

# **Business Case for designation of a Selective Licensing scheme for Private Rented Properties**

## **Scarborough Central**

**May 2018**



*A great place to live, work & play*

## Introduction

In 2016 Scarborough Borough Council gave approval to the consideration of a phased approach to the introduction of Selective Licensing of privately rented houses in three separately designated areas within the Scarborough urban area. The first area to be designated covered parts of the Castle and North Bay wards of Scarborough and is known as “Scarborough North”. Approval for this designation was granted in March 2017 with implementation from July 2017.

This business case presents the case for the second of these designations for the area known as “Scarborough Central”. This area covers parts of the Castle and Central wards of Scarborough and will cover approximately 900 privately rented households.

Scarborough Central has been selected as the second area for designation following extensive research and analysis. This analysis has shown that this area has a very high concentration of private rented housing along with very high rates of crime, anti-social behaviour and deprivation.

Crucial to the success of the Selective Licensing designation will be strong partnership working. We intend to work closely with North Yorkshire Police and North Yorkshire Fire and Rescue Service to deliver the proposed scheme. We are fortunate in Scarborough to have an excellent multi-agency team approach through our Safer Communities team involving the Council, Police, Fire and Rescue Service and others.

## What is Selective Licensing?

Selective Licensing is a discretionary licensing scheme, which requires all private landlords operating within a designated area to operate under the terms of a licence awarded by the local authority. Licence conditions typically include a range of requirements aimed at ensuring that properties are safe and are managed in a satisfactory way. Such a scheme provides the local authority with an additional tool to help better regulate privately rented accommodation and to uplift standards of management within the area. This improvement in standards supports wider initiatives and plans to help uplift and regenerate areas.

Costs associated with the administration of a Selective Licensing scheme are recouped via fees charged to landlords. Typically fees range from £500 to £1000 depending on the size of the property. Discounts are generally awarded for accredited landlords and landlords who own multiple properties.

Selective Licensing was introduced within the Housing Act 2004 under Part 3, Section 80 and allows local housing *authorities to designate areas suffering from either significant and persistent anti-social behaviour and/or low housing demand. Initially local authorities were required to apply to the Secretary of State in order to have an area designated for Selective Licensing. This changed in 2010 when a general consent order was introduced that allowed local authorities to make their own designations (subject to certain criteria being met) without Secretary of State approval.*

However in March 2015, the Housing Minister, Brandon Lewis, wrote to all local authorities in England to advise that, from 1 April 2015, “local authorities will have 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 the local authority area.”

In addition, at the same time, the Government expanded the criteria for selective licensing to cover areas experiencing “poor property conditions, large amounts of inward migration, a high level of deprivation or high levels of crime.”

Further to that change, the Borough Council agreed to investigate the merits of Selective Licensing for different parts of the Borough through the development of business cases. This document forms the second of these business cases and is being used as the basis to take forward wider consultation.

## Strategic Housing Context

“Improving the quality of private sector housing and supporting Neighbourhood Renewal” is one of the key objectives within the Council’s **Housing Strategy (2017-2021)**. Within that strategy, the introduction of selective licensing for privately rented properties in parts of Scarborough has been identified as a key action to support the wider objective. This approach is supported by other key actions in the strategy, which are as follows:

- Revise the Residential Regulation and Enforcement Role
- Support the Community Impact Team to tackle areas of deprivation in the Borough

The introduction of Selective Licensing into the remainder of the Castle ward and parts of the central ward would support the renewal of this local area by ensuring improved management standards of privately rented properties and help to reduce anti-social behaviour.

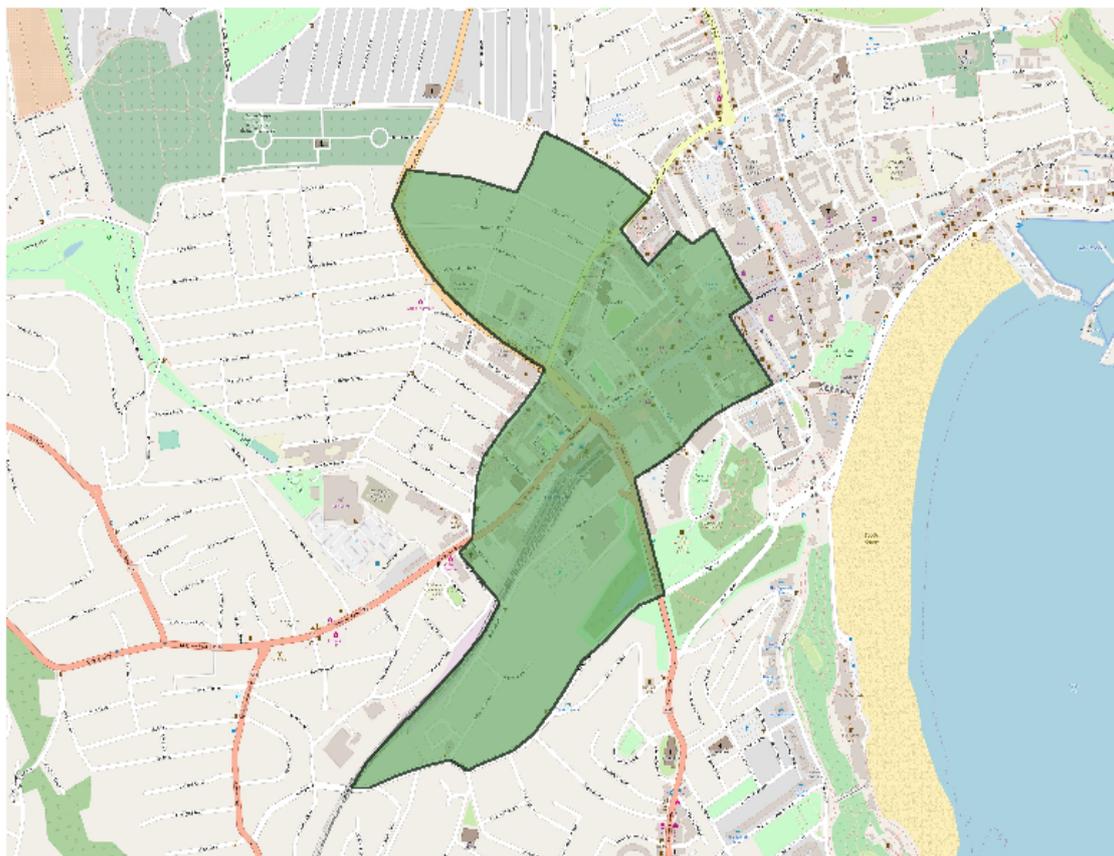
The Council is very much reliant on the use of the private rented sector to help it meet local need. In 2017/18, 217 households had the threat of homelessness resolved by being helped to access private rented accommodation as compared to 130 households who accessed social housing with a Housing Association.

