

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

16 NOVEMBER 2017

**REPORT OF SENIOR
MANAGEMENT TEAM**

CABINET DECISION

Regeneration and Housing – Lead Cabinet Member – Councillor N Cooke

TARGETED ACTION AREAS (Older Housing Stock)

1. Summary

There are areas of our borough with high concentrations of low value, terraced housing (specifically the central Stockton and the Victoria area within the Mandale and Victoria ward in Thornaby) which due to falling housing demand are seeing an increasing number of properties being purchased for the private rental market. Unfortunately as rental values are lower in these areas, a number of these properties are occupied by either vulnerable households or those with limited housing choices who are often transient residents with chaotic lifestyles. As a result these local communities are often hotspots for crime, anti-social behaviour and experience high numbers of empty properties and high property turnovers. In order to support our local communities in these localities it is proposed to implement an area based, targeted intervention approach providing a visible, neighbourhood management presence. At the 'HUB' of this proposal is an enhanced Selective Licensing scheme.

2. Recommendations

Cabinet are asked to:

1. Support the proposal for a targeted intervention approach as detailed within the body of this report.
2. Subject to the above, approve 'in principle' the proposal to explore an enhanced Selective Licensing scheme.
3. Note this approach will require £250K per annum for three years and Cabinet will be asked to consider a recommendation to Council for this as part of a future report to Cabinet on the Medium Term Financial Plan.

3. Reasons for the Recommendations/Decision

The proposal to implement a targeted area based intervention approach is aimed at directly addressing the issues associated with poor property management by some private sector landlords. The proposed introduction of enhanced selective licensing is aimed at consistency in driving up standards in the private rented sector (both property condition and tenancy

management). Pivotal to the proposal is the need support local communities, by focusing on stability and encouraging a more responsive community input.

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest and the business:

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code).

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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SUMMARY

There are areas of our borough with high concentrations of low value, terraced housing (specifically the central Stockton and the Victoria area the Victoria and Mandale ward in Thornaby) which due to falling housing demand are seeing an increasing number of properties being purchased for the private rental market. Unfortunately as rental values are lower in these areas, a number of these properties are occupied by either vulnerable households or those with limited housing choices who are often transient residents with chaotic lifestyles. As a result these local communities are often hotspots for crime, anti-social behaviour and experience high numbers of empty properties and high property turnovers. In order to support our local communities in these localities it is proposed to implement an area based, targeted intervention approach providing a visible, neighbourhood management presence. At the 'HUB' of this proposal is an enhanced Selective Licensing scheme.

RECOMMENDATIONS

Cabinet are asked to:

1. Support the proposal for a targeted intervention approach as detailed within the body of this report.
2. Subject to the above, approve 'in principle' the proposal to explore an enhanced Selective Licensing scheme.
3. Note this approach will require £250K per annum for three years and Cabinet will be asked to consider a recommendation to Council for this as part of a future report to Cabinet on the Medium Term Financial Plan.

DETAIL

Background

1. As members are aware our borough is one of contrasts with ward profiles varying significantly in terms of key characteristics such as house prices, income levels, health, employment and skills. By way of an example, the Index of Multiple Deprivation national indicator highlights that whilst 20% of the boroughs population live within the *least* deprived areas of England, 28% live in the *most* deprived areas of England. Many of the boroughs more deprived neighbourhoods display similar characteristics in terms of their physical environment, for example they are often areas of high density, low value and often poor quality, terraced housing. Over time the aspirations of residents to purchase a home (as an owner occupier) in these neighbourhoods has declined, resulting in many properties being purchased to provide low cost rental housing.

2. The private rented housing sector has grown significantly in recent years at both a national and local level. At a borough wide level between the 2001 and 2011 census the percentage of households renting their home from a private landlord increased from 5.2% to 13.1%. However this increase was particularly stark in those wards where private rental properties were already a significant tenure:

- Town Centre: increased from 15.1% to 25.5%
- Parkfield and Oxbridge: increased from 18.6% to 31.1%
- Mandale and Victoria: increased 12.3% to 24.8%

Nationally the private rental sector (using figures from the 2013/14 English House Conditions Survey) accounts for 19% of the total housing stock in England. With the DCLG highlighting areas are considered as having a “high proportion” of privately rented properties if they are above this national level.

3. As with all local authorities, the private rented sector plays an important role in the provision of housing in terms of meeting both housing need and providing a tenure choice for our residents. Most landlords in the borough operate within the law and provide good quality and well-managed housing. Unfortunately there are concentrations of poorly maintained and managed private rented properties in our borough, these are generally located in our more deprived neighbourhoods and fall well below the quality of both condition and tenancy management that the Council would expect.
4. In those areas of our borough with the highest private rental market (central Stockton and the Victoria estate in the Victoria and Mandale ward in Thornaby), demand for properties is relatively low and as a consequence rental values are also lower.. In some cases properties have also been converted to provide shared / multiple occupancy housing. As a result a significant number of properties are rented by vulnerable occupiers (who may not be aware of their rights as tenants) or individuals with more chaotic, often transient lifestyles who have limited housing choice. Unfortunately due to the latter, the areas referenced are experiencing issues linked to anti-social behaviour, noise nuisance, higher than average numbers of empty properties, high property turnover rates and increased levels of community dissatisfaction due to the ‘lack of pride’ by some in their local area.

