

**Report to:** Executive

**Date:** 22 July 2008

**Report of:** Executive Member for Housing

**Subject:** Proposal for Selective Licensing designation in the Wembley area of Easington Colliery

**Ward:** Easington Colliery

## **1. Purpose of Report**

1.1 This report outlines the proposal to introduce a 'Selective Licensing' scheme for privately rented properties in the 'Wembley' area of Easington Colliery and recommends the approval to submit an application for Selective Licensing to the Government Department of Communities and Local Government.

## **2. Consultation**

2.2 Consultation has been carried out with Easington Colliery Ward Members, Private Sector landlords and residents within the Wembley area. Presentations have also been made to Area Forums, local residents groups and the Council's Housing Strategy Group. The Council's Monitoring Officer has also been involved in the preparation of this report.

## **3. Background**

3.1 The Housing Act 2004 ("the Act") provides local housing authorities (LHAs) with a range of tools with a view to encouraging private sector landlords to improve management, amenity and safety standards of their properties and to tackle anti-social behaviour originating from the tenants of private rented accommodation.

3.2 The Act was preceded by research carried out by the Department of Communities and Local Government (CLG) which highlighted that 10% of the housing stock in England is privately rented; that some of the poorest housing conditions in the housing sector as a whole are in the private rented sector; that some landlords have no consideration for, or participate in, the communities in which they operate, and that this can have a huge impact on neighbourhoods. This research was supported by further research carried out by Shelter which suggests that for a large number of vulnerable people the private rented sector is the only housing option readily available.

3.3 Section 80 of the Act, enacted in April 2006, gives powers to LHAs to designate areas as subject to selective licensing in respect of private rented accommodation, provided certain conditions stipulated by the Government Department for Communities and Local Government (CLG) are met.

3.4 In essence, Selective Licensing requires that any person wishing to act as a private landlord in the designated area must first apply to the Council for a license to operate. In considering the application for a private landlord license the LHA will carry out checks to ensure that the applicant is a “fit and proper person”, that they have satisfactory procedures in place for management standards and dealing with anti-social behaviour, and that their property(s) are suitable for the intended number of occupants and are in compliance with the Housing Health & Safety Rating System (which replaced the old ‘Housing Fitness Standard’ under part of the 2004 Act). It is a criminal offence to operate as a landlord without a license in an area where Selective Licensing has been declared, and on conviction a landlord could currently be fined up to £20,000. Breach of condition of a license once granted can currently result in a fine of £5,000 per breach.

3.4 At the time of preparation of this report there have been five approved designations of selective licensing nationally, one of which is for specific areas within Dene Bank and Chilton for Sedgefield Borough Council. Whilst Selective Licensing is considered to be a powerful tool for LHAs to control the behaviour of private landlords it is subject to considerable constraints. It is only available where certain conditions are met and where the Authority believes its introduction will reduce specific housing problems. CLG guidance on the Selective Licensing application process stipulates that the ‘designated area’ must be an area of low demand housing and/or be experiencing significant problems with anti-social behaviour.

#### **4. The Case for the introduction of Selective Licensing in the Wembley area of Easington Colliery**

4.1 The proposed submission document attached as Appendix 1 to this report details the evidence used to support our case for the introduction of selective licensing in the Wembley area. The proposal focuses on six streets in the Wembley area: James, Hawthorn, Noble, Thorpe, Thomas and John Street. This area consists of 195 houses, 103 of which are private rented licensable properties. At the time of preparation of this report 32 properties in the area were empty, 25 of which are owned by private landlords.

4.2 The area has been subject to a number of interventions involving the Council and other partner agencies since September 2006. This activity includes Enhanced Enforcement, Neighbourhood Management Pathfinder activities, a high profile Police presence, and promotion of the Accredited Private Landlord Scheme, most recently promoted under the ‘Pride in Easington’ Campaign. All of the activities have been overseen by a steering group which involves members from all of the relevant agencies, Ward Members and local residents.

4.3 Although these interventions have undoubtedly had a real impact in improving the appearance of the area through the removal of rubbish, dealing with dog fouling, rebuilding walls and fences, and securing empty properties, there are still high levels of anti-social behaviour and a

significant number of empty properties which is unlikely to be resolved without direct intervention in the private rented sector.

- 4.4 Information from Council Tax records shows high levels of transience in the area with an average tenancy turnover rate of three months, and an average rate of change in ownership of privately rented properties of 1 year. A considerable number of properties in the area are currently being marketed for sale and have been for many months, in some instances in excess of a year, despite the fact that house prices in the immediate area remain low compared to other similar parts of the district.
- 4.5 Data obtained from Durham Constabulary regarding levels of crime in the Wembley area compared to a comparable area clearly show significantly more crimes reported in Wembley across the crime types reported, and information received from the local Policing team clearly links incidents of crime and anti-social behaviour to several privately rented properties in the area.
- 4.6 There was also a disproportionate number of incidents reported to the Council from the Wembley area within the twelve month period January – December 2007, many which have led to enforcement action being taken for issues such as accumulations of rubbish, noise, vandalism, empty properties being open to access and anti-social behaviour.
- 4.7 Selective Licensing is one of a range of tools for tackling housing related problems in a local area. Benefits identified from case studies of existing Selective Licensing areas across the country suggest that similar schemes have had significant impact and benefits for Landlords, Tenants and the local community, which include:
- Landlords who have not responded to any previous measures will be forced to engage and bad landlords will be forced to improve their practices or leave the market.
  - Responsible landlords will receive information and support and poorly performing landlords will be offered training.
  - Licensing will provide a 'level playing field, preventing good landlords from being 'undercut' by the unscrupulous minority.
  - Reducing anti-social behaviour will have a positive impact on the area, making it a safer, more desirable place to live and in turn will contribute to a reduction in empty properties, shorter void periods, and reduced tenant turnover.
  - More professional landlords should bring about improvements to the quality and management of the properties they let.
  - Tenants can expect a more comprehensive tenancy management service from their landlords resulting in longer tenancy periods.
- 4.8 This proposal to introduce Selective Licensing is not a 'stand alone' initiative and is intended to compliment the existing interventions in the Wembley Area, our existing powers for enforcement of property standard and empty properties, and the redevelopment and regeneration work proposed through the Area Development Framework for the wider

Easington Colliery area as part of the overall Durham Coalfields Housing Programme. As such it is also in line with the revised Transitional Plan activities of *'Improve areas of older housing in target communities (Easington Colliery and Dawdon) to support sustainable neighbourhoods'*.

