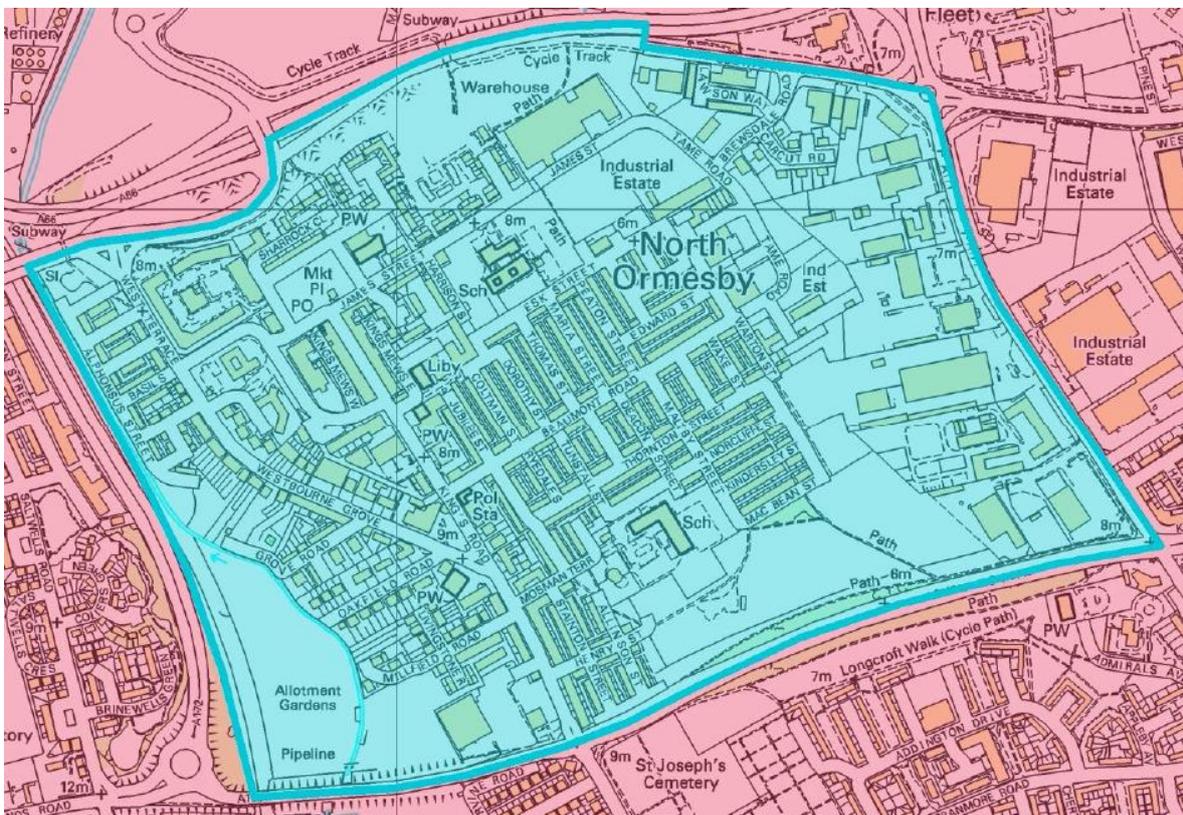


Proposal by Middlesbrough Council to re-designate the North Ormesby Selective Landlord Licensing Scheme



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ABOUT THIS CONSULTATION

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

On the 9th December 2014 Executive approved a report setting out proposals for introducing Selective Landlord Licensing in Middlesbrough and a further report to Executive on 14th July 2015 saw the implementation of the scheme in North Ormesby commence on 1st January 2016. The area of North Ormesby was designated as a Selective Landlord Licensing area as it was identified as an area with a high proportion of private rented properties which was suffering problems attributable to:

- a. Low housing demand
- b. A significant and persistent problem caused by anti-social behaviour related to tenants of or visitors to rented properties which were not being controlled by landlords;

In 2015 the government widened the criteria for designating Selective Licensing schemes to include poor housing conditions and high levels of deprivation, crime and migration. The improvement of management standards in the private rented sector would help to combat housing problems associated with deprivation.

