

## Newcastle City Council

# Consultation on the proposed Selective and Additional Licensing Scheme

## Executive Summary

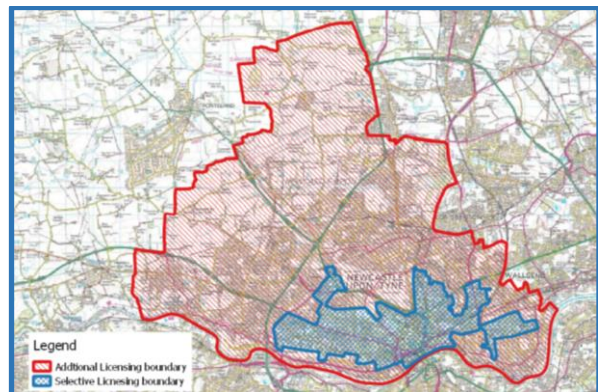
### Introduction

Newcastle City Council is consulting on a new proposed Licensing Scheme for private rented accommodation. This document is intended to inform you of the proposal, the reasons behind it and the impact it will have.

We hope you will provide us with feedback on the proposal. Information on how to do this can be found at the end of this document.

### Proposal

Under the Housing Act 2004 we are proposing to introduce a new private rented property licensing scheme in Newcastle. The proposed scheme will impact approximately 18,500 properties in the city. The scheme will use a combination of both Selective and Additional Licensing, and more detail on these two types of licence can be found below.



The scheme will last 5 years, and a property licence will help to ensure that:

- \* Properties are maintained in line with legal requirements and licence conditions.
- \* All tenancies are well managed.
- \* Landlords and managing agents involved in managing properties are fit and proper.
- \* Criminal and rogue landlords are targeted, and appropriate action is taken against them.

Failure to apply for a licence is a criminal offence and can result in a prosecution or Civil Penalty against the landlord and / or managing agent.

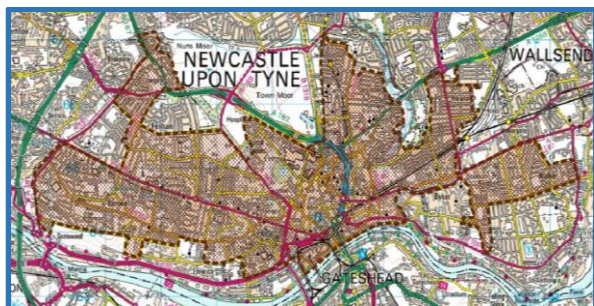
## What is Additional Licensing?

The Housing Act 2004 currently requires that all properties occupied by 5 or more people, from 2 or more households, have a property licence. This is known as Mandatory Licensing of Houses in Multiple Occupation (HMOs). We are proposing to introduce Additional Licensing throughout the City which will require all HMOs occupied by 3 or more people not living as a same household to be licenced.

It is estimated that 9,350 properties may require an Additional Licence. Newcastle City Council is able to self designate an Additional Licensing Scheme on the basis that there is sufficient evidence to require a designation.

## What is Selective Licensing?

As well as Additional Licensing we are looking to designate a new Selective Licensing area. The new designated area would require all private rented properties within the red dotted line (map below) to have a Selective Licence. An interactive map can be found at <https://newcastleplmap.commonplace.is>



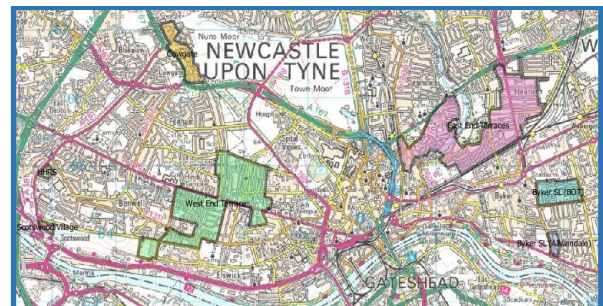
## Self Designation and Secretary of State Approval

If less than 20% of an area's total private rented sector or 20% of its geographical area is to be licenced a Local authority is allowed to self designate the Selective

Licensing Scheme. However, if it is more than 20% Secretary of State Approval is required to formally designate the scheme.