One of the key actions within the current **Homelessness Strategy (2015-20)** is to “*Ensure that where private rented accommodation is used by the Council to help meet its duties that this accommodation is safe and well-managed*”. The introduction of Selective Licensing would help to ensure that privately rented accommodation used for homelessness prevention is safe and well managed.

A key priority within the **Community Safety Partnership Plan: 2017-2019**: is “*Integrated working targeted at areas with high levels of crime, antisocial behaviour and vulnerable people.*” One of the key actions identified within this priority is “*Work in partnership to support the effective implementation of the selective licensing scheme to deal with poorly managed private rented properties, where anti-social and criminal behaviour is causing alarm and distress to their neighbours and wider members of the public.*”

## Proposed Scarborough Central Selective Licensing area

The proposed Scarborough Central Selective Licensing scheme covers parts of the Castle and Central wards within Scarborough. Broadly the area covers the western part of Scarborough town centre and its adjacent residential areas stretching from Falsgrave Road in the west to Dean Road in the east.



A full list of streets to be covered by the proposed designation is attached as **Appendix 2** of this business case.

### Why are we introducing Selective Licensing?

The private rented sector has grown considerably within Scarborough Borough over the last 15 years. In 2001 there were 6,340 privately rented households across the whole Borough. By 2011, this has risen to 9,640 privately rented households, an increase of over 50%. The Sub Regional Housing Market Assessment (SHMA) for Scarborough undertaken in 2015 calculated that the number of privately rented households had risen to almost 11,000 in 2015 representing just over 21% of the total housing stock of the Borough.

Whilst private rented housing is spread across the whole Borough, the highest concentrations are within the inner urban area of Scarborough. Parts of the Castle, North Bay and Ramshill wards in

Scarborough have over 50% of their households privately renting. These 3 wards alone had 3357 privately rented households in 2011, representing almost 35% of the total number of private rented households in the Borough.

Many private landlords who provide rented housing operate professionally and provide a good standard of accommodation. Unfortunately however there are a significant amount of privately rented properties, which are of a poor quality and are poorly managed.

The impact of poor quality and badly managed accommodation can be very negative to the local neighbourhood. Problems such as anti-social behaviour, high rates of crime and low demand can blight the area and lead to low property values and lack of investment in the area.

We see Selective Licensing as one of the key tools to tackle the problems of poor quality and poorly managed accommodation in the private rented sector and also address anti-social behaviour in a neighbourhood. Ultimately it will also be important in helping to uplift and regenerate these areas and de-risk current and future investment in the residential, commercial and leisure sectors in the locality.

There is strong evidence from other authorities to show that Selective Licensing will bring positive benefits to an area. Key findings from an *“Evaluation of the impact of HMO and Selective Licensing”* by the Building Research Establishment in 2010 showed that:

- Larger than average increases in house prices occur in areas where a Selective Licensing scheme operates.
- It helps to safeguard investment in regeneration by dissuading the purchase of property by short term investors with little interest in providing decent homes for people in the local community.
- There are indications that standards of management improve and that landlords are compelled to “raise their game”.
- It helps to control anti-social behaviour.

The benefits of licensing in Scarborough itself are noticeable in Houses of Multiple Occupation (HMO's) that are already subject to Mandatory and Additional Licensing schemes. Levels of enforcement are relatively low and standards of management have improved in recent years within these properties.

The Government's announcement in 2015 regarding changes to the criteria for designation and the inclusion of deprivation, poor housing conditions and migration levels re-opened the case for Selective Licensing in some parts of the Borough.

Further to this change a detailed analysis has been undertaken to establish whether there is a case for a Selective Licensing designation. This was based on a two stage process:

**Initial assessment:**

An initial assessment was undertaken of the areas with high levels of private rented stock across the whole of the Borough.

An area based approach was adopted through the use of the Governments recognised Lower Super Output Areas (LSOAs). These areas are used by Government to rank different localities in terms of key indicators such as levels of deprivation and levels of crime.