The Council introduced Selective Licensing in the North Ormesby ward on 1st January 2016 and the current scheme ends on 31st December 2020. We propose to re-designate the Selective Licensing scheme in North Ormesby, as outlined on the map at **Appendix 1**.

The scheme aims to address:

- The problems associated with low demand for housing in the North Ormesby ward by imposing conditions relating to the management of properties.
- The problems associated with anti-social behaviour by including conditions in licences which require landlords to take action to deal with such behaviour, such as tenancy referencing to ensure that properties are not let to persons with a known record of anti-social behaviour and relating to the use of the property.
- The poor housing standards in the private rented sector by incorporating housing inspections and enforcement action as a requirement of the scheme, as well as ensuring that the properties are properly managed to prevent further deterioration.

The Selective Landlord Licensing scheme has been running in North Ormesby for almost 5 years, and has led to great improvements to the area. To make sure these improvements continue, we want to make sure the scheme carries on.

This document explains why the Council believes Selective Licensing is still 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.

Although positive changes can be seen in the area of North Ormesby, the Council's proposal

is made on the grounds that North Ormesby continues to be an area of low housing demand, still has a significant and persistent problem caused by anti-social behavior and high levels of deprivation.

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 20.

The consultation will last for a period of 10 weeks, starting on 28th September 2020, 9am and closing on 7th December 2020, 12 noon. 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 THAT NORTH ORMESBY CONTINUES TO FACE

The North Ormesby ward is still rated one of the most deprived in the country based on low income levels, low educational attainment, poor health outcomes and crime. North Ormesby has the second highest rate of crime and anti-social behaviour out of all Middlesbrough wards. The amendment to the criteria for designating Selective Licensing areas introduced in 2015 has allowed Councils to introduce Selective Landlord Licensing with the aim of helping to tackle the effects of deprivation and housing conditions. This change in the law supports the work of the Council and partners to improve outcomes for communities. Those people on lower incomes are most likely to see the benefits of the Selective licensing scheme in terms of improving the living and environmental conditions of the area they live in. Selective Licensing has also contributed to the progress made around reducing the levels of anti-social behaviour. These are considered to be wider determinants of health which affected people's health and well-being. Supporting people through the scheme can assist in reducing health inequalities.

The North Ormesby ward remains a concern for the Council due to the low levels of income, poor health outcomes and the lack of choice about where tenants can live, which are supported by the indices of multiple deprivation.

WIDER INDICATORS

Index of multiple deprivation

The IMD 2015 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 6 meaning it is the 6th most deprived local authority area in England.

LSOA's can be combined to give a measure/rank of deprivation for ward areas. In 2019 North Ormesby was ranked 2nd most deprived ward, of 7219 wards, in England, putting North Ormesby in the top 1% of most deprived wards in England. This is no change from a previous ranking of 2nd in 2015.

North Ormesby ward is ranked as the most deprived ward in Middlesbrough and it has also seen a decline in the ranking of 'employment' with the national ranking moving negatively from 9th worst in 2015 to 4th worst in 2019

North Ormesby ward is ranked as the 13th worst ward of the 7219 wards in England with regards to 'Income Deprivation Affecting Children Index' it has also seen a gradual increase in the ranking of 'income' with the national ranking moving positively from worst in 2015 to 3rd in 2019

(Data from the deprivation rankings in 2015 and 2019)

2019		2015		2010		2007	
Category	Rank	Category	Rank	Category	Rank	Category	Rank
IMD Deprivation	3	IMD Deprivation	2	IMD Deprivation	7	IMD Deprivation	46
Income	3	Income	1	Income	25	Income	140
Employment	4	Employment	9	Employment	33	Employment	57
Education, Skills and Training	15	Education, Skills and Training	10	Education, Skills and Training	198	Education, Skills and Training	204
Health Deprivation and Disability	4	Health Deprivation and Disability	19	Health Deprivation and Disability	60	Health Deprivation and Disability	80

LOW HOUSING DEMAND

The Council is looking to re-introduce Selective Licensing in North Ormesby on the basis that there is still 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 had a disproportionately high level of private rented properties and very low levels of owner occupation. It consisted of approximately 1,750 properties, of which 38% were privately rented. Approximately 39% were owner-occupied and 18% were social rented.

