

Cabinet

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Evaluation of Selective Licensing at Wembley



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Purpose of the report

- 1 This report outlines the background to the Selective Licensing Scheme in Wembley, Easington Colliery, designed to address issues in the Private Rented Housing Sector. It summarises the evaluation of the Selective Licensing scheme to determine whether the area should be re-designated at the expiry of the current term in February 2014.

Background

- 2 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: -
 - *An area has low housing demand (or is likely to become such an area) with a significant level of privately owned houses let on short term arrangements and where [the Council] is satisfied that the introduction of a scheme along with other measures would lead to an improvement in the social or economic conditions in the area.*
 - *An area is experiencing significant or persistent problems caused by anti social behaviour (where private landlords in the area are not taking appropriate action to combat the problem) and where [the Council] is satisfied that the introduction of a scheme along with other measures would lead to a reduction or elimination of the problem.*
- 3 Selective Licensing requires that any person wishing to rent out a property in a designated area must first obtain a licence from the Council. 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. It provides intensive housing management support in areas with problematic private rented housing,

aiming to improve neighbourhood conditions by raising private landlords' management standards.

- 4 Durham County Council has three Selective Licensing designations at Dean Bank and Chilton West in the South and Wembley, Easington in the East. Dean Bank and Chilton Selective Licensing Schemes were both evaluated in 2012 and Cabinet agreed to renew both designations in December 2012. An evaluation of the Selective Licensing designation in Wembley is required before the end of its five-year term in February 2014, in accordance with Communities and Local Government (CLG) guidance.

Wembley Designation

- 5 In 2008, the former Easington District Council identified that housing in the Wembley area was showing signs of vulnerability and instability including low house prices, high levels of private rented properties, empty homes and poor housing conditions, all key indicators of low demand. Rates of crime and anti-social behaviour were high with a significant proportion linked to private sector tenancies.
- 6 As a result Easington District Council applied to the Secretary of State for a Selective Licensing designation in Wembley. The designation was approved and came into effect on 8 February 2009, to run for the standard period of five years.
- 7 The following table shows the breakdown of the property mix in Wembley both at the start of the designation and in April 2013 at the outset of the evaluation:

Wembley	2009	2013
Total number of properties	195	195
Privately rented	103 (52%)	132 (67%)
Owner occupied	35 (18%)	61 (31%)
Other (RSL, DCC, Commercial)	5 (3%)	3 (1.5%)
Unknown	52 (27%)	0

- 8 As of April 2013 a total of 107 properties had been licensed out of the 132 private rented properties. 19 were exempt because they were empty properties and 2 were exempt for other reasons. The remaining 4 applications were pending. Private landlords pay a fee of £350, generating a total income over the 5-year designation of £38,850. This sum has contributed towards the costs of administering and managing the selective licensing designation.

Evaluation

- 9 Following the guidance set by Local Government Regulation, the evaluation of the effectiveness of the scheme for the selective licensing of private sector rented housing at Wembley has focussed on the scheme's performance against a number of key outcomes. It has also examined how costs compare to benefits that have been achieved.
- 10 As part of the evaluation the Council has undertaken research to collect the evidence necessary to determine whether there is a continued need for the scheme in the area. This has included analysis of:
 - Property values, turnover and sales of residential properties
 - The numbers of empty residential properties
 - Levels of crime and anti-social behaviour
 - Levels of environmental crime
 - Comparisons with pre-licensing statistics
 - Performance in other comparable areas without licensing schemes
 - Changes in the wider Easington Colliery Private Rented Sector
- 11 As prescribed by the regulations governing selective licensing schemes, the Council has undertaken the minimum ten week consultation with persons affected by the scheme. This has included residents, landlords, managing agents and other stakeholders including the Police. This has been completed by:
 - On line consultation for residents and landlords running from May to July 2013
 - Postal consultation over the whole of the Wembley designation
 - Stakeholder Focus Group: Invitees included residents association representatives, Letting/Managing Agents, Police, other council services, elected members and the National Landlords Association
- 12 The evaluation has also taken account of findings of a number of reviews of individual schemes carried out by other local authorities and from a national evaluation of Selective Licensing carried out in 2010 by the Building Research Establishment (BRE). It has also been informed by the Council's own review of the use of Selective Licensing to improve conditions in the private rented sector.
- 13 Measured against the key outcomes the Wembley evaluation found:
 - **Reducing crime and anti-social behaviour attributable to the private rented sector** - levels of anti-social behaviour have fallen throughout the scheme; this is typical of other areas in the east of the county across the period 2009 – 2013.
 - **Improving management standards in the private rented sector** – there is evidence of improved management standards as a result of

enforcement activity and support delivered through local area-based regeneration activity.

