: FLARE data system

Conclusion: A licence condition of the scheme is that all landlords need to reference their tenants before placing them in a tenancy but can use any referencing service they choose. The graphs show that during the course of the scheme landlords have not only joined but are using the service.

Recommendation for future SLL scheme: It is proposed that a mandatory condition is introduced for landlords to use Middlesbrough Council FREE referencing service as this is a robust service which is broader than the current scheme as it also looks at antisocial behaviour in previous tenancies.

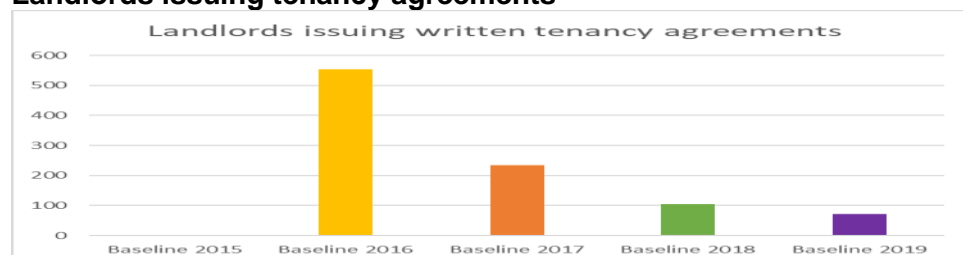
Landlord Testimonial (Paul Norman) - "For many years I prevented my clients (investors) and myself from purchasing /working in this area and told anyone who asked where to buy, not North Ormesby! Since Selective licensing has been rolled out my attitude to the area has changed dramatically due to the 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, their referencing costs me £24 per time. It does not, however, tell me their history at previous addresses, 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".

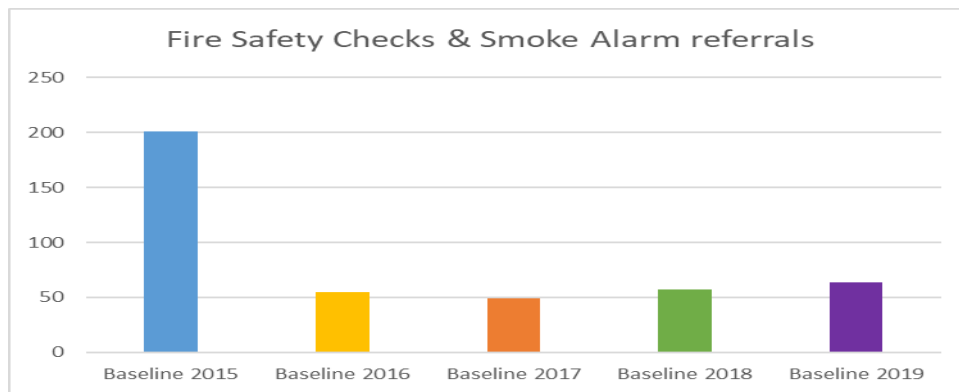
Landlords issuing tenancy agreements



Data Source: FLARE data system

Conclusion: When landlords apply for a selective licence it is mandatory that they must upload a copy of the current tenancy agreement along with the application form. The decrease in numbers throughout the scheme is due to the number of applications received.

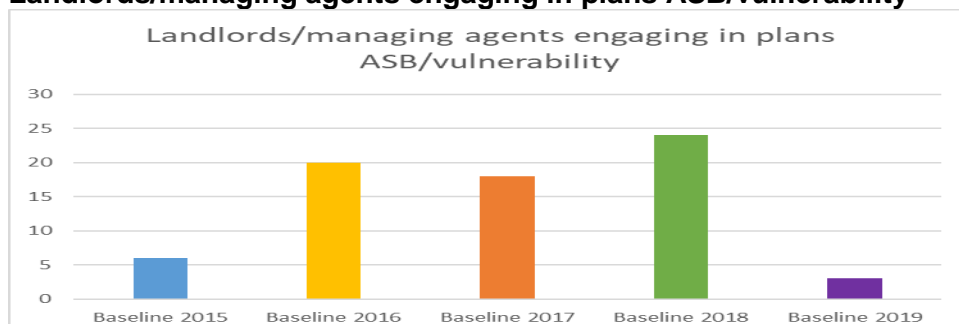
Fire Safety Checks & Smoke Alarm referrals made by team following property inspection



Data Source: FLARE data system & Selective Licensing Spreadsheet

Conclusion: It is a mandatory condition that smoke alarms are fitted at each floor level within a property. At the start of the tenancy it is the landlord's responsibility to ensure alarms are fitted, during the tenancy it is the tenant's responsibility to ensure the alarms stay in a working condition. On each housing inspection every tenant is offered a home fire safety check with the fire brigade and if smoke alarms are not present or found to be not working new smoke alarms are requested. If these visits were not carried out there would be a larger number of properties without adequate smoke and fire protection.

Landlords/managing agents engaging in plans ASB/vulnerability



Data Source: FLARE data system

9. Antisocial Behaviour & Early Help

9.1 Antisocial Behaviour

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

The types of anti-social behaviour that the Council's Community Safety Team regularly deals 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.

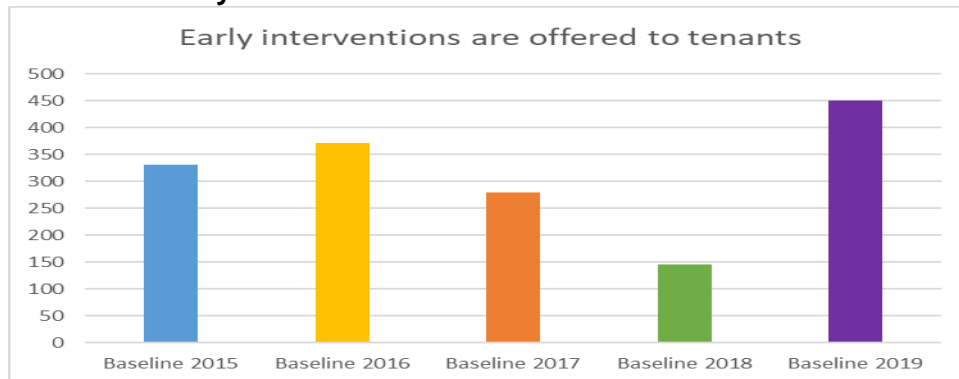
Prior to the introduction of SLL:

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%.

Between October 2013 and September 2014, Cleveland Police also 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.

After the introduction of SLL over the 5 year period:

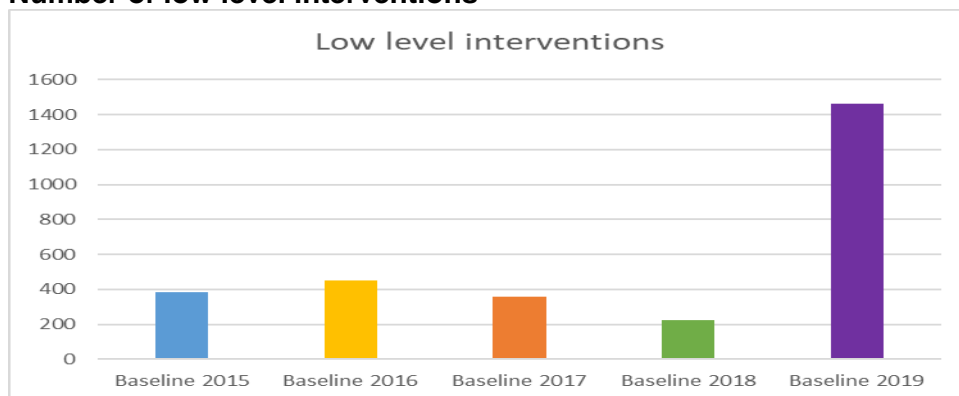
Number of early interventions offered to tenants



Data Source: FLARE data system

Early interventions are: referrals into other services for support.

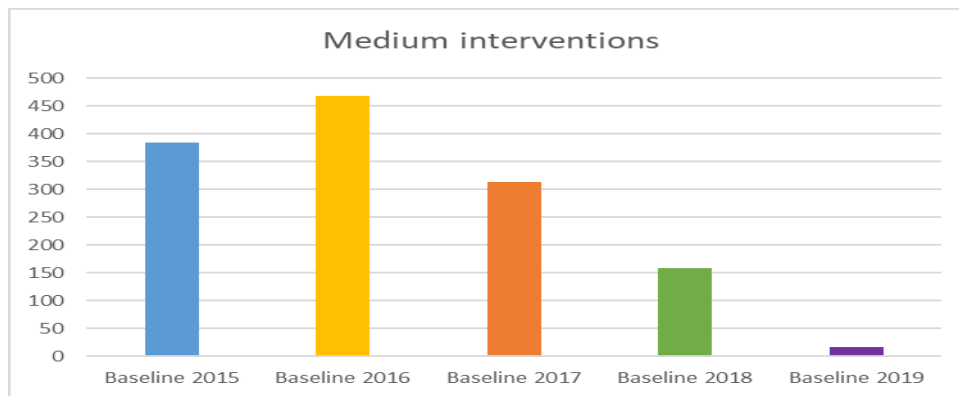
Number of low level interventions



Data Source: FLARE data system

Low Interventions are: cases open/closed, telephone call/e-mail, letter drop, diary sheets received, initial warning letters, motorbike warning letter, site meetings and joint patrols.