In Newcastle we propose to licence more than 20% of the private rented sector and are therefore looking to use a combination of Self Designation and Secretary of State approval to introduce Selective Licensing.

We are proposing to self designate the areas shown in the map below. This will be a total of approximately 4,250 properties which is under the 20% threshold.



We then propose to seek Secretary of State approval to designate the rest of the area outlined within the red dotted line. This is estimated to be a further 4,850 properties.

## Existing Selective Licensing Schemes

We currently have two designated Selective Licensing Schemes in Newcastle.

- \* Greater High Cross
- \* Byker Old Town

These schemes licence approximately 740 properties and have been operating for over 5 years.

The two Selective Licensing areas are expected to still be active when the

proposed licensing scheme starts. It is the intention to withdraw the existing schemes and passport the current licence holders onto the new scheme granting a 5-year licence at no additional cost.

### Why does the Council think licensing is necessary?

The private rented sector plays a vital role in the Newcastle housing market. It has seen significant growth with the estimated number of private rented properties rising from 14,400 in 2001, to 22,000 in 2011, and to now over 24,000 properties. Many of the properties are over 70 years old and it is vital that this housing stock is maintained to a good standard.

With decreasing resources, there are many challenges faced in the private rented sector including anti-social behaviour (ASB) and area decline caused by neglect and poor environmental conditions. There is a significant cost to the Council in managing these issues and they are causing a decline in the environment, impacting community wellbeing and making these areas unattractive places to live, work and invest.

The introduction of a large-scale property licensing scheme will help provide tenants with a greater choice of safe, good quality and well managed accommodation. Improving the quality of private rented accommodation will lead to a better community and cross tenure relations, reduce anti-social

behaviour and help to stabilise and improve local neighbourhoods.

### How does the proposal fit into the Councils wider approach to Housing?

#### Housing Statement 2018

The Council's Housing Statement sets out the following housing vision for the City:

*In Newcastle we are working towards creating a city that is a 'Great Place to Live'. By this we mean a city with desirable neighbourhoods that offer a range of affordable and quality homes that meet people's needs, along with a strong sense of local identity and attractive well-used and popular public spaces and facilities. These neighbourhoods will also be accessible and well connected, with an overall effect of enabling all our communities to enjoy a high quality of life.*

The Housing Statement also sets out four key priorities:

- \* Make best use of the City's existing housing stock.
- \* Delivering new homes to create greater choice.
- \* Provide advice, support and information to vulnerable people.
- \* Sustainable Economy and Sustainable Communities.

Selective Licensing is highlighted in the Housing Statement as one of the tools which we can use to achieve our goals and aspirations.

## Private Sector Housing Plan 2016

The Private Sector Housing Plan aims to ensure residents are living in properties which are decent and suitable for their needs. It aims to ensure that homes do not impact negatively on the lives, health and wellbeing of residents or the fabric of neighbourhoods.

In relation to private housing several strategic aims are outlined:

- \* Encourage and support private landlords to provide good quality and well managed properties for their tenants;
- \* Help private rented tenants to access, manage and sustain their tenancy;
- \* Maximise the use of the existing housing stock to increase the supply of decent affordable homes;
- \* Create sustainable neighbourhoods by improving housing standards.

The plan set out the interventions, support and enforcement actions we will use to meet the above aims; this includes the introduction of Selective Licensing.

## Private Sector Housing Enforcement Policy 2018

Alongside compliance with the objectives set out in the Regulators' Compliance Code, Newcastle's Private Sector Housing Enforcement Policy aims to prevent risks to public health, statutory nuisances, anti-social behaviour, environmental crimes, unfair competition and trading. It also aims to promote awareness and understanding of our regulatory and licensing issues through education and working in

partnership with other organisations. This will be achieved by responding to service requests, carrying out inspections, reviewing and granting HMO and Selective licences and completing proactive project work.

## Homelessness Strategy

Newcastle's Homelessness Strategy aims to support partners and increase opportunities to prevent homelessness and enhance resilience. The Strategy sets out clear links with the private rented sector, emphasising delivering in partnership and working to ensure access to sustainable private rented accommodation, building resilience, improve pre-tenancy support packages to reduce residents becoming homeless, and to help clients move on from supported accommodation back into an appropriate home. This will be supported through the proposed cross-council approach to the proposed property licensing scheme.