The level of private renting in North Ormesby contrasted markedly with the rest of the town

and the national rate of 16.8%.

In the 10 year period between 2001 and 2011, North Ormesby had seen a major change in its tenure mix.¹ 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 had the second highest proportion of long term empties than other areas in Middlesbrough. This position contributed to a negative image causing uncertainty for established residents and making it hard to attract people to the area.

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

Property values

Prior to the current scheme average sale prices in North Ormesby were at £48,000², they were amongst the lowest in the town. Gresham's property value were of a similar price £47,400 where the average price in other town centre wards were higher (£64,000 in Middlehaven and £98,000 in University). The average house price for Middlesbrough was £124,000). A number of factors were 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. The older terraced properties were no longer the first time buyers 'house of choice' as they had been in previous generations.

Anecdotal evidence was 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 ranged 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

¹ National Statistics, Household Tenure QS405EW (2001 & 2011).

² Land Registry, Sold Prices, August 2013 to July 2014.

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.

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

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

Turnover

The presence of a more transient population typically housed in privately rented accommodation can have a negative impact on the stability and desirability of an area. It can also affect community integration and investment and affect school performance negatively. Transience can also attract disadvantaged people to the area, which in turn can lead to increased social deprivation.

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

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

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

Prior to the current the scheme the Council received 145 complaints of housing disrepair in private rented property in North Ormesby between 2011/12 and 2013/14, this equated 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.

In the 5 year period of the current scheme figures show that 803 properties had inspection visits up to 31st December 2020. From those properties inspected we found 181 CAT1 hazards, 1,511 CAT 2 hazards and only 186 properties to have no CAT1 or CAT2 hazards.

ANTI-SOCIAL BEHAVIOUR AND CRIME

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.

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.

Prior to the introduction of selective licensing in Middlesbrough between 2011/12 and 2013/14 there was a total of 1,917 complaints of anti-social behaviour received by the Council's Private Housing Enforcement and Anti-Social Behaviour Teams, an increase over that period of 67.9%.

Since the start of the current North Ormesby scheme anti-social behaviour has been tackled through a wide range of interventions by the SLL team;

- 1249 early interventions have been carried out. These are mainly referrals into other services for support
- 2495 low Interventions. These include telephone call/e-mail, letter drop, diary sheets

received, initial warning letters, motorbike warning letter, site meetings and joint patrols.

- 955 medium interventions. These include second warning letters, final warnings, ABC issued, ABC breached, joint interviews and tenancy breach interviews.
- 15 high level interventions. These include Criminal Behaviour Orders, Civil Injunction, House Closures (all for high levels of persistent antisocial behaviour and as a last resort after all low and medium level interventions have been exhausted).
- 154 post tenancy visits have been carried out to provide support to the tenant on a wide range of issues including substance misuse, parenting skills, unemployment;
- Whilst the number of environmental antisocial behaviour incidents remain high, the number of incidents with rubbish bins/refuse left in alleyways and reports to the contact centre have considerably reduced.

Crime

Prior to the introduction of Selective Licensing 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.

In the years 2016/2017 Cleveland Police dealt with 693 cases, 2017/18 571 cases, 2018/19 508 cases and 2019/20 369 cases of anti-social behaviour in North Ormesby.

Since the start of the current North Ormesby scheme:

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

HOW THE PROPOSED SELECTIVE LICENSING SCHEME WILL WORK

Licence application

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

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

Fit and Proper Person test

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

When deciding whether a landlord and/or managing agent is "fit and proper" the Council will

look at whether they have:

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

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

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

- What the conviction was for;
- The circumstances of the case;
- How long ago it was and whether it is spent or not;
- Whether or not it will affect the person's ability to be a good landlord;
- The risk of the same thing happening again and whether that would affect the person's duties as a Licence Holder. (**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 licence holder will have to satisfy a number of conditions. Breaches of these licence conditions could lead to prosecution and a fine of £5,000.