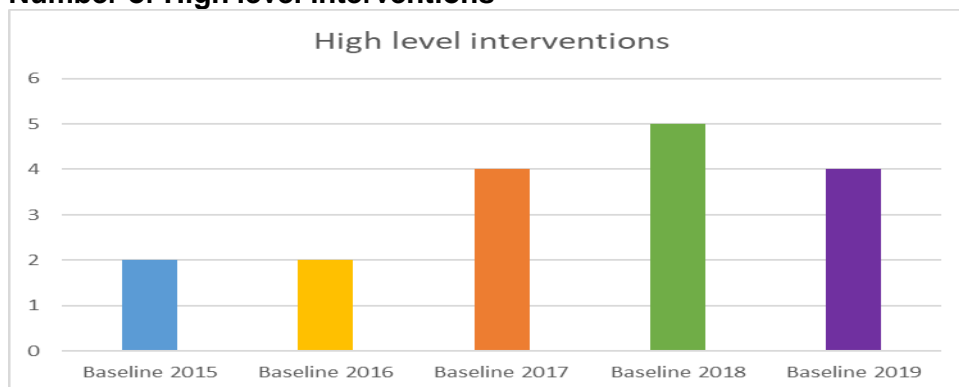
Number of medium interventions



Data Source: FLARE data system

Medium Interventions are: second warning letter, final warning, ABC issued, ABC breached, joint interviews and tenancy breach interview.

Number of High level interventions



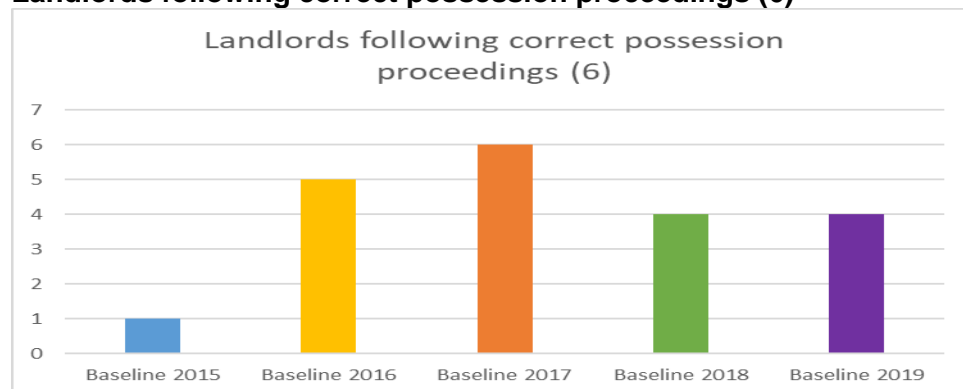
Data Source: FLARE data system

High level interventions are: 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).

Conclusion: It should be noted that in 2018 in line with Community Safety Neighbourhood Safety officers, the categories for the codes for early, low, medium and high interventions were reviewed. This resulted in a number of the previous early and medium interventions being moved into the low category which explains the discrepancy in figures.

The figures demonstrate the wide range of interventions delivered as part of the SLL scheme to tackle antisocial behaviour.

Landlords following correct possession proceedings (6)

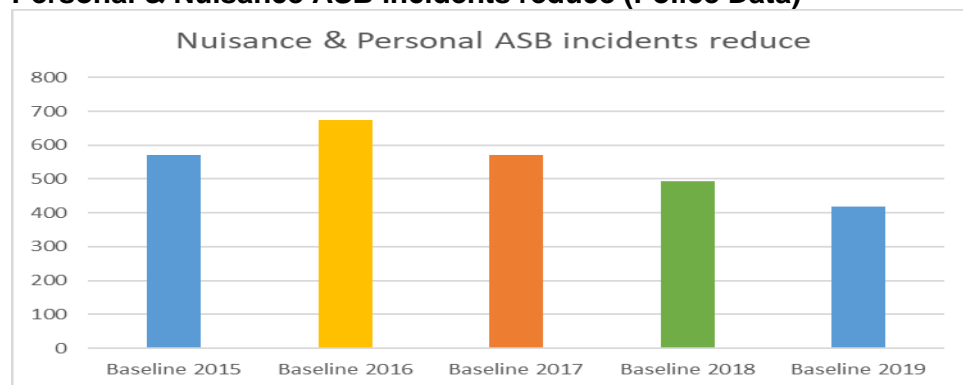


Data Source: FLARE data system

A Case Study is provided to support the above in Appendix 6 – Case Study 5

Landlords following correct possession proceedings are: Landlord's serving section 8 or section 21 notices.

Personal & Nuisance ASB incidents reduce (Police Data)



Data Source: police analyst data systems provided by Middlesbrough Council Data Analyst

The personal and nuisance ASB incidents in North Ormesby (Police data) has reduced by 19% between 2015 and 2019.

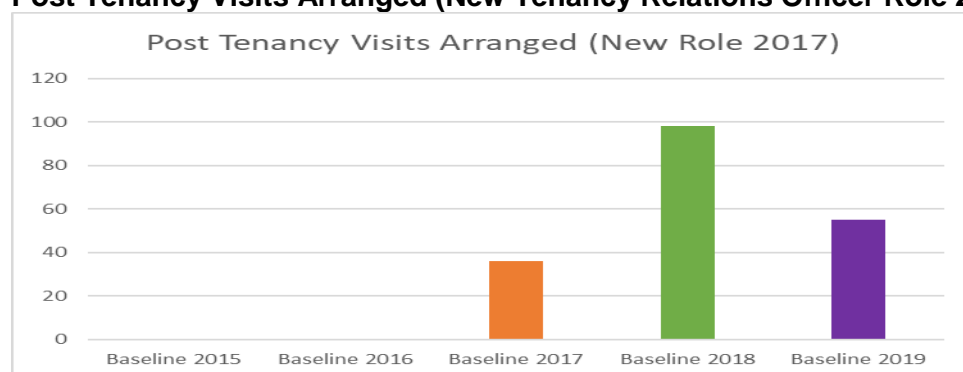
9.2 Early Help

It was originally planned to offer Early Help interventions supported by Children's Centre colleagues as part of the SLL intervention. A multi-agency/disciplinary team visit was made to each property which incorporated the housing standards inspection. This team was made up of representation from SLL team, Neighbourhood Safety Officer, Early Help Practitioners, Environmental Health Officer and Police, if required. It became apparent during the course of the scheme that the most vulnerable people requiring

support were single lone adults with complex needs. The delivery of the scheme was amended to include a Tenancy Relation's Role.

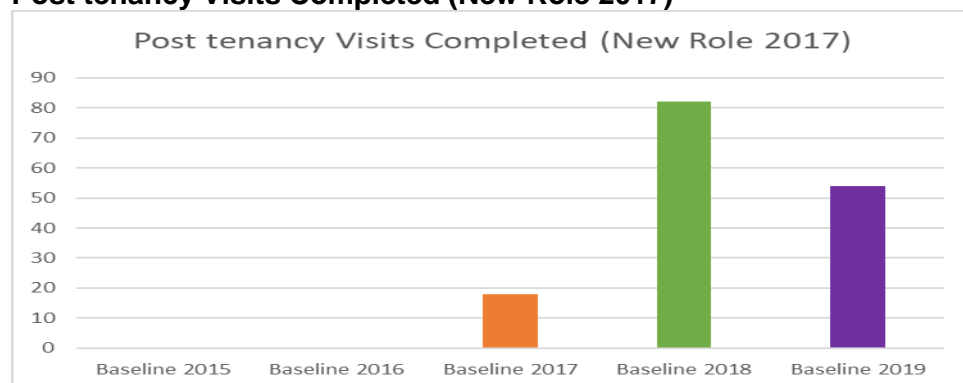
The inspection process is now carried out by the Selective Licensing Tenancy Relations Officer and Environmental Health Officer. This approach is to ensure that as well as checking compliance with the licence conditions, the tenants are helped and supported with any issues they may be facing. Issues may include substance misuse, parenting skills, unemployment; the team make referrals to relevant agencies and follow-up any actions. The services offered through the inspection team are of benefit to landlords, tenants and the wider community to help to reduce the turnover of tenants.

