



South Tyneside Council

item 4

Cabinet

Date: 8th January 2020

Selective Licensing Scheme

Report of Corporate Director, Regeneration and Environment

Cabinet Portfolio/Lead Member: Councillor Mark Walsh, Lead Member for Housing and Transport

Purpose of Report

1. This report proposes the introduction of two private rented selective licensing schemes in the Borough to help maintain and improve the private rented housing stock.
2. The attached map, Appendix A, shows the scope of the proposed two areas which are located within the wards of Beacon & Bents, Simonside & Rekendyke and Westoe.
3. The report seeks approval to commence public consultation on the proposed licensing schemes within the proposed locations.

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Background

4. The private rented housing sector in South Tyneside, along with the rest of the country, has seen significant growth in recent years and it plays a vital role in the local housing market. However, poor management and low standards can lead to the imbalance of local housing markets and therefore failure of tenancies. The ending of tenancies within the private rented sector also remains one of the greatest reasons for homelessness in the Borough; which is something that we are keen to address in line with the Homelessness Reduction Act.
5. In the future, the private rented sector will continue to play a major role in a varied housing offer in South Tyneside as identified in the Integrated Housing Strategy 2019. However, due to the age of many of the privately rented properties, 37% predate 1900, there are more likely to be many issues with property and structural conditions. As there is no current up to date private sector stock condition survey or modelling data it is very difficult to identify the extent of property condition issues in South Tyneside; much of the information known about the conditions of private rented sector homes within the Borough are based on complaints made from tenants to the Council's Environmental Health team.
6. There are many challenges faced in some locations of the private rented sector including anti-social behaviour and area decline caused by neglect and poor environmental conditions. With this in mind, landlords and their tenants should be held more accountable for the care and cleanliness of their environment. At present there is a significant cost to the Council in managing these issues, causing decline in the environment, impacting community wellbeing and making these areas unattractive places to live, work and invest.
7. The private rented sector can offer a suitable housing solution to households and families within the Borough, given that it is flexible and accessible. However, we want the offer within this tenure to be of a high standard, offering flexibility and choice to those who need or want it, and give sustainable and protected tenancies and have a positive impact on the overall environment.

Selective Licensing

8. Selective Licensing is a discretionary licensing scheme which was introduced within the Housing Act 2004, Part 3, Section 80 and allows local housing authorities to designate 'areas suffering from either significant and persistent anti-social behaviour and / or low housing demand'.
9. The introduction of a Selective Licensing scheme requires the landlords of all privately rented properties operating within a designated area to operate under the terms of a licence awarded by the Local Authority. There are costs associated with administration of the scheme which are then

recovered in the form of charges to the landlords, the licence fee. These charges vary across the country and discounts are often applied for early applications and multiple properties.

10. All licences will have conditions which would typically include a range of requirements aimed at ensuring that properties are safe and managed correctly, allowing the local authority a tool to better regulate privately rented accommodation. This should also result in more sustainable tenancies and greater protection for tenants of this accommodation.
11. For the Council to be able to declare a selective licensing designation there must be a high proportion of private rented properties and they must be able to satisfy one or more of the following conditions;
 - Low housing demand;
 - A significant and persistent problem caused by anti-social behaviour (ASB);
 - Poor housing conditions;
 - High levels of migration;
 - High levels of deprivation; and
 - High levels of crime.
12. A designation can run for a maximum of five years and the administration of the scheme can be funded from the licence fee. In order to ensure the scheme is operated effectively the license fee must cover adequate resourcing of the service.

Aims and Objectives of the Selective Licensing Scheme

13. The introduction of a large scale private rented licensing scheme will help provide tenants greater choice of safe, good quality and well managed accommodation. Improving the quality of private rented accommodation will lead to better community and cross tenure relations, reduce anti-social behaviour, reduce turnover of accommodation in the sector and help to stabilise and improve local neighbourhoods. This will be achieved by establishing clear minimum physical and management standards which will be controlled through the licensing framework.
14. The main aim for the proposed schemes would be to reduce low housing demand by raising standards within the private rented sector leading to improvements in the overall social and economic conditions in the area to create strong, healthy and vibrant neighbourhoods. Other outcomes of the scheme are expected to be, but not limited to;
 - Improve:
 - Private rented sector property conditions
 - Overall management of Private Rented Sector properties

- **Stabilise:**
 - Rental values of the Private Rented Sector
 - Market value of all homes in the affected areas
- **Support:**
 - Well managed properties and tenancies
 - Landlords to strive to increase / maintain standards
- **Reduce:**
 - Turnover to create stable communities
 - Empty properties and void periods
 - Levels of ASB linked to residents
 - Deprivation by improving conditions

15. These objectives respond to the issues faced within the proposed areas, as set out previously including low demand, anti-social behaviour, property values, poor property conditions and deprivation.