Mandatory conditions relate to the following requirements:

- a landlord must obtain references from all persons wishing to occupy the property;
- landlords must produce gas certificates;
- electrical appliances must be kept safe;
- the property must have working carbon monoxide alarms in any room in the house which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance;
- the property must have working smoke alarms; and,
- each tenant must be provided with a written tenancy agreement.

The Council is proposing to include a number of discretionary conditions which relate to the management of the property, including: ensuring the number of occupiers does not cause overcrowding with the property, to supply a copy of the Energy Performance Certificate to the

Council, and have a suitable anti-social behaviour 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 an unlimited fine.

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

Exemptions

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

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 completed by a multi-agency/disciplinary team, this could include a Licensing Officer, Police, Neighbourhood Safety Officer and Tenancy Relations 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 will make referrals to relevant agencies and follow-up any actions.

The other services offered through the tenancy relations support will be of benefit to landlords, tenants and the wider community to help to reduce the turnover of tenants.

Licence fees

The Housing Act 2004 gives the Council the power to charge landlords a fee for all costs it incurs carrying out its Selective Licensing functions. The Act also allows the Council to take into account costs incurred in carrying 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 £745.00 for a licence.

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

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

Income from the licence fees is ring fenced meaning that it can only be used for this project and not for any other reason. It is anticipated the scheme will require 6 FTEs and an Apprentice to operate.

POTENTIAL AND PROVEN BENEFITS OF THE SELECTIVE LANDLORD LICENSING SCHEME

Introducing Selective Licensing in North Ormesby has shown a number of benefits to the community, landlords, tenants and owners, both directly and indirectly, including:

- Improved management and condition of privately rented accommodation;
- Support for landlords in dealing with anti-social tenants;
- Reductions in levels of anti-social behaviour;
- Educating tenants about their responsibilities and their impact of their behaviour on the community and neighbours;
- Encouraging tenants to recognise when properties are of a sub-standard condition and what options are available to them;
- Promotion of landlord aspiration to let property to a higher standard and to act in a professional manner.
- Encouragement of landlords not to take tenants with a poor reference.
- Improvement of the image and desirability of the area.
- Improved values of property in the area.
- Encouraging a change to the tenure mix of the area. Protect investment in the area.
- Working with those landlords who are not providing good quality accommodation or managing their tenancies effectively and removing "rogue landlords" altogether.
- Reduced tenant turnover leading to sustainable communities, creating communities where tenants want to remain.
- Encourage the use of reputable managing agents when landlords are inexperienced or "absentee".
- Raising community confidence through the appropriate use of enforcement powers against landlords who are failing to comply with the provisions of the Housing Act 2004.
- Free property advertising of empty properties.

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

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

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

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

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

Case Studies from current North Ormesby Scheme

Tenant Support: During a tenancy inspection visit with a landlord, it was identified that the tenant was struggling with 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 their only belongings were clothing and toiletries. The Tenancy Relations Officer arranged an appointment for the tenant to attend Citizens Advice and also made a referral to Firmer Foundations (mental health support). During the Citizens Advice appointment the tenant disclosed significant debts; therefore a Debt Relief Order was applied for (due to severe mental health issues) and a food bank voucher was issued. The tenant has now applied for different benefits and is receiving the much needed support they required.

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

Landlord Support:

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

Testimonials from North Ormesby Scheme

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

I can see, personally, the difference to the area and the type of tenants. I see a lot more

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

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

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

Landlord Paul Norman

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

Inspector D Snaith

Evaluation of the current scheme

An evaluation of the North Ormesby Selective Landlord Licensing Scheme has been undertaken using guidance from Local Government Regulation. (**Appendix 6**) 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.