Post Tenancy Visits Arranged (New Tenancy Relations Officer Role 2017)



Data Source: FLARE data system

Post tenancy Visits Completed (New Role 2017)

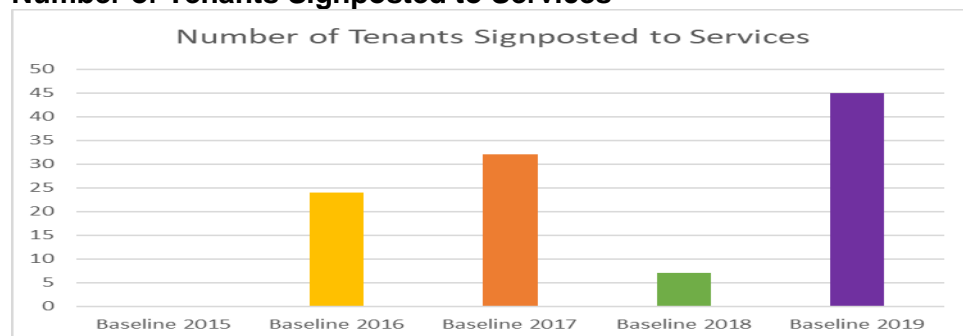


Data Source: FLARE data system

Conclusion: Post tenancy visits are carried out on all new tenancies. Part of the Tenancy relations officer role is to carry out a post tenancy visit approximately 4 weeks after the new tenancy has commenced to ensure that the tenant have settled into their new home and to discuss any concerns/issues they may have. If there is and history of previous anti-social

behaviour this visit is conducted jointly with the Neighbourhood Safety Officer. A post tenancy visit appointment letter is normally sent (Post tenancy visits arranged figure) however some visits are not prearranged for example if a complaint is made. This explains why the number of post tenancy visits completed is greater than those arranged.

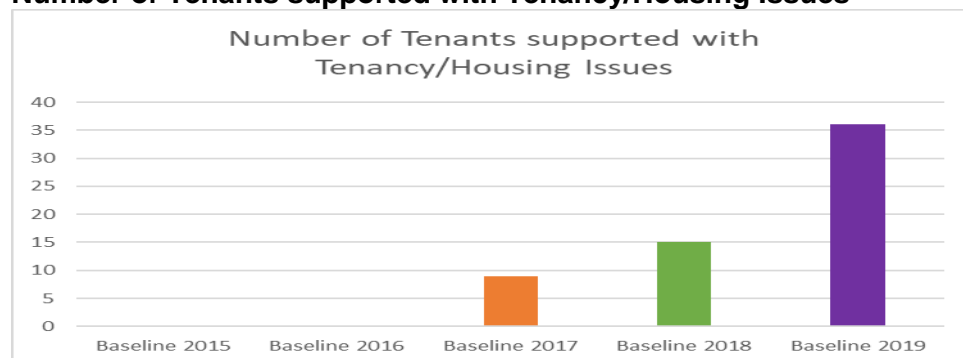
Number of Tenants Signposted to Services



Data Source: FLARE data system

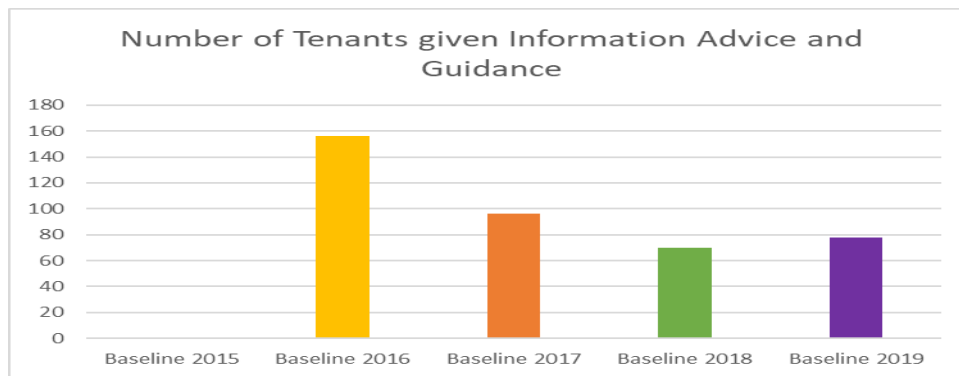
Conclusion: During inspection and post tenancy visits the tenancy relations officer discusses the tenant's needs and referrals into other services such as Mental Health, substance misuse and debt services. Without this SLL intervention these tenants may not access the services they require or access may be delayed. The SLL scheme has provided support to tenants over the scheme. It is not clear why the number of people supported dipped in 2018.

Number of Tenants supported with Tenancy/Housing Issues



Data Source: FLARE data system

Number of Tenants given Information Advice and Guidance



Data Source: FLARE data system

Conclusion: During inspection and post tenancy visits tenants are given information, advice and guidance on any matters arising, these can be tenancy issues, antisocial behaviour, information on refuse/recycling days, alley gates and more. These types of intervention assist in tackling anti social behaviour.

Case Study 3

Landlord Testimonial – “I would like to take this opportunity to thank the Selective Licencing Team for their continued help and support for the excellent service you provide. Personally I think the scheme has been a huge success and I can certainly see a lot of improvements in North Ormesby since the scheme began. It is reassuring for landlords that the team are on hand for help and advice when needed. The tenancy referencing is an excellent tool for landlords to have. I wish that more landlords would embrace the scheme as I am sure that if they did then together we could improve the environment for our tenants and also restore the slump in property values.

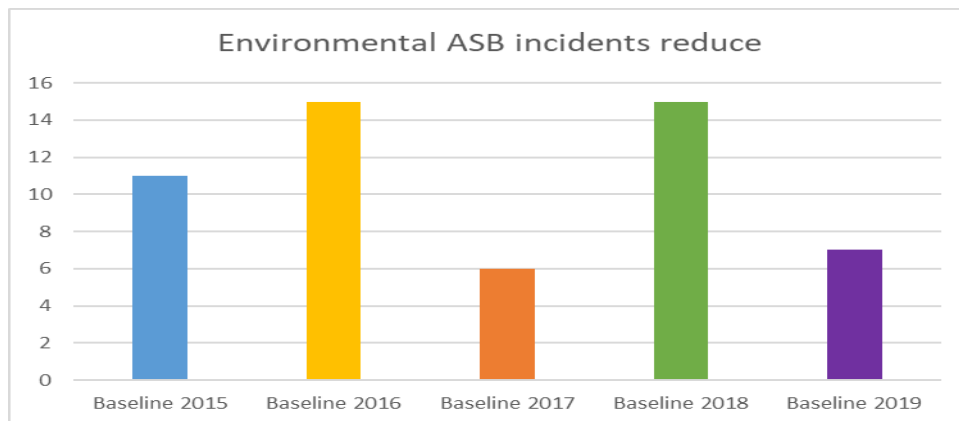
I sincerely hope that the scheme continues in the future as I feel that if it is stopped then standards would fall which would be detrimental to residents of North Ormesby and the reputable landlords who want to provide good quality housing in a safe environment”.

10. Environmental Nuisance

Environmental nuisance and fly-tipping was an issue in North Ormesby especially in and at the entrance to alleys.