The assessment looked at a range of factors including:

- The percentage of households living in privately rented accommodation: Census 2011
- Overall Index of Multiple Deprivation (IMD) Score: IMD 2015
- IMD Domains for Crime and Living Environment (Indoors): IMD 2015
- Population Change: 2001-2011: Census 2001 and 2011

From this assessment, a smaller number of LSOAs were identified as having the range of factors, which could justify the designation of a Selective Licensing scheme. These LSOAs are:

- Castle: 006B
- Castle: 010A
- North Bay: 006D
- Ramshill: 010B
- Ramshill: 010D
- Central 008C

These areas contain a total of approximately 3000 privately rented households and all are within the inner urban area of Scarborough.

The Council and its key partners do not have the capacity to deliver a single Selective Licensing designation for this whole area. As a result we intend to split these 5 LSOAs into 3 separate designations of approximately 1000 privately rented households each as follows:

**Scarborough North:** This would cover the LSOAs of North Bay 006D and part of Castle 006B. It would also cover a very small part of the adjoining Castle 006A. This would comprise of approximately 970 privately rented properties and would be the initial area to be proposed for Selective Licensing designation.

**Scarborough Central:** This would cover the Castle 010A and remainder of Castle 006B LSOAs. It would also cover part of the adjoining Central 008C LSOA and a very small part of the Central 008A LSOA.

**Scarborough South:** This would cover the Ramshill 010B and 010D LSOAs.

#### **Detailed assessment of the Scarborough Central Area:**

A detailed assessment was carried out of the proposed Scarborough Central designation in order to refine the proposed area as much as possible.

This more detailed assessment was carried out at Census Output Area (COA) level. Census Output Areas are used for census data and are the smallest level at which census data is provided. Each Census Output Area covers approximately 150-200 households and there are usually 6 Census Output Areas within each LSOA.

The detailed assessment was based on the following factors:

- % of households living in privately rented accommodation: Census 2011
- Population Change: 2001-2011: Census 2001 and 2011
- % of households: more than 2 deprivation indicators: IMD 2015
- Housing Enforcement: SBC Private Sector Housing : 2016-2018
- All recorded crime incidents: SBC Safer Communities: 2015-2017
- ASB incidents: SBC Safer Communities: 2015-2017

The analysis of the evidence base demonstrated the justification for the designation of a Selective Licensing scheme for Scarborough Central. The full analysis is included within the supporting document, which accompanies this business case: **“Supporting Evidence for the Introduction of a Selective Licensing Scheme”**.

## **A profile of the Scarborough Central Area**

The proposed area is a mix of residential, commercial and retail development. It covers a significant part of Scarborough town centre plus surrounding residential streets. It can be split into 2 distinct areas as follows:

Firstly, the town centre area, which has a significant concentration of privately rented properties, amounting to 60% of all households in the locality. Many of the privately rented properties within this area are houses converted into blocks of flats. A significant proportion of these were previously guest accommodation, which were converted into residential accommodation mainly in the 1980's and 1990's, when domestic tourism started to go into decline. This was especially the case within streets such as Alma Square, Albemarle Crescent and Aberdeen Walk. The demographics of the area have changed as a result with an increased residential population, of which a significant proportion have moved in from outside the Borough.

The impact of these changes has been largely negative within this area, and has resulted in higher levels of crime and anti-social behaviour, high levels of deprivation and high numbers of persons out of work and in receipt of out of work benefits.

Secondly, the residential streets to the immediate north and west of the town centre. These mainly run north off Victoria Road and Castle Road and are mainly traditional Victorian terraced housing, ranging from small 2 bed houses to larger 5-6 bedroom houses, some of which have been split into blocks of flats. The proportion of private rented stock has increased by almost 60% in this area in recent years and makes up over 40% of the housing stock in this locality.

There is also a smaller residential area south west of the town centre based around Westwood and Valley Road, which is a mix of houses and large blocks of flats, with around 60% of the stock being privately rented.

The overall proposed area covers a total of 1650 households (2011 census) of which almost 900 (54%) are privately rented. There is a total population of 3448 persons living in the Selective Licensing area (2011 census) equating to approximately 2.1 persons per household.

The proposed area has the following housing, social and economic profile:

### **Housing Stock:**

Within the proposed selective licensing area, there were 1650 households, of which 891 were privately rented as at the 2011 census. The table below gives a breakdown of tenure type, proportion of flats and proportion of households with no central heating.

**Table 1: Housing Stock (Source: Census 2011)**

	<b>% of private rented stock</b>	<b>% owner occupied</b>	<b>% of flats</b>	<b>% no central heating</b>
<b>Scarborough Central Area</b>	54.00%	35.10%	64.00%	11.70%
<b>Scarborough Borough Council</b>	19.5%	66.4%	25.4%	4.5%
<b>Yorkshire and Humber</b>	15.9%	64.5%	14.9%	3.3%
<b>England</b>	16.8%	64.2%	22.1%	2.7%

Over 50% of the households in the proposed area are privately rented which is more than 2.5 times the average for the Borough and over 3 times the average regionally and nationally.

Almost two thirds (64%) of the housing stock is made up of flats, which is more than 2.5 times the Borough and national average and over 4 times the regional average.

Nearly 12% of all households have no central heating in their property, which is 2.5 times the Borough average and over 3 times the regional and national average.