## Safe Newcastle Plan 2018-21

Safe Newcastle coordinates work around anti-social behaviour across the city, sharing information with partners to target correct support and actions.

Their vision is:

*"To create a safe Newcastle by tackling crime, alcohol, drugs, anti-social behaviour and their impact. By working together, we will develop effective, sustainable solutions to local concerns, improve confidence and build stronger communities".*

The proposed property licensing scheme will help to achieve this.



## Private Rented Interventions

The Council provides a range of services that support the objectives of the proposed licensing scheme.

### Enforcement

Over 3,000 complaints each year in relation to disrepair, ASB, and noise.

### Private Rented Service

A one-stop shop for assistance to tenancy management for both landlord and tenants.

### Newcastle Private Housing Accreditation Scheme

A free and voluntary property quality mark for good management practices, tenant management and maintaining good property conditions.

### Empty homes Assistance

Grant funding to help bring a long term empty property back into use.

### Energy Efficiency

Projects to support improving housing conditions and reducing fuel bills for occupiers.

### Planning Policy

Controls to manage the impact of the private rented sector in areas with concentrations of HMO's, including the restricted growth of new HMO properties, and the banning of letting boards in student areas.

## What evidence is there to support the proposal?

The Housing Act 2004 sets out the conditions an area must meet for licensing to be implemented.

For Selective Licensing the Local Authority must be satisfied that one of the following issues are present, and that licensing will help to improve the issue:

- \* Low demand
- \* Significant or persistent problems caused by anti-social behaviour
- \* Poor housing conditions
- \* Significant number of properties occupied by migrants
- \* High levels of deprivation
- \* High Levels of crime

For Additional licensing the Local Authority must be satisfied that a significant proportion of HMOs are being managed ineffectively, that they will or are likely to cause particular problems for the occupants or members of the public.

The proposed licensing designation is for Selective and Additional licensing based principally on the grounds of housing condition and anti-social behaviour, although it will also improve other factors.

### Housing Condition

We are required to evidence that a significant number of properties in the proposed area are in poor condition and are adversely affecting the character of the area and/ or the health and safety of their occupants.

There is clear and sufficient evidence to indicate that a significant number of private rented properties in the city are in disrepair and will not meet the minimum housing conditions.

The age profile, house condition survey data, and Energy Performance Certificate (EPC) data show the private rented housing in the city is of a lower standard than both social and owner-occupied properties:

- \* 41% of properties are built before 1945.
- \* 32.5% of private rented fail to meet decent homes standards.
- \* 23.8% of the private rented have energy rating of E and below.
- \* 1,200 housing condition complaints received a year.
- \* 3.8 complaints are received in higher concentration private rented areas for every 1 complaint in low concentration private rented areas.

In the last five years 9,100 complaints have been received relating to issues such as damp, fire safety, and disrepair.

### Anti-Social Behaviour (ASB)

In deciding if an area suffers from ASB, it is recommended that local housing authorities consider whether:

- \* private landlords are managing their properties to combat incidences of ASB
- \* failure to manage ASB contributes or leads to ASB in an area

Three categories of ASB have been reviewed: General ASB, Litter, and noise

#### General ASB

- \* Over the last five years over 1,800 complaints have been investigated with the majority concentrated in neighbourhoods with a high percentage of shared housing.

- \* For every 1 complaint received in a low concentration private rented area, the Council received 5.2 complaints in the higher concentration private rented area.
- \* ASB levels in HMO properties is 40% higher than the average for private rented property.

Data from Northumbria police shows that wards within the Selective Licence area have higher rates of ASB compared to the wards outside the area.

#### Litter

- \* A total of 4,900 complaints were received in the last five years, of which 3,400 (69.3%) fell within the proposed selective licensing boundary. Litter includes complaint on fly tipping and domestic waste.
- \* For every 1 complaint received in the low concentration private rented areas the Council received 2.9 complaints in the high level private rented areas.
- \* Litter levels in HMO properties is 31% higher than the average for private rented property.