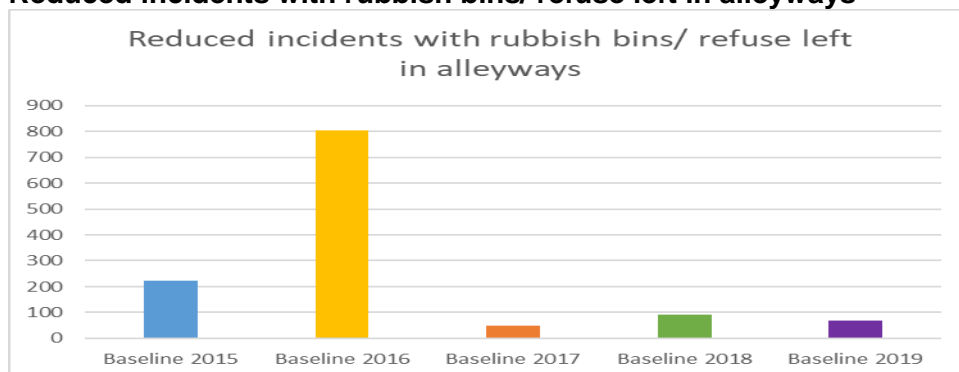
After the introduction of SLL over the 5 year period:

Environmental ASB incidents reduce



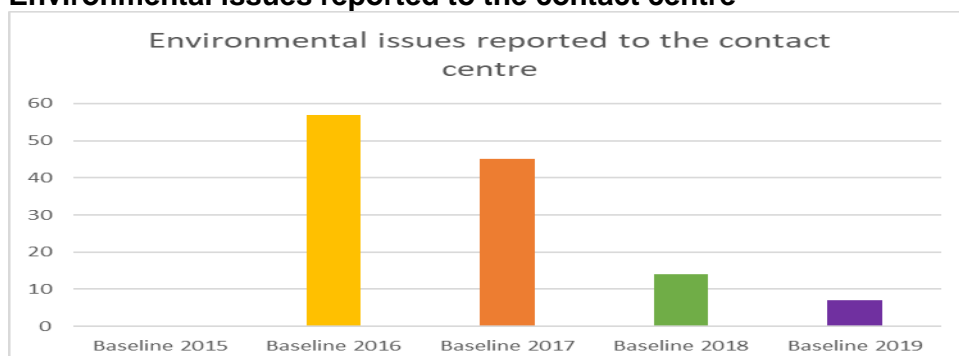
Data Source: police analyst data systems provided by Middlesbrough Council Data Analyst

Reduced incidents with rubbish bins/ refuse left in alleyways



Data Source: Street scene operative's data into Microsoft Access report

Environmental issues reported to the contact centre



Data Source: FLARE data system

Conclusion: The Selective licensing team conduct daily walkabouts in the area and introduced a multi-agency walkabout fortnightly to address the issue. Any fly-tipping or rubbish identified by the team is reported to Middlesbrough Council contact centre. The walkabouts identify hotspots and problem areas and can implement early intervention to remove waste and to attempt to prevent further

dumping. The figures show a reduction in the number of reported incidents of dumped waste and environmental issues reported to the contact centre.

11. Application Process

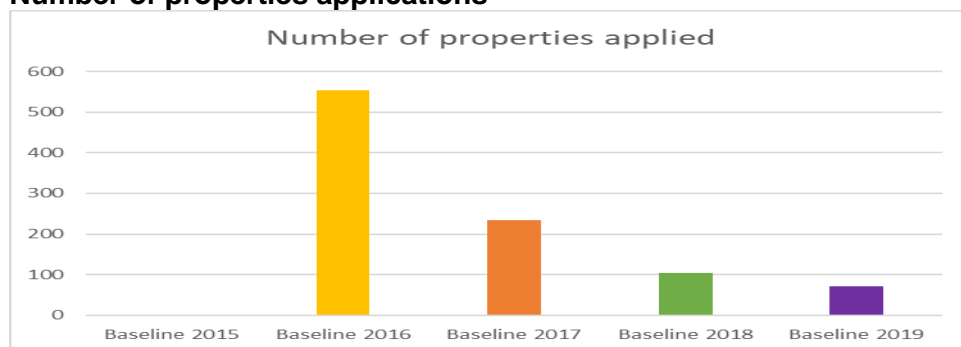
11.1 Applications Received

Within the designated area of North Ormesby all privately rented properties need a licence to operate. The owner of the rented property needs 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 is valid for a maximum of 5 years. 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' and would mean they would need to find someone else to hold their licence and undertake the management of the property.

At the start of the scheme it was estimated that 550 properties would require licences, to date 934 properties have been licensed.

Number of properties applications



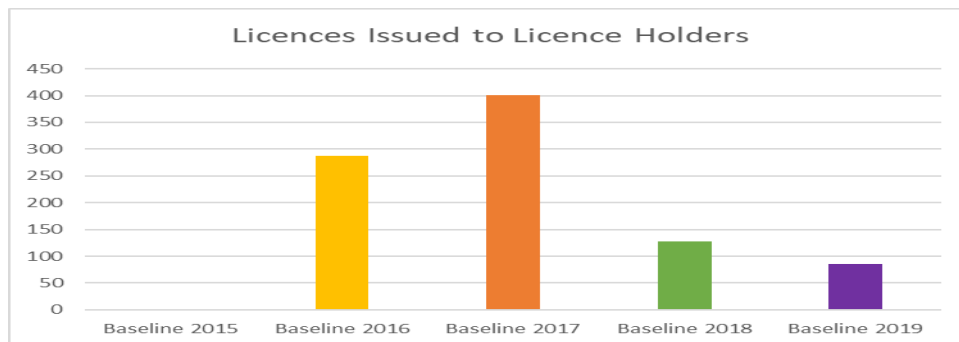
Data Source: FLARE data system

Conclusion: The number of properties applying for the scheme have decreased over the course of the SLL scheme as most landlords have complied with the requirement to licence introduced in 2016. Applications have been received throughout the duration of the scheme due to the sale of properties and changes in tenure.

11.2 Licences issued

Once a landlord has applied for a licence, the application is then checked and a notice of intention (draft licence sent including second payment link, once the second payment has been received the licence is issued.

Licences Issued to Licence Holders

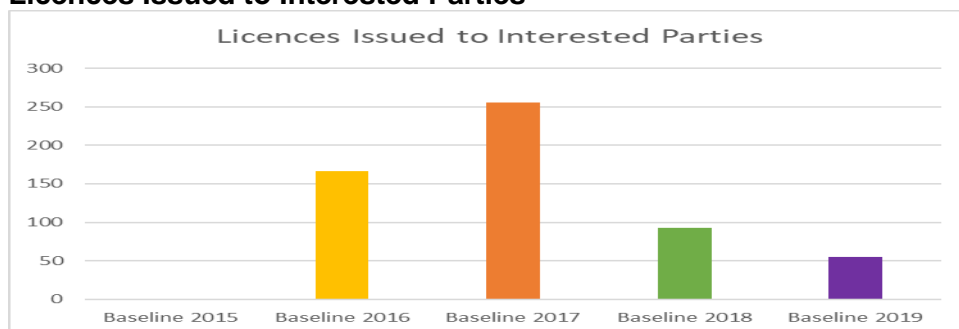


Data Source: FLARE data system

11.3 Licences issued to interested parties

If the property has an interested party in the property i.e. a mortgage company then we also issue a copy of the licence to the interested party.

Licences Issued to Interested Parties



Data Source: FLARE data system

12. Enforcement

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.

12.1 Enforcement for non-compliance

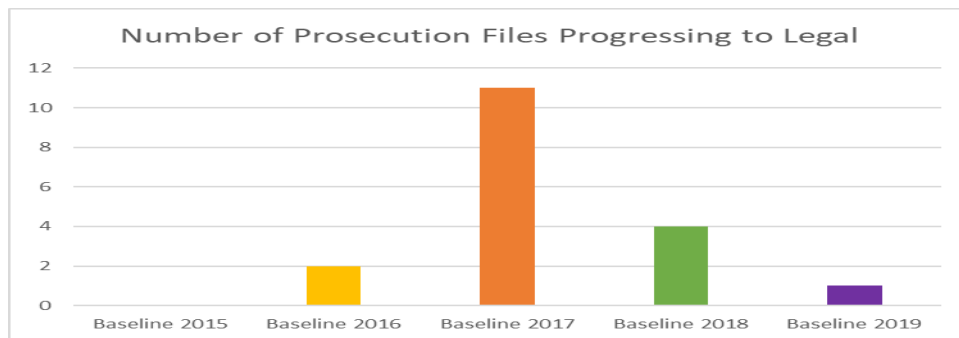
Landlords are given adequate time and support to apply for a Selective licence. They are sent an initial notification letter, giving 4 weeks to apply. If no application is received they are then sent a reminder letter incurring a £100 late fee and giving a further 14 days to apply for a licence. If an application is still not received we then pursue the landlord and take enforcement action for non-compliance with the scheme. Under the Housing Act 2004 a person commits an offence if he is a person having control of or managing a house which is required to be licensed under this Part (see section 85(1)) but is not so licensed.

Prior to the introduction of SLL:

No enforcement was taken against landlords in the North Ormesby ward.

After the introduction over the 5 year period:

Number of Prosecution Files Progressing to Legal Services



Data Source: FLARE data system & Selective Licensing Legal Data spreadsheet

Conclusion: The number of prosecution files shown were submitted to Legal Services for non-compliance with the scheme. Some landlords responded at the summons stage and applied for a licence therefore the case did not progress to a hearing. The low number of cases indicate that most landlords have complied with the SLL scheme.