There are currently 18 licensed Houses in Multiple Occupation (HMOs) in the proposed area. Mandatory and additional licensed HMOs will not be subject to Selective Licensing designation as they are already licensed. With the extension of mandatory HMO licensing coming into affect from October 2018, it is likely that more properties will be subject to mandatory licensing, however, it is anticipated that the numbers will be relatively low.

In addition there will be other types of tenancies which will be exempt from Selective Licensing under the Housing Act 2004. A full list of these are included in Appendix 1 of this report. These exemptions will reduce the number of privately rented properties in the designated area, which will be subject to Selective Licensing, to somewhere in the region of 800 licensed properties.

### **Population Change:**

The population of the proposed area has grown significantly by 436 from 3012 in 2001 to 3448 in 2011, an increase of 14.5%, which is vastly in excess of the Borough, regional and national average as can be seen in the table below.

**Table 2: Population Change (Source: Census 2011)**

	<b>Population: 2001</b>	<b>Population: 2011</b>	<b>% increase</b>
<b>Scarborough Central Area</b>	3012	3448	14.5%
<b>Scarborough Borough Council</b>	106,243	108,793	2.4%
<b>Yorkshire and Humber</b>	4,963,833	5,283,733	6.4%
<b>England</b>	49,138,831	53,012,456	7.9%

As can be seen the rate of population increase in the proposed area is over 5 times that of the Borough in the same period. 17% of the overall increase in the Borough population between 2001 and 2011 occurred within the proposed area.

#### **Household Composition:**

The proposed area has a higher proportion of single person households compared to the rest of the Borough and also compared to the regional and national average as outlined below:

**Table 3: Housing Composition (Source: Census 2011)**

	<b>1 person households</b>	<b>2 person households</b>	<b>3+ person households</b>
<b>Scarborough Central Area</b>	44.8%	29.8%	25.4%
<b>Scarborough Borough Council</b>	34.3%	37.7%	28.0%
<b>Yorkshire and Humber</b>	30.5%	35.1%	34.9%
<b>England</b>	30.2%	34.2%	35.8%

Single person households comprise almost 45% of the number of households in the area and are almost 1.5 times the regional and national average.

The number of “family” sized (3+ person households), is less than the Borough average and significantly lower than the regional and national average.

#### **Deprivation Indicators:**

The level of deprivation within the proposed area is in excess of that of the Borough, regional and national average as can be seen from the table below.

**Table 4: More than 2 and 3 deprivation indicators (Source: Index of Multiple Deprivation 2015)**

	<b>% of households with 1 or more deprivation indicators</b>	<b>% of households with 2 or more deprivation indicators</b>	<b>% of households with 3 or more deprivation indicators</b>
<b>Scarborough Central Area</b>	68.00%	34.80%	11.00%
<b>Scarborough Borough Council</b>	61.16%	26.78%	5.6%

<b>Yorkshire and Humber</b>	59.13%	26.74%	6.2%
<b>England</b>	57.47%	24.81%	5.7%

The table also illustrates that there are also much higher levels of multiple deprivation within the proposed area, with levels being almost 3 times as high as the Borough, regional and national averages.

The majority of the proposed area lies within Castle 010A and Central 008C LSOA's. Castle 010A is within the most deprived 10% in the country on the Index of Multiple Deprivation (IMD) 2015, and is the 5<sup>th</sup> most deprived out of 71 LSOAs in the Borough. Central 008C is within the most deprived 20% in the country and is the 11<sup>th</sup> most deprived in the Borough out of 71 LSOAs. The table below shows their rankings across key individual domains, which make up the overall IMD.

**Table 5: Deprivation Rankings (Source: Index of Multiple Deprivation 2015)**

	<b>Castle 010A</b>	<b>Central 008C</b>
<b>Overall IMD</b>	1005	5140
<b>Income</b>	1855	6880
<b>Employment</b>	861	7538
<b>Education, Skills and training</b>	8263	5525
<b>Health Deprivation and disability</b>	2235	10824
<b>Crime</b>	1264	888
<b>Living Environment (overall)</b>	185	1123
<b>Living Environment (indoors)</b>	77	675

Both LSOAs are within the 20% most deprived in the country across virtually all these key indicators.

On the Living Environment (Indoors) domain Castle 010A is within the 1% most deprived in the country, whilst Central 008C is within the most deprived 3% nationally. The Living Environment (Indoors) domain is based on property condition and is a clear indicator of the scale of poor quality accommodation within the proposed area.

### **Income and Employment**

On the Index of Multiple Deprivation Castle 010A ranks at 1855 most deprived on the income domain and 861 on the employment domain, putting it within the 6% most deprived nationally on both domains. Central 008C ranks at 6880 most deprived on the income domain and 7538 on the employment domain, putting it within the 25% most deprived nationally on both domains.