16. It is considered that the implementation will assist in delivering these outcomes and stabilise the residential market in the area by ensuring:

Landlords & Agents are...	Tenants are...
<ul style="list-style-type: none"> ▪ More accountable for property management ▪ Fit and proper, and able to manage properties ▪ More accountable for tenants who reside in properties ▪ Able to benefit from regulated sector, confidence in housing management and good PR ▪ More visible / contactable 	<ul style="list-style-type: none"> ▪ More aware of responsibilities for maintaining tenancies ▪ More aware about responsibilities with regards to not being associated with ASB ▪ Aware of procedures / standards relating to enforcement / evictions ▪ Reference checked prior to occupying the property ▪ Guaranteed safe, healthy and well managed housing

17. Selective Licensing expands the penalties for poor management of private rented sector properties and will allow clearer enforcement routes with the options for financial penalties and implications for the landlord's wider property portfolio. South Tyneside Council want to encourage landlords to manage their properties in an effective way to prevent problems and drive long term behavioural change which is a key aim for this scheme.

18. The Council believes that the positive impact of Selective Licensing will be seen beyond just housing and will help to achieve a number of wider objectives in the South Tyneside Council Strategy 2017-2020;

- Increasing prosperity
- Protect vulnerable children and adults

- Healthier people
- Regenerated South Tyneside
- Better housing and neighbourhoods
- Clean and green environment
- Less crime and safer communities

Proposal, Selection and Justification

19. To identify the locations to be included within the selective licensing scheme we need to take a range of things into consideration. The locations need to meet certain criteria for them to be suitable for such a scheme.
20. There has been a wide range of evidenced gathered to build the business case for the introduction of Selective Licensing Schemes in the Borough.
21. The proposal is to introduce selective licensing in two areas within the Beacon & Bents, Simonside & Rekendyke and Westoe wards, in South Shields. This is based on the principle grounds relating to housing condition, anti-social behaviour, deprivation and crime. Appendix A sets out the areas of the borough proposed for this scheme.
22. The supporting evidence document, attached as Appendix B gives more detail on the justification of these locations, the geographical area that will be covered and the extent to the scheme.
23. The assessment has included a wide range of data including use of census data, Index of Multiple Deprivation (IMD) rankings, housing enforcement information, Police/Safer Communities data and Council Tax/Housing Benefit records. Statistics were also used from the HomeTrack system which combines various Government publications on housing market data and census data. This has enabled a full assessment of the housing market in those locations, building up an extensive picture to assist with the proposal.
24. In these areas there are high concentrations of private rented housing, where there are issues related to poor housing conditions and/or anti-social behaviour.
25. The evidence has gathered information on the actual housing stock, the housing condition and complaints of the area, deprivation levels and the crime, ASB and neighbourhood issues of the proposed locations.
26. It is estimated the proposed area will cover over 3,000 properties. The legislation sets a minimum level of 19% concentration of private rented properties for selective licensing to be introduced; within the proposed boundary the level of private rented is estimated to be 24% equating to an estimated 700 - 750 properties that would be subject to licensing through the scheme.

27. There would need to be additional work to identify the exact number and addresses of those properties within the selective licensing locations and this would be undertaken through extensive engagement and consultation.
28. To establish the schemes effectively there will be a need to allocate adequate resources at the start of the process to support the necessary administration and inspection regimes.
29. As previously stated, the local authority can implement a licensing scheme under the Housing Act 2004 but it must consider whether the area meets the conditions under the Act. The attached supporting evidence outlines the key issues and steps required to develop and implement a selective licensing scheme.
30. Any income generated through the licensing scheme will be used to invest in adequate resources to inspect properties, support tenants and educate landlords. The licensing fee of this scheme would need to be agreed and would form part of the consultation process.

Conclusion and Next Steps

31. Based on the evidence that has been gathered, it is considered that development of selective licensing schemes covering the locations as outlined in Appendix A would be beneficial to our housing market.
32. The evidence gathered and presented in Appendix B has proven that these neighbourhoods meet the government criteria to impose Selective Licensing Schemes, and that stakeholders that have been consulted to date agree that it would be positive in tackling some of the challenges of those areas.
33. The scheme will be focused on increasing the quality of accommodation, educating landlords on the management of tenancies and tackling some of the neighbourhood and ASB issues concentrated within the associated areas.
34. The scheme will support both landlords and tenants and work towards the creation of a more balanced and more stable private rented market. This will also have a positive impact on the wider market and its residents.
35. To progress the development of the scheme the next step would be to go out to consultation, which would include private landlords, current tenants and wider residents; as well as a wide range of partners and businesses that work in the affected locations.
36. Undertaking of the consultation will enable better engagement with landlords an understanding of what landlords would expect from the scheme and some insight into tenants needs in the sector.