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

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

- House prices in the North Ormesby Selective Landlord Licensing area have started to increase. In 2016 the average house price plummeted to £36,000 and has since increased by 17% to £42,000.
- The turnover of tenants has reduced by 50% resulting in a more static population.
- The overall number of empty properties has fluctuated throughout the life of the scheme, however there has been a considerable reduction in the number of long term empty properties which are often the more problematic for residents. Further work is needed to reduce the overall numbers.

- The number of private rented properties which have been inspected has increased and housing conditions have improved. Prior to the introduction of the scheme only 8.4% of the properties had been inspected on complaints from tenants regarding their housing conditions. In 2020 760 properties have been inspected. Serious housing hazards were identified on 1,692 (category 1 & 2) properties and have been addressed to protect tenants. Smoke alarms checks have been carried out on all housing inspections to ensure they are provided in properties.
- There has been a relatively low number of legal cases taken against landlords for not licensing their properties, 4 resulting in court hearings and 8 landlords applying for their licence after receiving their court summons.
- Support for landlords – the scheme in north Ormesby has supported landlords in the following ways:
 - Free empty property advertising;
 - Dedicated Neighbourhood Safety Officer;
 - Dedicated tenancy relations officer;
 - Housing and tenancy support/advice;
 - Rent recovery in excess of £5,000;
 - Referencing;
 - Post tenancy visits for new and existing tenancies.

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

If you would like to view the full report then please see **(Appendix 6)**

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 have a positive influence on reducing deprivation and health inequalities by facilitating stable/secure family lives. This in turn helps to improve social, environmental, personal and economic well-being. Conversely, living in housing which is in poor condition, overcrowded or unsuitable will adversely affect the health and well-being of individuals and families.

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

Private rented sector

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

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

Anti-social behaviour

Selective Licensing helps to ensure that landlords meet their statutory duties regarding tenancy management and encourages and assists them to deal with issues of anti-social behaviour by taking appropriate and effective action where they receive a complaint about their tenants.

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

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

social behaviour from their tenants.

Prevention of Homelessness Strategy

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

The Council continues to work in partnership with the private rented sector and Selective Licensing strengthens this partnership by increasing the number of landlords working with the Council with well-managed, good quality accommodation.

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

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

It is anticipated that 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 1470 homes empty for six months or more as of 1st October 2018. The Council has already begun to tackle this issue and to date has, amongst other things, secured funding from the Homes and Communities Agency and adopted an Empty Homes Action Plan to bring empties back into use.

An important part of the strategy to tackle empty homes is actively targeting owners and providing them with information on the incentives available and the reasons why empty properties are a poor financial option. A Rent and Refurb scheme has been introduced. In some cases encouraging owners will not be enough and the Council will need to take strong enforcement action. Selective Licensing has helped strengthen the partnership between landlords and the Council and the benefits Licensing delivers to the area has contributed to tackling problem empty properties in North Ormesby.

The BIG Local and North Ormesby Neighbourhood Action Plan

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

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

The Council concluded there was an urgent need to take strong and immediate action to halt the slide of the area. However, it also recognised that traditional forms of public sector intervention are no longer applicable and there is a need to re-focus interventions around supporting communities to practice greater levels of self-management, by focusing on strengthening those activities and structures which underpin that ability.

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

Place Based Working

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

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.

Traditional interventions do not provide the level of engagement with landlords necessary for

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

Enforcement of housing standards

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

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

Whilst this approach does improve property conditions it does not have a concentrated impact in one area. In addition this power does not tackle property management standards. Through the selective licensing designation 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 28th September 2020, 9am and close on 7th December 2020, 12 Noon.

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

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

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

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

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

Methods of consultation

Consultation will be taking place using the following methods:

- Direct mail to landlords and residents.
- Direct mail to local community groups.
- Press release to local media/press.
- Information on Middlesbrough Council's website.
- Email to all Ward Councillors.
- Email to all relevant Council service areas.

How to respond to the consultation

A questionnaire will be available to complete on the Council's website, a paper version of which can be downloaded from the website.

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

If you would like any further information about the Selective Licensing proposals please contact the Selective Landlord Licensing Consultation Team on 01642 728100.

Or please email the team on:
licensing_consultation@middlesbrough.gov.uk