- **Increasing housing demand** – there is no evidence that selective licensing has had a positive impact on demand in the Wembley area. Property prices remain very low, the tenure make up in the area remains predominantly private rented sector and there is an increase in the number of empty homes. However, it should be recognised that during the term of the designation there has been a global recession and a failing housing market which would also impact on general low demand for housing.
- **Improving the environment** – there is evidence that the scheme has successfully put a stop to the more extreme behaviour that had threatened to become the norm in much of the privately rented housing stock in the area - selective licensing has provided a basis from which sustainable achievement is possible.
- **Contributing to the effectiveness of partnership working to improve the quality of life** – selective licensing has provided a focus and drive to support enhanced partnership working in the area, including a local forum chaired by one of the area's elected members. Stakeholders confirm that the scheme has increased the amount of partnership working in the area to address the issues of ASB, crime and work to improve the physical environment and support its continuation.
- **Stakeholder views** – there were a range of views from stakeholders on the effectiveness of the scheme and whether it should be continued. Most felt that the area still needed support for improvement. Over 68% of residents would like to keep selective licensing and 45% of landlords thought that it should be retained. Local Members and key partners, such as the Police, were emphatic that selective licensing should be retained to ensure that the progress and investment made in recent years be protected and momentum maintained. Durham Constabulary has re-enforced its commitment to supporting the selective licensing designation, should it be renewed, including continuation of their contribution to tenant referencing.

14 The evaluation also compared the situation in Wembley with other local areas that were broadly comparable, but that had not had the benefit of a selective licensing scheme. Dawdon, another of the council's regeneration areas without selective licensing, was chosen as a comparator and Blackhall Colliery, an area that is neither a selective licensing nor regeneration area but that was used as a comparator in the original Wembley submission, was also compared.

15 Wembley is a smaller area with 195 terraced properties, the 8 streets selected in Blackhall Colliery comprise 223 terraced properties and

Dawdon covers an area with 794 properties that are of mixed type and tenure.

- 16 All three areas have experienced high levels of sale activity over the last ten years. Many of the properties have changed hands several times during this period and have changed tenure from owner occupation to the private rented sector. It is not likely that the high levels of sales are due to demand for the area, given that the areas have a significant number of long term empty homes. It is more likely due to people wishing to move out of the area, which has led to a rise in the number of private rented properties.
- 17 House Prices in Wembley have fallen since 2008, as already noted and are lower than the average in both Dawdon and Blackhall Colliery.

Average Sale Price July 2011 – July 2012	
Dawdon Regeneration area	£40,000 (excluding new build)
Wembley	£28,813
Blackhall Colliery	£36,477

- 18 Reductions in crime and anti-social behaviour have been significant in all three areas, although over the period 2011 -12 Wembley has seen a bigger reduction; this suggests that selective licensing cannot be singled out as the change factor as there is a downward trend in the reduction of ASB in other areas in the east of the county that do not have the benefit of a selective licensing scheme. However, it can be seen that it has provided added impetus to support the downward trend.
- 19 Wembley is a priority Housing Regeneration area and as such has received £2,427,000 capital investment to carry out three phases of group repair. This was intended to improve property condition, the locality environment and to increase demand. Re-designation of the Selective Licensing scheme would help to protect the Council's investment in the area.

