

CABINET REPORT TEMPLATE AND CHECKLIST

DATE OF CABINET MEETING 15TH OCTOBER 2018

Interventions in the Private Rented Sector

Name of Report Author: Gwen Smith, Senior Practitioner

Director: Christine Herriot, Director of Operations and Regulation, and Michelle Percy, Interim Director of Place

Cabinet Portfolio Member:

Councillor Joyce McCarty, Deputy Leader of Council and Cabinet Member for Housing

Councillor Nick Kemp, Cabinet Member for the Environment

This checklist must remain attached to the draft report and be completed during the review and approval process. It will be removed by Democratic Services prior to the final report being printed.

Read the guidance notes included in the template before you proceed.

The dates of officer and Member consultation and sign-off should be recorded.

The full timetable of Cabinet meeting dates and deadlines relating to the sign-off process is available from each Directorate's DMT 'meeting manager' or Christine Patterson, Democratic Services.

You must insert deadlines from the Cabinet timetable into the table below*

	Date sent /deadline	Date signed off/completed
Officer consultation		
Legal Services for completion of paragraph 7	7/9/2018	10/9/2018
Finance for completion of paragraph 8	7/9/2018	13/9/2018
Procurement for completion of para 9 (Rhonda Eagle)		
Appropriate Director/DMT/Programme Board	6/9/2018 13/9/2018	6/9/2018 13/9/2018
Directors Meeting (DT) – review and comment	18/9/2018	18/9/2018
Member Consultation		
Initial discussion with Cabinet Member		20/9/2018
Procurement Items - Briefing (by Rhonda Eagle) for portfolio Members		
Cabinet Members/Directors - review comment	* XXXXXX	
Final Opportunity for Cabinet Member sign-off with Director (i.e. the day before Final Deadline day)	* XXXXXX	
Final Reports Deadline – 10.00am		
Report to Democratic Services (Christine Patterson)	28/9/2018	

15th October 2018

Interventions in the Private Rented Sector

Name of Cabinet Member **Councillor Joyce McCarty**, Deputy Leader of Council and Cabinet Member for Housing
Councillor Nick Kemp, Cabinet Member for the Environment

Director presenting this report **Christine Herriot**, Director of Operations and Regulation
Michelle Percy, Interim Director of Place

Report author **Gwen Smith**, Senior Practitioner

Non-Key Decision

Confidential/Not for publication:
No

Report summary

This report outlines a proposal to introduce Selective and Additional Licensing schemes within designated parts of the City.
The report seeks approval to carry out public consultation on the proposed licensing scheme.

Summary of decisions being asked

Cabinet is asked to:

- Note the contents of the report and the proposed Selective and Additional licensing schemes
- Approve public consultation on the proposed Selective and Additional Licensing Scheme.
- Agree that a report be brought back to cabinet following consultation to provide an update on the finding and proposed next steps.

1. What is this report about?

- 1.1. The Council's priorities for housing are set out in the Newcastle Housing Statement, originally approved by Cabinet in January 2017, and updated and brought back to Cabinet in July 2018. The key areas are:
 1. Making best use of the City's existing housing stock;
 2. Delivering new homes to create greater choice;
 3. Providing advice, support and information to vulnerable people;
 4. Sustainable economy and communities.

This report details a proposal to introduce a licensing scheming which will contribute towards 3 of the above priorities.
- 1.2. Newcastle's Private Sector Housing Plan was also updated and brought back to Cabinet in July 2018. This plan presents the issues in the sector and offers a range of actions to ensure an appropriate private rented housing offer is available in the city. It also highlights that a key objective is to assess the option of expanding licensing of private rented properties in the city.
- 1.3. Newcastle's Private Housing Enforcement Policy, as agreed by Cabinet in September 2018, aims to prevent risks to public health, statutory nuisances, anti-social behaviour, environmental crimes, and 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. Selective and Additional Licensing are two of the most effective legislative tools to deliver these aims on a wide scale across the city.
- 1.4. The private rented sector plays a vital role in the Newcastle housing market and is currently estimated to cover 24,000 households in the city (approximately 20% of the total housing market). The sector has grown in recent years and can be the only housing option for many due to availability, cost and locality.
- 1.5. The majority of landlords in Newcastle are professional landlords who provide decent, well maintained homes. This avoids unnecessary regulation which increases costs and red tape for landlords and pushes up rents for tenants. However, there are some landlords who exploit tenants by letting out unsuitable and/or dangerous accommodation which impacts upon tenants' quality of life, e.g. reduced health outcomes.

These poor landlord practices are evidenced in the sustained high numbers of complaints received by the Public Safety & Regulation Team.
- 1.6. Additional and Selective Licensing schemes provide private rented tenants with a greater choice of safe, good quality and well managed accommodation. This helps to improve cross tenure relations, reduce anti-social behaviour, stabilise and improve local neighbourhoods, and improve the health and wellbeing of tenants.

1.7. It is proposed to introduce a licensing scheme covering 80% of the private rented accommodation in city (approximately 18,500 properties). The proposed boundary covers areas which will see the greatest benefit from the introduction of licensing. It is proposed to introduce this through a combination of both Selective and Additional Licensing. Further information on the proposed scheme can be seen in Appendix 1

1.8. Due to legislative constraints, the number of properties a Local Authority can self-designate is limited. It is therefore proposed to introduce licensing through a combination of self-designation and Secretary of State approval.

It is proposed the Local Authority will introduce the following licensing schemes by means of self-designation:

- Selective licensing of up to 20% of the private rented properties on an area basis (4,265 properties).
- A city wide Additional Licensing scheme for smaller Houses in Multiple Occupation (HMO's) with 3 or 4 people sharing (9377 properties).