There have been 7 prosecution and the results of some of the legal proceedings are summarised below:

- 1 landlord pleaded guilty, fined £6000 (£500 per property) + £1000 costs. Landlord applied for licences after prosecution;
- 1 landlord found guilty in his absence, fined £5,500 (£500 per property) + £775 costs. The landlord still hadn't applied for licences so we applied for a Rent Repayment Order from the date of the offence he was convicted (it was successful and he was required to pay back 5 Months (£20,000) housing benefit payments).
- 3 further cases resulted in 2 successful prosecutions (1 fined £926 & 1 fined £2,546) and 1 landlord applying.
- 7 landlords were summonsed but applied for licences before the court date, and after liaison with Legal Services and it was decided that it was not in the public interest to continue with these prosecutions

Case study provided to support the above in Appendix 6 – Case Study 4

12.2 Partnership working

The SLL team work in close partnership with other services and agencies to maximise the impact of the scheme, service include police, fire brigade, community groups, youth groups and other council's services such as street warden service and environmental services. It was initially planned that SLL would be a multi-agency team and include Police, Fire Service and Social Care (similar to the place based working) and working together with landlords. It is envisaged that this multi-agency approach will be achieved through the delivery of the Locality based working arrangement proposed for North Ormesby and SLL will work closely alongside the other agencies as part of this set up, benefiting from the close ground level working.

Police Testimonial (Inspector Snaith) - "I would publically say that both I and 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 and following our meeting last week, we will continue to improve this relationship"

13. Scheme Audits and Evaluations

13.1 MHCLG Independent Review of Selective Licensing schemes

An Independent Review of the Use and Effectiveness of Selective Licensing was carried out by Ministry of Housing, Communities and Local Government (MHCLG) in June 2019 and was updated in September 2019.

The survey results indicated that the most common reasons for the introduction of a SLL scheme are:

- poor housing conditions
- pervasive anti-social behaviour
- deprivation, and
- low demand.

When the London boroughs are excluded from the calculation, low demand as a reason for the introduction of selective licensing is relatively common.

With only one exception, all local housing authorities with schemes in operation considered their schemes to be at least “fairly effective” in tackling one or more of the issues licensing was introduced to address. 41% of local authorities reported their schemes were “very effective”, 51% were “fairly effective” and only 9% were “fairly ineffective” or “very ineffective”. This clearly indicates that the local authorities currently operating SLL schemes find it to be an effective policy tool.

The review overall indicates that SLL is effective policy tool with many schemes achieving demonstrable positive outcomes. This study also finds that schemes appear to be more successful as part of a wider, well planned, coherent initiative with an associated commitment of resources, as opposed to those schemes implemented in isolation which have more limited outcomes. This finding entirely consistent with the aims of the Housing Act.

13.2 Middlesbrough Council Scrutiny Panel Review

In 2018 Middlesbrough Council Scrutiny Panel reviewed the North Ormesby scheme. The Panel were extremely supportive of the scheme:

- They recognised the achievements made through SLL in the North Ormesby ward, including improving community confidence which has led to increased reporting of anti-social behaviour and crime to the SLL team.
- They were extremely complimentary of the work achieved, and applauded the Selective Licensing Team for their efforts.
- They Panel also learned that in November 2017, the team had been awarded Outstanding Contribution to Prevention at the Cleveland Community Safety Awards.

Throughout the investigation, the Panel made reference to the issues within Gresham and University wards and the increasing number of private rented housing properties. The Panel were of the opinion that the excellent work achieved since the introduction of Selective Licensing in North Ormesby and hoped that any future schemes would mirror this model.

Members asked about the potential for a Selective Landlord Licensing town wide scheme which they considered would have benefits across the whole town. However, many of the wards in Middlesbrough do not meet the legislative criteria to introduce a SLL scheme such as that the area is, or is likely to become, an area of low housing demand; and; that the area is experiencing a significant and persistent problem caused by anti-social behaviour; and would put the Council at risk of legal challenge.

Additionally, if rolled out on an Early Help basis, it would almost certainly be cost prohibitive. If it was run more simply, as a licensing regime, it is unlikely to have significant impacts on supporting residents' needs”.

13.3 Middlesbrough Council Internal Audit

An internal audit of the SLL scheme in North Ormesby was carried out in January 2019, prior to the implementation of the Newport SLL scheme. The audit found that the scheme has strong control measures, there were no recommendations and had exceeded the Council's expectations.

CONCLUSION

In accordance with the guidance from Local Government Regulation, the effectiveness of the NO Selective Landlord Licensing has been measured against the following:

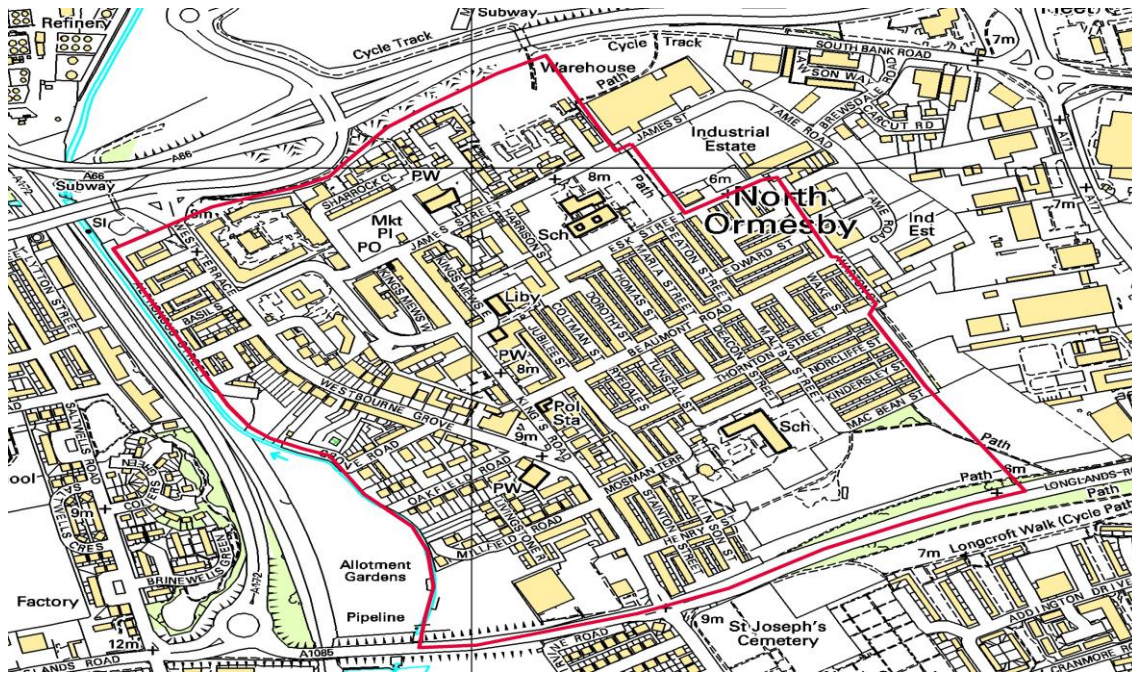
- reducing anti social behaviour attributable to the private rented sector;
- improving management standards in the private rented sector;
- increasing housing demand;
- improving the environment; and
- contributing to the effectiveness of partnership working to improve the quality of life.

The above evaluation of outcomes and performance have demonstrated that Selective Landlord Licensing in North Ormesby has resulted in a wide range of positive outcomes and benefits to the community, landlords, tenants and owners, both directly and indirectly, including:

- Improved management and condition of privately rented accommodation.
- Supported landlords in dealing with anti-social tenants.
- Educating tenants about their responsibilities and their impact of their behaviour on the community and neighbours.
- Encouraged 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.
- Encouraged 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.

APPENDICES

Appendix 1 - Map of designated area



Appendix A – Proposal Document

Appendix 2 – Fit & Proper Person Check

FIT AND PROPER PERSON CHECKS

LIST OF CONVICTIONS, CAUTIONS, REPRIMANDS OR WARNINGS

CATEGORY 1 OFFENCES

A conviction for these offences will usually result in the Licence application being rejected.