#### Noise

- \* Over the last 5 years 11,900 noise complaints have been investigated e.g. loud music, DIY, alarms and barking dogs.
- \* For every 1 complaint received in a low concentration private rented area the Council received 2.7 complaints in high level private rented areas.
- \* Noise levels in HMO properties is 67% higher than the average for private rented property.

Across the city shared private rented properties have higher rates of ASB, litter and noise complaints than single/family occupied private rented properties.

### How will the scheme operate?

There is a new digital solution for the current licence application process which has been well received by landlords. We propose to make further improvements to the IT systems to ensure landlords are offered an efficient, reliable system onto which applications and all safety certification can be uploaded and stored.

Licensing of the private rented sector is not an end in itself; robust enforcement action is essential. Intelligence led enforcement will ensure resources are targeted on criminal landlords with a 'light touch' for the majority of the professional landlords.

There will be 4 teams working together to deliver the property licensing schemes

- \* **Application Team** to process and determine the applications.
- \* **Compliance Team** to audit properties and ensure compliance.
- \* **Enforcement Team** to deliver a robust, intelligence led enforcement regime working with partners such as the police, HMRC immigration enforcement.
- \* **Support Team** will include Tenant Support, ASB, Legal, IT and debt recovery officers.

### What are the licensing conditions?

The proposed conditions have been written to address poor property condition and ASB. The conditions aim to establish clear property and management standards.

The conditions can be viewed and commented on at <https://newcastleproposal.commonplace.is>

Or if you wish to only view the documents go to <https://www.newcastle.gov.uk/licensingconsultation>

### How much does a licence cost?

Local Authorities must set the licence fee to ensure that schemes are self-financing and cover the costs of administration, further training and development, and enforcement costs.

The exact licence fee cannot be determined until consultation has been completed and the details of the scheme are confirmed. However, it is estimated that:

- \* A Selective Licence will cost £650.
- \* An Additional Licence will cost £750

The fee will be split into 2 parts. The first part payable at the time of application, and the second part to be paid once the licence has been granted.

A licence can be issued for up to 5-years. Professional landlords who apply for a licence and comply with the law will be issued a 5-year licence. Landlords who fail to apply or have a history of non-compliance will be issued a 1-year licence. This will ensure non-complaint landlords are more closely regulated.

## How can I have my say?

The formal consultation process starts on Monday 5<sup>th</sup> November 2018 and lasts for 12 weeks, ending on Sunday 27<sup>th</sup> January 2019.

An online survey, further information on the scheme and answers to frequently asked questions can be found at

<https://newcastleplproposal.commonplace.is>

We will also be having three drop in sessions at Newcastle City Library, 33 New Bridge Street West, Newcastle upon Tyne NE18AX.

A short presentation will take place followed by an opportunity for questions to be asked. The dates are:

- \* Tuesday 20<sup>th</sup> November 2018  
17:00-19:00
- \* Tuesday 4<sup>th</sup> December 2018  
13:00-15:00
- \* Monday 14<sup>th</sup> January 2019  
17:00-19:00

A printed copy of the survey and FAQs can also be made available upon request from the civic centre, prior notice will be required. We also have a dedicated email address if you have any additional comments or questions

[LicensingConsultation@newcastle.gov.uk](mailto:LicensingConsultation@newcastle.gov.uk)

## What Happens Next?

Once consultation has closed on the 27<sup>th</sup> January 2019 the responses will be analysed, and a report produced to easily communicate the views and opinions gathered.

Three options are then available to the Council:

- \* To not designate any further property licensing schemes at this time.
- \* To designate a property licensing scheme in Newcastle, but with variations to that originally proposed in this document
- \* To designate the property licensing scheme as detailed in this document.

The final decision will be made by Newcastle City Council Cabinet.

Anyone who has taken part in the consultation and provided an email address will be updated on the final decision.

Updates will also be made at <https://newcastleplproposal.commonplace.is> and on the Councils website [www.newcastle.gov.uk/licensingconsultation](http://www.newcastle.gov.uk/licensingconsultation) and social media pages.



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