The remaining 4,857 properties will require Secretary of State approval.

1.9. Section 80 (9) of the Housing Act 2004 states that when considering designating an area for Selective Licensing the local housing authority must:

- Take reasonable steps to consult persons who are likely to be affected by the designation, and,
- Consider any representations made in accordance with the consultation.

This should include consultation of local tenants and residents, landlords, managing agents and other members of the community who operate businesses or provide services. The consultation should last for a minimum of 10 weeks, and it is proposed, subject to Cabinet Approval, to carry out a 12 weeks consultation process.

Section 56 of the Housing Act 2004 also requires a local authority to carry out a consultation process when considering designating an area for Additional Licensing.

1.10. Some areas of the city do not meet the criteria for licensing to be introduced. However, proactive and reactive enforcement and support services will continue to be offered in these areas. Work is also taking place to explore the feasibility of the manifesto commitment to introduce a Council led lettings and property management agency to provide effective interventions in the private rented sector; an additional tool to manage poor management across the city including non-licenced areas.

2. What decisions are being asked for?

2.1. Cabinet is asked to:

- Approve public consultation on the proposed Selective and Additional Licensing Scheme.
- Agree that a report be brought back to cabinet following consultation to provide an update on the findings and proposed next steps.

3. Why is this proposal being put forward?

3.1. The recently updated Housing Statement and Private Sector Plan, and Private Sector Housing Enforcement Policy set out our commitment to invest and intervene in the private rented sector and wider private housing market. In recent years we have raised standards via a number of schemes such as Accreditation, Empty Homes Grants, and support for private landlords and tenants. These voluntary initiatives do not protect vulnerable tenants whose landlords fail to comply with legal standards.

3.2. Mandatory HMO licensing and two small Selective Licensing Schemes are currently in place in the city. The current Selective Licensing schemes, located in the High Cross and Byker areas of the city, were renewed in October 2015 and October 2016. They are achieving long term improvements in the Private Rented Sector by setting clear physical and management standards which both landlords and tenants understand. They are proactively managed through compliance inspections resulting in an increase of reporting by tenants as awareness of the licensing schemes has increased

3.3. At the end of the initial 5-year period both schemes were reviewed and following Cabinet approval renewed for a further 5 years. Appendix 2 highlights some of the key findings from those reviews.

3.4. The proposal to introduce Additional Licensing and expand Selective Licensing aims to ensure more tenants in the city have a greater choice of safe, good quality and well managed accommodation. Improving the quality of private rented accommodation will lead to better community and cross tenure relations, reduce anti-social behaviour and help to stabilise and improve local neighbourhoods

3.5. Nationally Local Authorities are implementing Additional and Selective Licensing Schemes on varying scales to tackle private sector housing issues in their area. Some local Authorities are designating small targeted schemes similar to those currently in Byker and High Cross. However, a significant number of Local Authorities have implemented larger scale licensing schemes, and cities such as Nottingham and Newham applying to the Secretary of State for approval to implement city wide schemes.

4. What impact will these proposals have?

4.1. Approval to consult on the proposed licensing scheme ensures compliance with the legal process to introduce Selective and Additional Licensing.

If implemented the aim of the scheme is to provide private rented tenants in the city with a greater choice of safe, good quality and well managed accommodation. This will help to improve cross tenure relations, reduce anti-social behaviour, stabilise and improve local neighbourhoods, and improve the health and wellbeing of tenants.

5. How will success be measured?

- 5.1. If approved, the consultation process will use a range of different communication methods to ensure clear, open and transparent communication takes place. This will ensure all stakeholders understand the proposed licensing scheme, the reasoning behind it, and have an opportunity to comment.

As in previous schemes, if implemented monitoring will take place throughout, allowing a continuous review of the scheme.

6. What is the timetable for implementation?

- 6.1. The 12-week consultation process will commence on Monday 5th November 2018 and end on Sunday 27th January 2019. During this time an online consultation survey will be available at <https://newcastleplproposal.commonplace.is>. A number of drop in sessions will also take place at the City Library to allow face-to-face conversations with tenants, landlords and any other interested parties who have questions or comments on the proposed scheme.

- 6.2. Following consultation, a full review of the proposal will take place. An update and final recommendations for approval will be brought to Cabinet Summer 2019.

7. What are the legal implications?

- 7.1. Consultation will be carried out in accordance with legal requirements.

A report will be brought back to Cabinet in 2019. This report will include details of the risks and legal implications associated with any proposed designation.

8. What are the resource implications?

- 8.1. The consultation process will be carried out using existing staffing resource from existing budgets and financial carry forward from 2017/18 budgets.

9. What are the procurement implications?

- 9.1. A web-based consultation package 'Commonplace' will be used during the consultation process. An additional procurement exercise is not required as a contract for this service already exists within the Council.

10. What are the key risks and how are they being addressed?

- 10.1. Failure to properly consult could result in a potential Judicial Review.

Landlords may not be favourable to the introduction of a Licensing scheme due to associated costs.

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Appendices

Appendix 1: Newcastle City Council, Consultation on the Proposed Selective and Additional Licensing Scheme, Executive Summary.

Appendix 2– Selective Licensing Review findings

Background papers:

[Greater High Cross Selective Licensing Scheme, 24 June 2015](#)

[Byker Selective Licensing Scheme – Private Rented Accommodation, 22 June 2016](#)

[Housing Statement Refresh and Private Sector Plan and Update, July 2018.](#)

[Private Sector Housing Enforcement Policy September 2018](#)