Within the boundaries of the Selective Licensing area itself there are very high rates of persons on out of work benefits, which are well in excess of the Borough and national averages. This is illustrated in the table below:

**Table 6: Out of work benefits: November 2016 (Source: Nomis Labour Statistics and DWP Out of work Benefit Data)**

	<b>Job Seekers Allowance</b>	<b>ESA and Incapacity Benefits</b>	<b>Lone Parent</b>	<b>Other Income Related Benefits</b>	<b>Totals</b>
<b>Scarborough Central area</b>	3.3%	13.7%	1.6%	0.8%	19.4%
<b>Scarborough Borough Council</b>	1.3%	8.3%	0.9%	0.3%	10.8%
<b>Great Britain</b>	1.1%	6.1%	1.0%	0.2%	8.4%

Note: Figures are based on % of 16-64 year old population

As can be seen from above, the number of persons in receipt of out of work benefits in the Selective Licensing area is just under 2 times the Borough average and over 2 times the national average. Overall there were 475 persons in receipt of out of work benefits within the Selective Licensing area as at November 2016 with 335 persons being in receipt of Employment Support Allowance (ESA) and Incapacity Benefit representing approximately 1 in 7 of the working age population in the area.

### **Property Values**

Property values within the proposed Selective Licensing area are some of the lowest within the Borough both in terms of sales and rental values. The table below shows sold properties over the last year within the Selective Licensing area, and compares them with average sold prices in the YO11 and YO12 post codes where the proposed area is located.

**Table 7: Sold houses prices (Source: Rightmove)**

	<b>Scarborough Central area: 2016 and 2017</b>	<b>Scarborough Central area: 2017</b>	<b>YO11 postcode 2017 (Source: Zoopla)</b>	<b>YO12 postcode 2017 (Source: Zoopla)</b>
<b>Total sales</b>	83	38	384	658
<b>Average sold price</b>	£89,573	£91,072	£151,071	£158,199
<b>Median sold price</b>	£84,000	£78,000		
<b>Lower quartile sold price</b>	£59,183	£58,275		

The average selling price within the Selective Licensing area is around 60% of the average selling price in YO11 and 57% in YO12. Of the 83 properties sold over the last 2 years, 13 were £60,000 or lower and 61 sold for less than £100,000.

The 83 sold properties were split between 54 houses and 29 flats. The average selling price was £74,474 for a flat and £97,681 for a house.

**Table 8: Properties for let: March 2018 (Source: Rightmove)**

	<b>Scarborough Central area (source: Rightmove)</b>	<b>Scarborough Urban area</b>
<b>Number of properties for let</b>	15	135
<b>Average rental price</b>	£449 pcm	£579 pcm

The average rental price in the Selective Licensing area is approximately 77% of the Scarborough urban area average.

### **Housing Enforcement**

Housing enforcement actions undertaken by the Council's Residential Regulation team are much higher within the Selective Licensing area than in the rest of the Borough. There were 98 separate housing enforcement actions taken by the team in the 2 years from March 2016 to March 2018. These covered a range of actions (informal and formal) and includes tenant complaints about repairs and maintenance (e.g. damp/mould growth, heating problems, failure by landlord to undertake repairs), issuing of notices and prohibition orders amongst others.

As mentioned previously the Living Environment (Indoors) domain on the IMD shows the area being within the 3% most deprived in the country, with parts of it being within the most 1% deprived, illustrating the scale of poor property conditions in the area and why there are high levels of complaints and subsequent enforcement action.

### **Crime**

Recorded crime figures within the Selective Licensing area are amongst the highest within the whole Borough. For all recorded crime there were 2555 recorded offences within the Selective Licensing area over a 2 year period from April 2016 to March 2018. This accounted for 17% of all recorded crime in the Borough during the period, despite having only 3.3% of all households in the Borough. The level of crime averaged out at 1.55 recorded crimes per household in the Selective Licensing area compared with 0.30 per households across the whole Borough, which equates to 5 times the level of crime per household.

However, the proposed area also includes part of Scarborough town centre where there is a much wider range of crimes, associated with the retail area and night time economy. As a result, the crime data has been revised to exclude parts of the proposed area which is within the town centre.

**Table 9: Recorded Crime figure for proposed area (excluding part of town centre): 2016-2018  
(Source: SBC Safer Communities)**

	<b>Scarborough Central area: Number of offences</b>	<b>Scarborough Central area: Number of offences per household</b>	<b>Scarborough Borough Council: Number of offences</b>	<b>Scarborough Borough Council: Number of offences per household</b>	<b>Proportion of offences within Scarborough Central area</b>
<b>All Crime</b>	1878	1.14	15066	0.30	12%
<b>Burglary</b>	132	0.12	1222	0.02	11%
<b>Theft</b>	604	0.37	3794	0.08	16%

<b>Arson and Criminal Damage</b>	293	0.18	2544	0.05	11%
<b>Drug offences</b>	99	0.06	799	0.02	12%

Even with the revised figures the level of overall crime is more than 3 times higher within the proposed Selective Licensing area compared to the overall Scarborough Council area and accounts for 12% of all recorded crimes across the Borough.

The 2 LSOAs (Castle 010A and Central 008C) which cover the major part of the proposed area also both rank higher on the crime domain of the Index of Multiple Deprivation (IMD). Castle 010A is ranked at 1264 most deprived in the country, which puts it within the 4% most deprived nationally for crime on the IMD. Central 008C is ranked at 888 most deprived, which puts it within the 3% most deprived nationally for crime on the IMD.

### **Anti-Social Behaviour**

Anti-social behaviour rates are far higher within the proposed area compared to the whole Borough. The table below shows levels of anti-social behaviour over both 2015/16 and 2016/17. As with the crime figures, the data has been revised to exclude parts of the proposed area which are within the town centre.