Offences of Fraud or other dishonesty

- Benefit fraud (offences under ss111A and 112 of the Social Security Administration Act 1992)
- Theft
- Forgery
- Burglary
- Conspiracy to defraud
- Obtaining money or property by deception
- People trafficking

Offences of violence

- Murder
- Manslaughter
- Arson
- Malicious harm (s20 Offences against the Person Act 1861)
- Possession of a firearm
- Possession of an offensive weapon
- Actual bodily harm (s47 Offences Against the Person Act 1861)
- Grievous bodily harm (s18 Offences Against the Person Act 1861)
- Robbery
- Riot
- Affray
- Any racially aggravated offence (Crime and Disorder Act 1988)
- Common assault
- Common assault which is racially aggravated
- Assault occasioning actual bodily harm

Offences relating to drugs

- Possession of class a drugs
- Supply of drugs

Sexual and indecency offences

- Rape
- Soliciting
- Indecent assault
- Indecent exposure
- Any other offence under Schedule 3 of the Sexual offences act 2003

Housing Act Offences

- Protection from Harassment Act 1997
- Protection from Eviction Act 1977
- Any conviction for failure to comply with the licensing regime as set out in the Housing Act 2004 (s95)
- Provision of false or misleading information (s238 of Housing Act 2004)
- Obstruction (s241 of the Housing Act 2004)
- Failure to comply with a licence condition (s95 of the Housing Act 2004)

- Failure to hold a relevant licence (s72 of the Housing Act 2004)
- Breach of improvement notices and prohibition orders (s35.6 s32.2b of the Housing Act 2004)
- Public Health Acts of 1936 and 1961
- The Building Act 1984
- Environmental Protection Act 1990
- Town and Country Planning Act 1990
- Prevention of Damage by Pests Act 1949
- Local Government (Miscellaneous Provisions) Acts of 1982 and 1976
- Housing Grants, Construction and Regeneration Act 1996
- Local Government and Housing Act 1989
- Housing Act 2004

CATEGORY 2 OFFENCES

A conviction for these offences will be viewed seriously and, following further investigation, could result in the licence application being rejected. Alternatively a one year Licence may be issued.

Offences of dishonesty

- Handling or receiving stolen goods
- Theft

Offences of violence

- Violent disorder
- Police assault
- A caution, reprimand or warning for any Category 1 offences will be classed as a Category 2 offence.

CATEGORY 3 OFFENCES

A conviction, caution, reprimand or warning for these offences may also be taken into account and further information will be requested in order to determine the relevance of these offences. If deemed to be relevant or sufficiently severe, these offences could result in the licence application being rejected. Alternatively a one year Licence may be issued.

Offences of violence

- Common assault
- Criminal damage
- Obstruction
- All other offences relating to dishonesty, drugs, sexual and indecency, Housing and Landlord and Tenant.
- A caution, reprimand or warning for any Category 2 offences will be classed as a Category 3 offence.

Appendix 3 – Licence Conditions

Mandatory Conditions Schedule 4 Housing Act 2004

1. Gas

If gas is supplied to the house, the Licence holder shall provide to Middlesbrough Council a Gas Safety Certificate issued within the previous 12 months at the time of the application and thereafter annually.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004.

2. Electrical appliances

The Licence holder shall keep all electrical appliances and furniture supplied in a safe condition and must provide a declaration as to their safety at the time of application and thereafter on demand.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004.

3. Furniture and furnishings

The Licence holder shall ensure that furniture and furnishings supplied by them are compliant with the Furniture and Furnishings (Fire) (Safety) Regulations 1988 (as amended 1989 and 1993) and must provide a declaration as to their safety at the time of application and thereafter on demand.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004.

4. Smoke alarms

The Licence holder shall ensure that smoke alarms are installed in the property and kept in proper working order and provide a declaration as to their condition and positioning to Middlesbrough Council on demand.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004 and to comply with minimum fire safety standards LACORS.

5. Tenant references

The Licence holder shall request references for prospective tenants, subject to condition number 7.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004

6. Terms of occupation

The Licence holder shall supply to the occupiers of the house a written statement of the terms on which they occupy the property. A copy of the terms will be provided to the Council on demand.

Reason: Mandatory condition required by Schedule 4 of the Housing Act 2004

Additional Conditions of Licence imposed by Middlesbrough Council

**The Licence holder must ensure that the premises fully comply with
the conditions set out below unless notified otherwise**

7. Tenant references

The Licence holder shall obtain references for prospective tenants via the Council's Tenant Referencing Service.

Reason: To reduce anti-social behaviour.

8. Number of occupiers

The Licence holder shall ensure that the number of occupants in the property does not cause overcrowding.

Reason: To ensure that the premises comply with Middlesbrough's space and amenity standards.

9. Heating and Insulation/Energy Efficiency

The Licence holder shall provide a copy of a valid Energy Performance Certificate. Also, when requested during the period of the Licence, to complete and return to the authority, an energy efficiency assessment questionnaire of the licensed property.

Reason: To safeguard the health and well-being of the occupants with regards to the reduction of fuel poverty and national energy efficiency measures and to be aware of the statutory requirements for Energy Performance Certificates (EPCs).

10. Property management

The Licence holder shall ensure that:

- a) all repairs to the house or any installations, facilities or equipment within it are carried out by competent and suitably qualified persons, for example Corgi registered operatives for gas appliances and an electrical contractor who is a member of an approved scheme, such as NICEIC, BSI, NAPIT, ELECSA or BRE.
- b) all occupants of the house receive written confirmation detailing arrangements in place to deal with repairs and emergencies and report nuisance and anti-social behaviour;

- c) if accommodation is provided on a furnished basis and includes electrical appliances, copies of user manuals or equipment provided as part of the agreement for the occupation of the house;
- d) all occupiers are made aware of the licence and conditions.

Reason: To safeguard the health, safety and well-being of occupants.

11. Fire safety

The Licence holder shall produce a Fire detection and alarm certificate on request, where the property is a House in Multiple Occupation.

**Reason: To safeguard the health, safety and well-being of occupants in the event of fire. The Fire Safety Guidance is provided by LACORS, see www.lacors.gov.uk.
<http://www.lacors.gov.uk/lacors/upload/19175.pdf>**

12. Carbon Monoxide

The Licence holder shall install and maintain in good working order a carbon monoxide detector to the property.

Reason: To ensure a safe living environment for tenants. There are approximately 50 deaths per year in the UK due to carbon monoxide poisoning, including one case in Middlesbrough.

13. Security

The Licence holder shall ensure that:

- a) the security provisions for the access to the dwelling (including but not limited to locks, latches, deadbolts and entry systems) must be maintained in good working order at all times;
- b) where window locks are fitted, keys are provided to the relevant occupant;
- c) where previous occupants have not surrendered keys, a lock change is undertaken prior to new occupants moving in; and,
- d) where alley gates are installed to the rear of the licensed property, tenants are aware of how to obtain a key.

Reason: To safeguard the health, safety and well-being of occupants.

14. External areas, refuse and waste

The Licence holder shall ensure that:

- a) the exterior of the property is maintained in a reasonable decorative condition and state of repair, including the removal of graffiti;
- b) the tenants are instructed in their responsibilities to maintain at all times any garden, yard and other external areas within the curtilage of the house, and ensure they are kept in a reasonably clean and tidy condition;
- c) the tenants are instructed in their responsibilities in respect of refuse storage and disposal, to include details of what day refuse collections take place and what type of receptacle to use for household waste and recycling;
- d) where they are aware of a pest problem or infestation at the property, they will take steps to ensure that a treatment program is carried out to eradicate it. Records shall be kept of such treatment programs and these shall be provided to the Council on demand;
- e) access is available at all times to adequate, external, refuse storage.

Reason: To ensure that the domestic hygiene and condition of the licensed property is maintained.

15. Training

The Licence holder and/or Manager shall undertake property management training courses or information days, where required to do so by the Council. The training/information days will be provided by Middlesbrough Council.

Reason: To enable the Council to provide licence holders with the knowledge and expertise to improve the management of their properties.

16. Management / Anti-social behaviour

The Licence holder shall 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.

The Licence holder shall:

- a) provide a written action plan to Middlesbrough Council outlining procedures for dealing with anti-social behaviour at the time of application. This must be reviewed annually and submitted on request;
- b) obtain tenant references prior to granting a tenancy as to previous tenancy conduct, including behaviour of that of the proposed occupier and household;
- c) provide the local authority, upon request, the full names and dates of birth of each occupant of the property;
- d) if he/she receives a reference request for a current or former tenant he must refer the matter to Middlesbrough Council's tenancy referencing service who will carry out the reference on their behalf;

- e) cooperate 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, if any, shall be maintained and made available for inspection by an authorised officer of Middlesbrough Council on request;
- f) ensure that 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;
- g) contact the tenant within 14 days if a complaint is received, or criminal or anti-social behaviour is discovered. The tenant must be informed of the allegations of their behaviour in writing and of the consequences of its continuation. The Licence holder should maintain contact with the Council's Neighbourhood Safety Team in order to monitor complaints and take appropriate action;
- h) endeavour to attend home visits, interviews, multi-agency meetings or case conferences arranged by the Council or Police as and when necessary;
- i) make regular (at least quarterly) inspections of the property to ensure that the property is in a decent 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;
- j) ensure that each tenant is made aware that they are responsible for their own behaviour and the behaviour of other occupiers and visitors. Tenants shall be made aware that if they, other occupiers, or their visitors: engage in criminal activity within the locality, or cause nuisance or annoyance to neighbours; or use abusive or threatening language or behaviour to neighbours; fail to store or dispose of refuse properly; or cause damage to fixtures, fittings, fire prevention or alarm equipment or installations, or to the fabric of the premises; or fail to give access to the landlord or his agent for the purpose of maintaining communal areas or, upon reasonable notice, to inspect or undertake works within their accommodation. They will be liable to enforcement action which may include possession proceedings either under the terms of the tenancy, pursuant to Section 21 of the Housing Act 1988 or pursuant to Grounds 13 or 14 of Schedule 2 to the Housing Act 1988;
- k) ensure that the occupants of the property are aware of the services available to them and how they can report nuisance and anti-social behaviour to the local authority.