Review of Selective Licensing

- 20 At the same time as reviewing the effectiveness of the Wembley Selective Licensing scheme, the Council has also reviewed the overall effectiveness of licensing as a tool for improving standards in the private rented sector. This review concluded that selective licensing is a useful additional tool to help address problems of low housing demand and anti-social behaviour attributable to the private rented housing sector. It provides the only regulation for management standards in the private rented sector outside of Houses in Multiple Occupation Regulation.
- 21 It is not always possible to identify clear-cut results solely attributable to selective licensing within designated areas, as it is very difficult to

disentangle from other factors due to the nature of multi-agency input required. However, there are indications identified in the evaluations undertaken to suggest that it is contributing to improvements.

- 22 Selective licensing can be effective as a catalyst to support enhanced partnership working and act as a catalyst to address neighbourhood issues. It is not a panacea, to cure all the issues in a locality, but can be particularly effective addressing issues of anti-social behaviour stemming from poor management in the private rented sector which are having a negative impact on the perception of a neighbourhood and therefore the demand for housing in that locality.
- 23 For selective licensing to be effective, it must be in place alongside a range of other interventions, supported by partners such as the Police and colleagues responsible for maintaining local environments and addressing anti-social behaviour. When it is part of a co-ordinated range of interventions, it has been demonstrated in County Durham that it can support improvement in these localities.

Conclusion

- 24 Selective licensing has made a positive contribution to reducing anti-social behaviour in the Wembley area. Its impact on other key outcomes is harder to gauge against the backdrop of recession and collapse in the housing market that has occurred since 2008.
- 25 The issues that led to the original request for a selective licensing designation still exist in terms of low demand and perceptions of the neighbourhood.
- 26 There is support from residents and other key stakeholders such as the Police for re-designation to take place, to protect the investment that has been undertaken in the locality and to prevent a return to the pre-2009 situation before licensing was introduced.
- 27 There is evidence that other areas are suffering similar problems of low demand, anti-social behaviour and environmental degradation and that consideration should be given to extending selective licensing to additional areas or the introduction of further measures to support raising standards in the Private Rented sector. Research is already underway to examine effective licensing and other measures elsewhere and a wider report on these issues will follow within the next few months. However, in order to sustain the Wembley designation beyond the initial 5 year term it requires Cabinet re-designation which will allow the work done to date to be continued.

Recommendations and reasons

It is recommended Cabinet:

- 28 Agree that the Wembley Selective Licencing designation be re-designated for a further 5 year period.
- 29 Agree that work is carried out to investigate the feasibility of extending to other areas the selective licensing designation, or other measures to support and regulate the Private Rented sector to address problems of low demand and relatively high levels of crime and/or anti-social behaviour.
- 30 Agree that the re-designated Wembley selective licensing scheme adopts the new licence conditions and licence fee (£450), in line with the Council's other two selective licensing designations in Dean Bank and Chilton, creating uniformity across the county. This will accrue additional licence fee income to contribute to the cost of running the scheme.

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Appendix 1: Implications

Finance –

There was a £20,000 per annum saving to be made to the revenue budget due to the income generated from selective licensing. This has been realised from the other two selective licensing areas in Dean Bank and Chilton and has no impact on the Wembley designation. Re-designation would generate additional revenue over the five year period to 2019 which would contribute towards the running costs of the designation.

Staffing –

Existing staff would operate the scheme as part of their current roles.

Equality and Diversity –

An Impact Assessment screening has been completed and no equalities issues were identified.

Accommodation –

No issues identified.

Crime and Disorder –

This proposal directly links to the reduction of crime and anti-social behaviour due to the removal of the intensive neighbourhood management function selective licensing employs, the impact of selective licensing in Wembley has contributed to reduced the levels of Crime and ASB.

Human Rights –

No issues identified.

Consultation –

A ten-week consultation, including surveys of residents and landlords and consultation Focus Groups of stakeholders and partners were carried out during May – July 2013. There was support for continuation of the scheme as outlined in the report, but this was contradictory as participants also felt that the scheme had been unsuccessful in meeting its objectives.

Procurement –

No issues identified.

Disability Discrimination Act –

No issues identified.

Legal Implications –

The Council's decision as to whether or not to renew the Selective Licensing areas and in relation to the other issues raised within the report will be subject to a right of legal challenge in the form of a Judicial Review.

Risk –

Risk identified from the Council's decision to re-designate Selective Licensing at Wembley is the potential for a legal challenge in the form of a Judicial Review.