Targeted Action Area proposal

5. Against the backdrop highlighted above it is proposed to implement an area based, targeted intervention approach which would require the Council to commit resources to providing a **visible, neighbourhood management presence** in the older, terraced housing areas of central Stockton and Victoria area in Thornaby. In summary the aim of this proposal would be to:
- Deliver a localised, targeted approach to systematically tackling problems. An approach which can be adapted and adjusted quickly to address local key issues and concerns.
 - Work collaboratively with local communities to ensure that ‘solutions’ are owned and with the Voluntary and Community Sector explore opportunities to support wider community engagement and empowerment.
 - Work in partnerships across key Council services and our statutory partners (such as the police and fire brigade) to drive up standards and conditions in these local neighbourhoods.
6. The proposal, at least initially, is focused on addressing issues connected to poor private rented housing conditions (both property condition and management) which as noted above

are often intrinsically linked to issues of anti-social behaviour, fly tipping and the poor quality of the local environment. **At the 'HUB' (catalyst) of the proposal would be an enhanced Selective Licensing Scheme.** This approach is proposed as it provides the Council with the ability to identify designated areas where a locally based team, working with partner agencies and the local community can implement a targeted, area based intervention programme. Appendix A provides a summary of the 'HUB' proposal. This approach would also enable the Council to build on existing initiatives such as the Stockton Rental Standard (approved by Cabinet in 2014), our voluntary Landlord Accreditation Scheme and the 'Stockton Town Centre – Investing in our Communities' initiative (DCLG Controlling Migration funded project).

Selective Licensing – an overview

7. Local Authorities have powers under the Housing Act 2004 to introduce selective licensing of privately rented homes in their area on the grounds of low housing demand and/or significant anti-social behaviour. Local residents, landlords and tenants must be consulted prior to the introduction of a selective licensing scheme. Landlords who rent out properties in the area that is subject to selective licensing are required to obtain a licence from the local authority for each property they own within the designated selective licensing area. If landlords fail to do so or fail to achieve acceptable management standards (as detailed in the licence), the local authority can prosecute. The licence would generally be in force for a 5-year period (with standards being driven up during this time).
8. By 'licensing' a property, local authorities have the discretion to set precise licence conditions. These conditions provide a framework for landlords to follow to ensure the effective management of the property and the tenancy. Councils also have the power to include discretionary conditions, by way of an example some authorities have included:
 - The requirement to 'reference' tenants
 - To inform the Council when the property becomes vacant
 - The licence holder must take reasonable and practicable steps following advice/recommendations from the Council to prevent and/or reduce ASB by persons occupying or visiting the property.
 - Taking steps to provide adequate refuse disposal (i.e. bins) at the start of the tenancy
9. Licence fees vary between local authorities, often ranging from £1,000.00 to £450.00 per property. A number of authorities operate a 'standard fee' which is discounted for accredited properties, landlords with multiple properties and/or discounts for landlords which are members of associations such as the National Landlords Association (or equivalent).
10. Authorities operating selective licensing schemes advise that the positive impacts include:
 - Improving standards of management (both tenants and landlords 'raising their game') - through the provision of training for landlords on their responsibilities and advice for tenants to ensure they understand both their rights and responsibilities
 - Improvements in physical property condition and the wider environment.
 - Addressing anti-social behaviour.
 - Prevention of rogue landlord activity.
 - Supporting landlords in dealing with 'poor' tenants and in encouraging landlords not to take tenants with poor references.
 - Promotion of the Councils landlord accreditation scheme.

- Effective joint working with both existing service and services providers (i.e. other council service teams / the police / fire service / Immigration / Registered Providers operating in the area).
- Local campaigns aimed at tackling what matters to local people such as fly tipping etc.
- Bringing empty properties back into use.

In essence selective licensing can have a positive impact in terms of consistently driving up standards and ensuring a well-managed and thriving private rented sector

Resourcing an enhanced Selective Licensing Scheme

11. As noted, landlords will be required to pay a charge for a license issued under a selective licensing scheme, in determining the 'fee level' authorities are expected to be transparent, with the level of income received covering the actual cost of the scheme's administration. Fee income would address the 'core team' costs for the period of the scheme (these roles are likely to include Enforcement Officers, Tenant Referencing Officer and scheme administration staff).
12. To ensure our model is effective as previously highlighted it is proposed to adopt an **enhanced Selective Licensing scheme**. Legislation does not require a property to be inspected prior to a license being issued, however learning from other local authorities would suggest that inspecting all properties does have a positive impact. In addition a number of authorities also support tenants in the early days of their tenancy to ensure they fully understand their responsibilities both as tenants and local residents is equally as important. As part of our enhanced selective licensing model it is therefore proposed to explore the options of including Tenancy Support / Link Officers, Private Sector Housing enforcement support and potentially a dedicated street cleaning operative, with supporting also coming from existing council resources such as Landlord Accreditation, Empty Homes Officers and Community Development.