Reason: To safeguard the well-being of occupants, persons visiting the premises and persons in the immediate locality.

17. Notification / consultation of changes

The Licence holder and Managing Agent shall consult with Middlesbrough Council before making any material changes to the layout, amenity provision, fire

precautions or occupation of the house. They must inform Middlesbrough Council of:

- a) details of any unspent convictions not previously disclosed to the local authority that may be relevant to the Licence holder and/or the property manager and their fit and proper person status and in particular any such conviction in respect of any offence involving fraud or dishonesty, or violence or drugs or any offence listed in Schedule 3 to the Sexual Offences Act 2003;
- b) details of any finding by a court or tribunal against the Licence holder and /or the manager that he/she has practiced unlawful discrimination on grounds of sex, colour, race, ethnic or national origin or disability in, or in connection with, the carrying on of any business;
- c) details of any contravention on the part of the Licence holder or manager of any provision of any enactment relating to housing, public health, environmental health or landlord and tenant law which led to civil or criminal proceedings resulting in a judgment or finding being made against him/her;
- d) information about any property the Licence holder or manager owns or manages or has owned or managed for which a local housing authority has refused to grant a licence under Part 2 or 3 of the Act, or has revoked a licence in consequence of the Licence holder breaching the conditions of his/her licence;
- e) information about any property the Licence holder or manager owns or manages or has owned or managed that has been the subject of an Interim or Final Management Order under the Housing Act 2004;
- f) the property becoming empty;
- g) changes to liability insurance;
- h) notification of repossession/foreclosure;
- i) successful claims against the Licence holder for default of tenancy deposits;
- j) change in managing agent or the instruction of a managing agent;
- k) the undertaking of substantial works to the property, including conversions and modernisations or emergency problems relating to fire, flood or disaster and the tenants are made temporarily homeless.

Reason: To safeguard the health, safety and well-being of occupants in the event of changes during the period of the Licence.

18. Absence

The Licence holder shall have in place suitable emergency and other management arrangements in the event of their absence. The name and contact details of the Licence holder and/or manager must be supplied to each occupier and must also be on display in a prominent place.

Reason: to safeguard the health, safety and well-being of occupants in the event of temporary absence of persons in control.

19. Compliance inspections

The Licence holder shall allow the Council to undertake Licence compliance checks. Council officers will give the Licence holder at least 24 hours notice of these checks and produce valid authorisation at the time of visit. If the inspection is because the Council suspects there has been a breach of Licence conditions then no notice period will be provided.

Reason: To ensure that the property complies with the Housing Act 2004 and Licence conditions.

Appendix 4 – Exemptions

Properties that are exempt from requiring a licence are those that are:

1. Subject to a Prohibition Order, under Section 20 of the Housing Act 2004, that has not been suspended.
2. Business premises.
3. Houses in Multiple Occupation (HMO) that require a statutory HMO licence.
4. Tenancies for agricultural land/holdings.
5. Controlled by a local housing authority, Police authority, Fire and Rescue authority or a Health Service body.
6. Occupied solely by students undertaking a full-time course of further or higher education, and where the person managing or in control of it is the educational establishment.
7. Tenancies granted for more than 21 years and the agreement does not allow the landlord to end the tenancy earlier than the term of the lease (the property must be occupied by the original person who was granted the tenancy or members of their family).
8. The tenant is a member of the landlord's family. (The house must be the occupier's main residence. The person granting the occupancy must be the freeholder or leaseholder, which is for a period of more than 21 years. This lease must not contain a provision allowing the landlord to end the tenancy earlier than the term of the lease);
9. Tenancies or licences granted for the occupancy of a holiday home.
10. Accommodation that the occupier shares with the landlord or licensor or a member of the landlord or licensor's family.

Appendix 5 – Fee Structure

Fee and charging structure for the implementation of Selective Licensing in North Ormesby.

Part 3 of the Housing Act 2004 enables the Council to require the application for a Licence to be accompanied by a fee fixed by the Council.

The Council is not permitted to make a profit from the introduction of a Selective Licensing scheme and any surplus must be ring-fenced to the scheme. The fees should, however, take account of all costs incurred in carrying out all duties under this part of the Act.

Standard Fees

To meet the costs involved in running the North Ormesby Selective Licensing Scheme it is proposed to charge fees of:

- £580 per Single Occupancy Household Unit
- £20 per Fit and Proper Person Check – in respect of the proposed Licence Holder and the proposed manager (if a different person from the Licence Holder)

Where a licence is refused or revoked, the applicant or licence holder will not be entitled to any refund of fees and will be required to pay any outstanding charges linked to the application.

Applications resulting from a change in ownership of a licensed property will be charged the full standard fee.

Owners should give careful consideration to the person designated as Licence holder as licences run for a maximum of 5 years and are non-transferable. If the licence holder changes for any reason, the full licence fee is payable by the first licence holder and the new licence holder will also need to pay the full standard fee. The new licence holder will not incur a penalty charge as long as the application form, fees and documentation are received within three months of the change of ownership/manager.

Applications for licences in the last six months of the designation will be eligible for a reduced fee of 50%, where properties have not been licensable prior to the 6 month deadline.

Multiple unit charges¹

- Fee per property up to and including 5 units - £605
- Fee for each additional unit over 5 within the same building under the same control as proposed licence holder - £20

The Council wants a Selective Licensing fee structure that rewards landlords who comply in a timely manner and will also look to recoup its additional costs where landlords fail to come forward during the licensing timescales or provide incomplete applications which requires additional work from the team.

The Council also recognises the current economic climate for landlords and is therefore willing to consider, a 12 month payment plan, by direct debit terms, for landlords. The Council will welcome views from landlords on a final fee structure via the consultation process.

¹

Method of Payment

Full amount to accompany the application, or 12 monthly Direct Debit payment set up for full amount. Payments other than Direct Debit can be made in full by cheque, debit or credit card. A charge of 2.5% will be added to your payment if you use a credit card.

If any changes, or default, are made on a direct debit agreement, this will breach licence conditions and impair any discounts offered on the standard fee.

Appendix 6 – Case Studies

Case Study 1 - HHSRS - 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 he was confused as to who his 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 falling 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.

Before and after photographs:



Case Study 2 - Inspection Visits - Prior to inspection visits to a landlords three properties we completed checks on the Gas Safe register to make sure that the Gas Engineer who completed the Gas Safety Checks on all three properties was registered as Gas Safe, however he was not found.

During the visits we made the landlord aware of this issue, the landlord was concerned and tried to contact the Engineer but he would not answer his phone. The Engineer has carried out work for the landlord for many years, and had become like a friend.

The landlord phoned the Gas Safe register and they advised him the engineer was not registered.

The Environmental Health Officer who was present on the inspection spoke to the landlord about his concerns and advised he would report this.

It turns out the engineer was registered but was suspended in 2014 for not allowing an engineer from the Gas Safe Register to inspect his work, and the engineer should not have issued the certificate for the three properties, and an investigation will be carried out by the gas safe register.