	<b>Scarborough Central area: Number of ASB incidents</b>	<b>Scarborough Central area: Number per household</b>	<b>Scarborough Borough Council: Number of ASB incidents</b>	<b>Scarborough Borough Council: Number per household</b>	<b>Proportion of ASB incidents within Scarborough Central area</b>
<b>2015/16</b>	685	0.42	6586	0.13	10.4%
<b>2016/17</b>	657	0.40	6614	0.13	9.9%
<b>Total</b>	1342	0.82	13200	0.26	10.2%

The table shows that ASB incidents within the Selective Licensing area are over 3 times the rate for the Borough. It also shows that around 10% of ASB incidents in the Borough have occurred within the proposed area over the last 2 years.

### **How will the scheme be delivered?**

The Council is very much committed to ensuring that the introduction of Selective Licensing delivers meaningful improvements to both the way homes are managed and housing conditions within the area. As such it is our intention to ensure that all licensable properties are inspected as a matter of routine as part of the application process. The purpose of these inspections is both to ensure that properties meet required standards and provide a good opportunity to provide advice and assistance to landlords.

Applications will be made using the on-line application system that was developed for the initial Scarborough North designation. The only supporting documentation that will be required at the

application stage is a copy of the Gas Safety Certificate, if there is a gas supply to the property. In addition payment of the licence fee will be required as part of the application process. If landlords are unable to make an on-line application, then the Council will provide support to those applicants to enable them to make the application.

In the Scarborough North designation, the vast majority of landlords were able to successfully make their application on-line. Only a small number of landlords were unable to do the application on-line and they received support from the Council's Customer First team to complete their application.

A set of draft licence conditions has been drawn up (see Appendix 3). These conditions include both mandatory and discretionary elements that support the Council's aspirations for the area. Conditions shall be finalised following feedback from the consultation process.

All aspects of the administration of the licensing application process, including the undertaking of inspections and the provision of general advice to support landlords through the whole process will be undertaken by dedicated Licensing Officers. Fee income from licence fees shall be used to cover the additional costs incurred by the Council in employing these staff.

It is anticipated that the introduction of Selective Licensing is likely in the short term to increase the level of housing related enforcement activity within the area. Enforcement may be needed where landlords either fail to licence their properties or fail to comply with licence conditions. In addition, it is anticipated that other wider issues regarding poor housing conditions or wider issues with anti-social behaviour are likely to be brought to the attention of the Council as an outcome of the licensing regime. The Council sees the proactive identification and tackling of these problems as a positive outcome of the process. Where such enforcement action is needed (for example in relation to identified category one hazards within a dwelling) then this shall be taken forward by a dedicated residential enforcement unit who shall work in accordance with the Council's existing housing enforcement policy. It shall not be the role of Licensing officers to enforce such issues.

National evaluations undertaken on the merits of Selective Licensing highlight that the key to the delivery of successful schemes is the need for close and integrated partnership working between key agencies, particularly the Council and the Police and the Fire and Rescue Service. In addition, successful schemes tend to be those supported by a wide range of organisations (including health, social care and voluntary sector support providers) who can feed into 'problem solving' relating to vulnerable or chaotic individuals within the area.

At the local level the infrastructure and arrangements to support this strong partnership approach are already in place through the work of the Community Impact Team, a co-located, multi-agency team that was set up to work in partnership, initially to help uplift the Castle and North Bay areas and which now operates across the Borough. This consists of a partnership between the Council's Community Safety and Environmental Health/Housing staff, the Police and the Fire Service, along with other co-located staff from mental health services, Remedy (restorative justice) and the County Council. The Neighbourhood Policing Team for Scarborough are now co-located with the team. Whilst it is not anticipated that this partnership shall directly support the administration of the licensing regime, it is anticipated that close joint working via this partnership will enable better joint responses to identified issues.

A key focus of that team is to shift resources away from responding to problems as they arise to dealing with issues in a planned and proactive way, using a joint problem solving approach. One of the key aims of the team is to improve the physical appearance of the area and the quality of the

housing in the area, in particular to encourage effective management of properties in recognition of the correlation between poor quality housing and wider issues such as deprivation and crime. The introduction of Selective Licensing supports this approach.

## **Other actions to improve the private rented sector and regenerate the area**

The Council sees Selective Licensing as being a key element of a much broader range of strategic actions to both improve the private rented sector and help uplift the identified area. Over the past few years the Council has introduced a range of different initiatives. Whilst these initiatives have all had some positive impact it is recognised that on their own they have been insufficient to bring the lasting improvements needed.

Interventions include:

- The on-going provision of advice to landlords and close joint working with the National Landlords Association, including the provision of joint information/ training sessions via local landlord fairs.
- The provision of Disabled Facilities Grants to meet the needs of disabled and elderly people and the provision of a subsidised Handyperson/ Small Repairs Service for this group.
- The targeted provision of different subsidy options where available to support energy efficiency improvements within the area including CESP and Green Deal and the provision of specialist energy advice through the Choices for Energy Scheme.
- The on-going delivery of a Mandatory Licensing Scheme for larger HMOs and from 2014 the introduction of Additional HMO Licensing scheme for other shared housing.
- A proactive approach to responsive enforcement action around housing conditions including the prohibition of certain properties and close joint working with the Fire and Rescue Service.
- A proactive approach to tackling anti-social behaviour including the use of Council powers to prohibit certain properties where needed.
- The establishment of the Community Impact Team, a multi-agency team, initially set up to work in partnership to help uplift the Castle and North Bay areas and which now operates across the Borough. This consists of a partnership between the Council's Community Safety and Environmental Health/Housing staff, the Police, the Fire Service and other organisations.