Recommendations

37. It is recommended that given the evidence that has been gathered that there is a strong case for the Council to progress with the implementation of a selective licensing programme within the identified areas.
38. It is recommended that approval is given to begin the consultation period and that the consultation period runs for a minimum of 10 weeks. This will include documentation and information being available on the website, open drop in events and arranged information sessions with private landlords.

Reasons for Recommendations

39. The business case for the implementation of selective licensing schemes in the Borough is strong and the challenges within the identified locations justify their introduction. To tackle these challenges selective licensing schemes would look to address neighbourhood and ASB issues, improve the quality of accommodation and make the areas more stable and sustainable.

background papers background papers background papers

Selective Licensing Scheme

The following is a list of the background papers (excluding exempt papers) relied upon in the preparation of the above report:

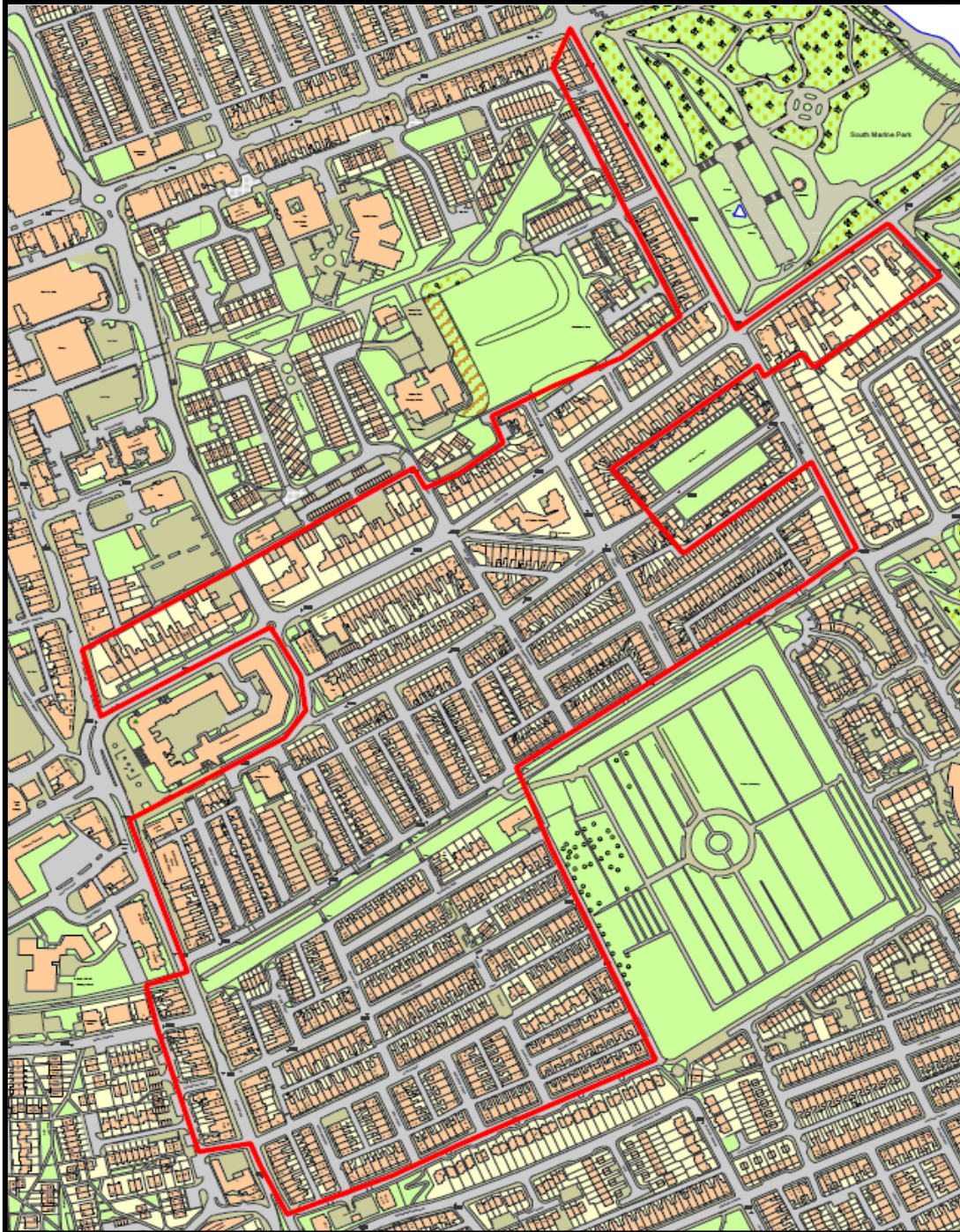
Background Paper	File Ref:	File Location

background papers background papers background papers

Appendix A

The proposed licensed area boundaries are shown on the maps below and a full list of the affected streets and properties is included in the appendix of this document.

Beach Road area



The Long Streets