Working with private sector landlords

13. It is likely that any proposal to explore/implement selective licensing will be resisted from some private sector landlords and potentially some of the national bodies who represent private landlords. As part of any proposal it will be vital for the Council to fully engage with all private sector landlords, to fully explain the aims of any scheme and to explain the 'benefits' the scheme will offer to them in terms of the vetting of tenants, the provision of landlord training and wider support to help them manage their properties.

Next steps

14. Members are asked to support 'in principle' the introduction of an **enhanced Selective Licensing Scheme** for the older, terraced housing areas located in central Stockton and Victoria in the Victoria and Mandale ward. Subject to this agreement, Officers (working collaboratively with a range of partners internal and external to the Council) will work up a detailed (and fully costed) proposal. This proposal would explore the potential resource required from the Council in terms of additional measures which may be required, for example to facilitate/strengthen community engagement and enhanced community safety measures. A further report will then be presented back to Cabinet for detailed consideration and as noted it will include a financial appraisal in terms of anticipated income and the wider financial implications for the Council. Should members determine they wish to proceed with selective licensing it will also include proposals in relation to 'designated' areas, the proposed fee structure, the conditions to be contained within a license, the process of consultation and an implementation timeline.

15. As highlighted in this report, the enhanced selective licensing scheme is the initial 'HUB' (or catalyst) of the targeted action area proposal. In addition to progressing this option, working with partner agencies (and internal Council service teams) work will also start to explore other 'bespoke' issues which the older housing areas in both central Stockton and Victoria are experiencing. By way of an example:
- *It has been highlighted that there a number of supported housing providers and private Registered Providers (RPs) operating in central Stockton. Private RPs will not be subject to selective licensing arrangements therefore we need to explore our existing arrangements for working with these partners.*
 - *Engagement with local communities.* It is vital that we ensure that communities are effectively engaged and empowered as this will support both the 'team on the ground' (with securing local intelligence and fostering community relations) and assist in identifying solutions that the local community can take forward.
 - *Engagement with the voluntary and community sector.* To potentially explore funding opportunities which may support the wider project, for example the recently announced 'Social Action Fund' (funded by the Department of Digital, Culture Media and Sport and the National Lottery) which is aimed at increasing capacity of the community, the public sector and other bodies to work together to address priorities which matter to local people.
 - *Service mapping.* Will be undertaken to ensure that we maximise service delivery (and avoid duplication) and consider any missing services which need to be included within the proposed targeted intervention approach.
 - *Engagement with key partners (specifically the police and fire service).* To be effective we want to actively engage with both organisations to ensure they can provide support at a variety of levels (for example intelligence sharing and active day to day working).

FINANCIAL IMPLICATIONS

16. As highlighted within the body of the report the enhanced Selective Licensing Scheme needs to be refined and fully costed. As highlighted in paragraph 11 the enhanced elements of the proposal will need to be funded by the Council.
17. It is anticipated a financial commitment of £250K per year which will include additional staffing resources will be required to fulfil the objectives and recommendations within this report. Cabinet will be asked to consider a recommendation to full Council in a future report which includes this proposal in the Medium Term Financial Plan.

LEGAL IMPLICATIONS

18. Local Authorities have powers under the Housing Act 2004 to introduce selective licensing of private rented homes in their areas on the grounds of low housing demand and/or significant anti-social behaviour.
19. However with effect from 1.4.15, local authorities are required to seek confirmation from the Secretary of State for any selective licensing scheme which would cover more than 20% of their geographical area or would affect more than 20% of privately rented homes in their local area. Once a 'designated' area has identified Cabinet will be advised whether this approval will be necessary.

RISK ASSESSMENT

20. A detailed risk assessment has not been undertaken at this stage, however it will be undertaken as part of developing a detailed selective licensing scheme proposal and will be reported back to Cabinet.

COUNCIL PLAN POLICY PRINCIPLES

21. The proposed redevelopment directly supports the following Council Plan themes:

Projecting the vulnerable and promoting equality of opportunity through targeted intervention:
This proposal will directly support those vulnerable members of our community who live in poor quality private rented accommodation with the older housing areas of central Stockton and in the Victoria area of the Victoria and Mandale ward.

Developing strong and healthy communities and creating economic prosperity across the borough: the projected is directly aimed at supporting identified communities and address key local issues.

CORPORATE PARENTING IMPLICATIONS

22. None.

CONSULTATION INCLUDING WARD/COUNCILLORS

23. The proposal will directly impact on the Parkfield and Oxbridge, Stockton Town Centre and Mandale and Victoria wards.
24. Consultation briefings have taken place Cabinet Member for Regeneration & Housing.

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Education related?

No.

Background Papers

None.

Ward(s) and Ward Councillors

Mandale and Victoria: Councillors S Bailey, T Stott and P Rowling
Parkfield and Oxbridge: Councillor Javed
Stockton Town Centre: Councillors D Hewitt and P Kirton

Property

As detailed within the body of the report.