In addition, the Council sees that Selective Licensing complements its wider aspirations to help uplift the urban parts of the Borough more generally. Key interventions have included:

- An ambitious programme to support economic growth within the area, including the delivery of some flagship regeneration proposals such as the redevelopment of the former Futurist Theatre site along with the recent regeneration of the historic Scarborough market .
- A range of proposed improvements to help uplift the retail offer in the Market area, including emerging ideas to improve Eastborough.
- The development of Scarborough Job Match, which provides a one-stop shop for employers and employees, and also a range of employment and training opportunities for local residents.
- Capacity building support for local community organisations

## Resource implications and Proposed Fee Structure

The Council will need to charge a fee to cover the running costs of the scheme. The estimated cost of administrating the scheme shall be in the region of £285K over the 5 year period. This estimate is based on the number of licences that are estimated to be issued in the Selective Licensing area (based on the area defined within this business case) and the level of resources required to deliver the scheme. In order to meet the scheme running costs, the Council will be looking at a cost in the region of £550 for a single licence.

The level of fee income to be levied will of course vary depend on the final scale and scope of the scheme. It is however anticipated that fees for individual occupancy properties will be less than those for larger multi-occupied properties.

The Council is also proposing to offer a range of discounts to landlords where certain circumstances apply:

These include:

- **Discounts for Accredited Landlords** (applied where a landlord is a Member of either the Council's accreditation scheme or a member of the National Landlord Association's accreditation scheme.
- **Early Bird Discounts** (applied to all applications received with all completed documentation received within 3 months of the date of commencement of the scheme.)
- **Multiple Property Discount** (applied to all second and subsequent licence applications).

Levels of discount to be offered will be finalised following the consultation process and shall depend on the scale and scope of the overall scheme.

The Council is also proposing the following range of additional charges. These include:

- **Late Application Fee** (applied to any application which is received after 6 months from the date of commencement of the scheme).
- **Incomplete Application Fee** (applied where a landlord has failed to provide certificates, and/or any requested documentation).

## Appendix One: List of Exemptions

There are certain types of tenancies which will be exempt from Selective Licensing. These are listed as follows:

- Properties which are either Mandatory Licensed HMOs or Additional licensed HMOs as per the Council's current Additional Licensing scheme
- A temporary exemption notice is in force (s. 62 or s.86 Housing Act 2004)
- A management order is in force (s.102 or s.113 Housing Act 2004)
- The tenancies and licences are subject to a prohibition order whose operation has not been suspended (s.20/s.21 Housing Act 2004)
- The tenancy is a business tenancy
- Certain premises licensed for alcohol consumption (only on-licences not off licences)
- Certain agricultural tenancies
- Tenancies and licences granted by Registered Social Landlords and Housing Providers
- Buildings controlled or managed by the Local Housing Authority
- Buildings controlled or managed by the Police
- Buildings controlled or managed by the Fire Service
- Buildings controlled or managed by the Health Service Body
- Tenancies and licences regulated by other enactments (A full list of these can be found within "*The Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) England Regulations 2006 lists*")
- Certain University/College accommodation occupied by students
- Where the owner or his relatives occupy a property on a long leasehold
- Where the landlord lets to certain relatives
- Holiday Homes
- Where the landlord/licensor or his relative lives at the property and shares facilities

## Appendix Two: List of Streets to be included in the designation

Aberdeen Place
Aberdeen Street
Aberdeen Terrace
Aberdeen Walk
Albemarle Back Road
Albemarle Crescent
Alma Square
Arundel Place
Belle Vue Parade
Beulah Terrace
Brook Street
Cambridge Street
Clifton Street
Dean Road (up to Trafalgar Street West junction)
Falconers Road
Falconers Square
Falsgrave Road (up to junction with Victoria Road)
Hanover Road
Hoxton Road
Huntriss Row
Nelson Street
Northway
Pavilion Square
Pavilion Terrace
Somerset Terrace
Swan Hill Road
Sydney Street
Valley Bridge Parade
Valley Road
Vernon Road
Victoria Parade
Victoria Road
Victoria Street
Vine Street
West Square
Westborough
Westwood
Westwood Close
Westwood Gardens
Westwood Road
York Place

## **Appendix Three: Draft Licensing Conditions**

The licensing conditions for the scheme will be a mix of mandatory conditions, which are applicable to mandatory HMO licensing and a range of discretionary licensing conditions, which will be for the Selective Licensing scheme.

### **Mandatory Conditions Schedule 4 of the Housing Act 2004**

#### **1 Gas**

If gas is supplied to the house, the licence holder must provide to Scarborough Borough Council a Gas Safety Certificate issued within the previous 12 months at the time of the application and thereafter annually or on demand.

#### **2 Electrical Appliances**

Where appliances are provided with the tenancy an annual Portable Electrical Appliances (PAT) Report must be issued by an 'approved electrical contractor' and be in accordance with the Institute of Electrical Engineers Code of Practice for In-Service Inspection and Testing of Electrical Equipment. A signed PAT certificate declaration is required with your licence application and annually thereafter.