## **5.0 Implementing the Selective Licensing Scheme**

- 5.1 If approved, the Selective Licensing Scheme will be implemented by the Private Sector Renewals Team within the Housing Service. Substantial work has already been undertaken to establish the ownership of property within the Wembley area, establish communication with identified Private Landlords, and a 'Selective Licensing Pack' comprising of Information Leaflets for tenants and landlords, application forms, standard forms for 'Fit and Proper person' checks, etc is being developed in consultation with the 5 LHAs who have already introduced similar schemes across the Country.
- 5.2 If the application is granted, the scheme will be subject to a statutory 3 month consultation process during which time all Private Landlords within the Wembley Area will be contacted and invited to engage in the licensing process. This consultation period will enable Officers to conduct 'fit and proper person' checks of existing landlords as well as physical condition checks of rented property in the area in preparation for the 'go live' date.
- 5.3 Enforcement action against Landlords operating without a license, or operating in breach of their license, will be undertaken by Officers from the Private Sector Renewals Team in consultation with the Environmental Health department and the Council's Monitoring Officer. Any costs of enforcement action will be met from within existing resources.
- 5.4 The CLG guidance on Selective Licensing allows for a Licensing Fee to be introduced to cover the costs associated with running a Licensing Scheme. Within the existing 5 Selective Licensing schemes across the County charges for admittance to the licensing scheme range from £300 - £500 and following an assessment of anticipated take-up of the scheme it is proposed to establish a charge of £350 per property registered. This charge will be payable per license issued, and will be a one-off payment to include an annual renewal of the license.
- 5.5 It is proposed that existing members of the District of Easington Accredited Landlords scheme (currently 8 landlords, covering ) will be effectively 'passported' into the Licensing scheme as they will have already met the licensing criteria by qualifying for the Accredited Landlord status. In order to promote the Accreditation scheme it is proposed that the cost of the scheme (currently up to £150) be deductible from the Licensing Fee if a Landlord successfully qualifies for the Accredited Status within six months of acquiring a License, or acquires a license within 6 months of becoming an Accredited Landlord.

## **6. Implications**

### **6.1 Financial**

The costs of implementing the scheme will be met from the Councils existing resources and licensing fees. License fees have been determined in line with the costs the Council will incur in relation to the development, implementation and delivery of the proposed scheme. Discounts will be available for members of the Accredited Private Landlord Scheme and non-accredited landlords will be encouraged to join the scheme.

Based on the number of licensable properties in the area (103) and the license fee of £350, an income of around £36,000 will be generated depending on the number of accredited landlords.

### **6.2 Legal**

Part 3, s80 of the Housing Act 2004 requires Local Housing Authorities to apply to the Secretary of State for consent to designate an area for Selective Licensing.

### **6.3 Policy**

The use of the powers within Part 3 of the Housing Act 2004 will become part of the Council's policy for Housing Renewal and Enforcement; this approach to dealing with housing condition and management standards in the private sector is consistent with the District's Housing Strategy which was agreed by Council in April 2008.

### **6.4 Risk**

A risk assessment has been carried out and the necessary actions put in place.

### **6.5 Communication**

The designation of Selective Licensing be communicated widely to Private Landlords, homeowners and residents across the District, and the actual designation is subject to a 3 month notice period. The Housing Renewals Manager is currently in liaison with the Council's Communication & Marketing Manager to develop a Communication Plan will include local press and media, residents groups and Landlord and Area Forums.

## **7. Corporate Implications**

### **7.1 Corporate Plan and Priorities**

Selective Licensing will assist in the delivery of several aims and priorities under the Corporate Plan and Community Strategy, particularly "Decent Homes for All", "Clean, Tidy Communities", and "Making the District Safe"

### **7.2 Equality and Diversity**

There are no implications

### **7.3 E-Government**

There are no implications

### **7.4 Procurement**

There are no implications

### **7.5 Local Government Review**

Within County Durham only Sedgefield Borough Council have introduced Selective Licensing, and have been issuing licenses for the Dene Bank and Chilton areas since February 2008. The administration process for the implementation of Selective Licensing in the Wembley area has been developed in consultation with Sedgefield Council in order to ensure synergy between processes from Vesting Day 2009, and the fee level has been set to be consistent with the Sedgefield approach.

The use of powers to enforce standards and promote good management of the private rented sector is consistent with both the local and sub-regional housing strategies and as the costs of implementing the scheme will be met from the Council's existing resources and licensing fees there will be no additional financial commitment for the new authority.

### **8. Recommendations**

Members of the Executive are recommended to:

- note the details of this report in relation to the case for the introduction of Selective Licensing of private rented accommodation in the Wembley Area
- authorise the Head of Housing to submit the application for designation approval for selective licensing for the Wembley area of Easington Colliery

### **Background Papers**

District of Easington Housing Strategy 2008-2011

Housing Act 2004

Selective Licensing for Local Authorities – Shelter

Approval Steps for Selective Licensing Designation in England (revised edition December 2007) – CLG