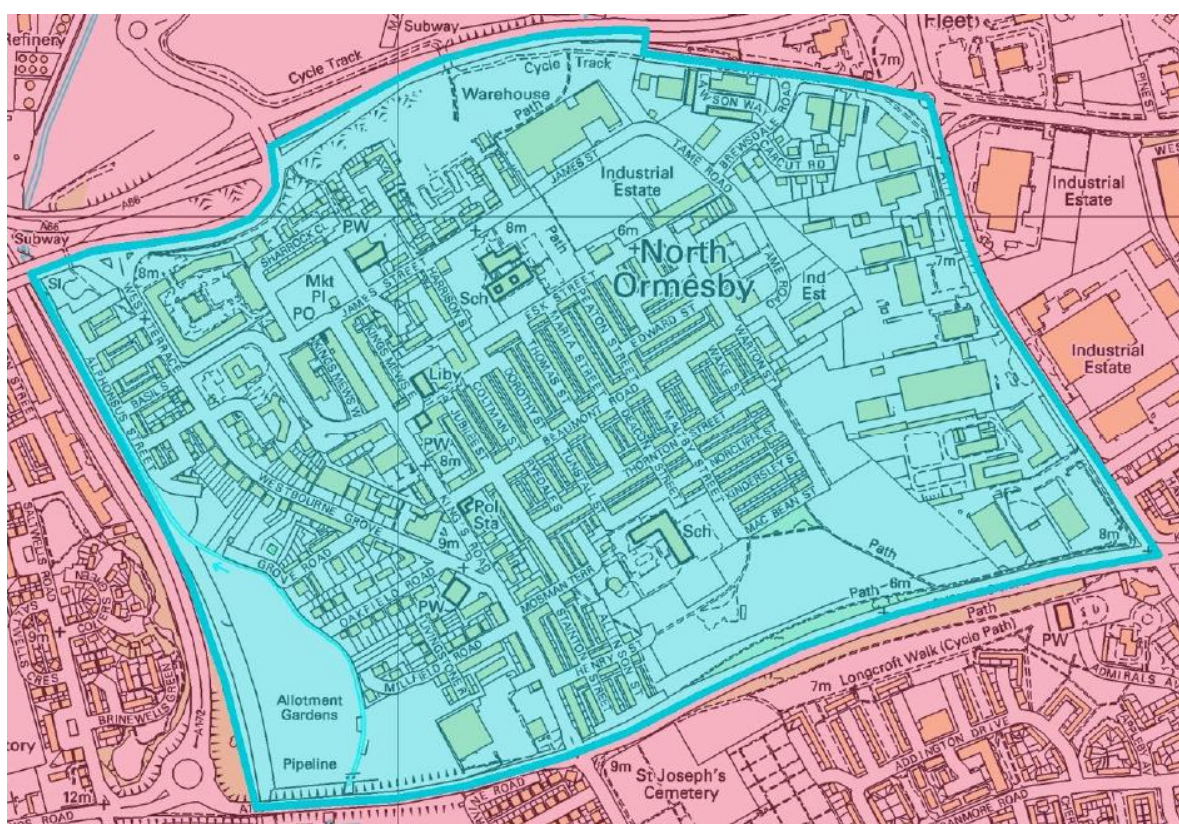
Case Study 3 - Tenancy Relations - During a tenancy inspection visit with a landlord, it was identified that the tenant was struggling with his mental health issues due to spiralling debts. Whilst at the property a debt enforcement agency arrived to reclaim goods to the value of the debt. Both the Officer and landlord negotiated on the tenant's behalf, providing evidence that the property was a furnished tenancy and that his only belongings were his clothing and toiletries. The SLL 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 his 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 he required.

Case Study 4 - Housing Benefit Fraud - A role within the Selective Licensing scheme is to investigate any landlord who fails to comply with the Selective Licensing Scheme. On one particular occasion we investigated a landlord who had active benefit claims for two of the properties they owned and managed in North Ormesby. As part of the investigation we were required to go door knocking and try to speak to the tenants so that we could build a better picture. However after speaking to the tenants neighbours it was established despite the fact the landlord had active claims for both of these properties, one of the properties had been empty for over 6months and the second property had been empty for over 3 years meaning the landlord had been claiming up to 3 years' worth of benefits. This information was passed onto the Benefits Fraud team who are investigating this matter. If this had not been investigated as part of Selective Licensing then maybe this landlord would still be claiming fraudulently.

Case Study 5 - Neighbourhood Safety Officer - A tenant who had been housed by a landlord after a referral from the mental health team had sustained his tenancy for 18 months but after support was withdrawn from mental health services he became involved in antisocial behaviour in the house and visitors took advantage of him. There were allegations of noise disturbance, shouting, fighting and drug misuse at the property and also criminal damage to the house. Visitors were climbing in and out of windows and dealing drugs in the back alley.

The Neighbourhood Safety officer (NSO) liaised with residents and obtained evidence of these incidents and residents completed diary sheets. The NSO contacted the landlord who was willing to work with the scheme to resolve the problem. The tenant had had warnings but took no notice. The landlord served a section 21 but the tenant would not leave when he was supposed to. The NSO contacted the homeless and housing advice team and arranged for the tenant to present himself with the relevant documentation to obtain support and he was offered new accommodation with support. He has now moved and residents nearby report it is quiet. The landlord has agreed to reference any new prospective tenants once the house has been refurbished.

Proposal by Middlesbrough Council to introduce Selective Licensing in North Ormesby



CONTENTS

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

ABOUT THIS CONSULTATION

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

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

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

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

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

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

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

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

months in advance of it coming into operation.

CHALLENGES FACING NORTH ORMESBY

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

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

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

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

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

addressed, this decline could threaten the long-term stability of the area.

LOW HOUSING DEMAND

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

Tenure mix

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

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

In the 10 year period between 2001 and 2011, North Ormesby has seen a major change in its tenure mix.² Owner occupation decreased by 17.7%, the social rented sector decreased by 16.9%, in contrast the private rented sector increased by 118.2%.

Empty properties

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

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

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

negative image causing uncertainty for established residents and making it hard to attract people to the area.

Property values

With average sales prices in North Ormesby at £48,000³, they are amongst the lowest in the town. Gresham's property value are of a similar price £47,400 where the average price in other town centre wards are higher (£64,000 in Middlehaven and £98,000 in University). The average house price for Middlesbrough is £124,000). A number of factors are at play, including the disproportionate levels of private rented properties when compared with other parts of the town, high levels of crime, anti-social behavior and deprivation, and empty properties. These older terraced properties are no longer the first time buyers 'house of choice' they have been in previous generations.

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

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

Turnover

The presence of a more transient population typically housed in privately rented

² National Statistics, Household Tenure QS405EW (2001 & 2011).

³ Land Registry, Sold Prices, August 2013 to July 2014.

accommodation can have a negative impact on the stability and desirability of an area. It can also affect community integration and investment

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

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

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

Housing stock condition

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

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

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

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

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

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

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

Housing disrepair

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

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

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

Illegal eviction/harassment

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

Anti-social behaviour

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

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

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

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

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

Crime

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

WIDER INDICATORS

Index of Multiple Deprivation (IMD)

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

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

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

The North Ormesby and Brambles Farm ward is the third most deprived ward in the town, and

has declined since 2004⁴.

Unemployment

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

The North Ormesby and Brambles Farm ward has the highest rate of youth unemployment in the town (14.0%), and the fourth highest rate of long-term unemployment (3.6%), compared to Middlesbrough as a whole (6.7%) and (1.8%) respectively.⁵

Fuel poverty

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

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

North Ormesby has a rate (30.9%)⁶ of its households living in fuel poverty, almost three times the national rate (10.4%).

⁴

www.middlesbrough.gov.uk/index.aspx?articleid=2135

⁵ Tees Valley Unlimited, Ward Statistics, September 2014.

⁶ Gov.UK Fuel poverty: sub-regional data under low income high cost indicator, 2012.

HOW THE PROPOSED SELECTIVE LICENSING SCHEME WILL WORK

Licence application

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

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

Fit and Proper Person test

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

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

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

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

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

Licence conditions

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

Mandatory conditions relate to the following requirements:

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

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

Refusal to grant a licence

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

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

Failure to apply

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

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

Exemptions

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

Inspection programme

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

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

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

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

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

License fees

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

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

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

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

POTENTIAL BENEFITS OF THE SELECTIVE LICENSING SCHEME

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

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

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

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

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

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

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

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

HOW SELECTIVE LICENSING WILL SUPPORT STRATEGIES FOR THE AREA

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

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

Mayor’s Vision and the Council’s Change Programme

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

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

Health and well-being

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

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

Private rented sector

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

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

the private rented sector. These tools include:

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

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

Anti-social behaviour

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

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

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

Prevention of Homelessness Strategy

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

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

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

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

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

Empty homes

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

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

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

The BIG Local and North Ormesby Neighbourhood Action Plan

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

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

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

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

ALTERNATIVE REMEDIES AND WHY THE COUNCIL CONSIDERS THEY ARE INSUFFICIENT

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

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

Accreditation

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

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

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

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

Enforcement of housing standards

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

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

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

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

Management Orders

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

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

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

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

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

Private Sector Leasing Scheme

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

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

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

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

Alternative approaches – summary

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

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

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

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

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

CONSULTATION – OPPORTUNITIES TO ENGAGE & RESPOND

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

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

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

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

Everyone who responds to this consultation will have their views fully considered. A comprehensive engagement and consultation process with partners, stakeholders and customers will include:

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

Methods of consultation

Consultation will be taking place using the following methods:

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

How to respond to the consultation

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

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

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