#### **3 Furniture and Furnishings**

The Licence Holder must ensure that furniture and furnishings supplied by them are compliant with the Furniture and Furnishings (Fire) (Safety) Regulations 1988 (as amended 1989 and 1993) and must provide a declaration as to their safety at the time of application and thereafter on demand.

#### **4 Smoke Alarms**

The Licence Holder must ensure that smoke alarms are installed on each storey of the house on which there is a room used wholly or partly as living accommodation. A declaration as to the positioning of such alarms must be provided to Scarborough Borough Council on demand.

The Licence Holder must ensure that the smoke alarms are kept in proper working order. A declaration as to the proper working order of the alarms must be supplied to the Council on request.

#### **5 Carbon Monoxide Alarms**

The Licence holder must:

- ensure that a carbon monoxide alarm is installed in any room in the house which is used wholly or partly as living accommodation and contains a solid fuel burning combustion appliance;
- keep any such alarm in proper working order; and

- supply the authority, on demand, with a declaration by him as to the condition and positioning of any such alarm.

For the purposes of this condition, a bathroom or lavatory is to be treated as a room used as living accommodation.

And also, for the purposes of this condition “room” includes a hall or landing.

## **6 Tenant references**

The licence holder must demand references from persons who wish to occupy the house and must provide evidence of pre-let reference checks undertaken to the Council upon request.

## **7 Terms of Occupation**

The Licence Holder must supply to the occupiers of the house a written statement of the terms on which they occupy the property. A copy of the terms will be provided to the Council on demand.

## **Additional Conditions of Licence imposed by Scarborough Council**

**The Licence Holder must ensure that the premises fully comply with the conditions set out below unless notified otherwise.**

## **8 Energy Performance**

A copy of the Energy Performance Certificate for the property must be provided with the licence application and at any other time as requested by the Council. The licence holder must provide prospective and new tenants with a copy of the Energy Performance Certificate (EPC) prior to the commencement of the tenancy.

## **9 Electrical Safety**

A current and satisfactory Electrical Installation Condition Report on the electrical installation must be undertaken at the recommended interval, by an ‘approved electrical contractor’ and made available for inspection by the tenant and Scarborough Borough Council upon request. The report must confirm that the installation is safe for use, as specified in BS 7671:2008.

A copy of the report must be provided with your licence application and where a report expires during the term of the licence, an up to date report must be provided to the Council. An ‘approved electrical contractor’ means one who is a member of one of the following organisations or registered with them as an authorised competent person: NICEIC, ECA British Standards Institute, ELECSA or NAPIT Certification Ltd.

## **10 Property Management**

The Licence Holder must ensure that:

- that a copy of the licence including the conditions attached to it is provided to all tenants;
- that all tenants of the licensed property are provided with details of the licence holder and, if applicable, details of the managing agent, including a contact address, daytime telephone number and an emergency telephone number,
- contact details of the licence holder and manager, including emergency telephone number, should also be displayed in a prominent place in the property
- that occupants of the Property receive written confirmation detailing the arrangements that have been put in place to deal with repair issues and emergencies should they arise. These arrangements should cover the management arrangements that will be put in place in the licence holder's absence.
- they and any appointed manager must provide to the Council up-to-date contact details, including a telephone number, so that problems with the house can be addressed quickly
- In the case of a multi-occupied property with common parts the licence holder/management agents must make regular (at least monthly) inspections of the property to ensure that the property is in a decent state of repair and that the occupiers are not in breach of tenancy terms and conditions.
- In the case of a single occupied property with no common parts then the licence holder/management agent should make inspections of the property on a quarterly basis.

## **11 Security**

The Licence Holder must ensure that:-

- the security provisions for the access to the dwelling (including but not limited to locks, latches, deadbolts and entry systems) must be maintained in good working order at all times.
- where window locks are fitted, the Licence Holder will ensure that keys are provided to the relevant occupant.
- where a burglar alarm is fitted to the house, the Licence Holder will inform the occupant in writing the circumstances under which the code for the alarm can be changed, and provide details when required on how this can be arranged.
- where previous occupants have not surrendered keys, the Licence Holder will arrange for a lock change to be undertaken, prior to new occupants moving in.
- where alley gates are installed to the rear of the licensed property, the licence holder must take responsibility for holding a key and make satisfactory arrangements for the occupier's access.
- That all ground floor and basement windows have suitable window locks or are fully secured to prevent access from outside.

## **12 External areas, refuse and waste**

The Licence Holder must ensure that:-

- The exterior of the property is maintained in a reasonable decorative order and state of repair;

- At all times any gardens, yards and other external areas within the curtilage of the house are kept in reasonably clean and tidy condition and free from rodent infestation, and
- Suitable and adequate provision is made for storage of refuse generated in the property and that occupants use receptacles provided by the Council for storage prior to collection. The receptacles or plastic refuse sacks where receptacles have not yet been issued must not be exposed for a period longer than 12 hours prior to collection and must not cause obstruction at any time.
- Access must be available at all times to adequate, external, refuse storage.

### **13 Training**

The Licence Holder and/or Manager shall undertake property management training courses where required to do so by the authority.

### **14 Anti-Social Behaviour**

The Licence Holder must take reasonable and practical steps to reduce or prevent anti-social behaviour by persons occupying or visiting the house and the use of premises for illegal purposes.

The licence holder must:

- Provide a copy of their ASB policy to Scarborough Borough Council outlining procedures at the time of application. This must be reviewed annually and submitted on request.
- Cooperate with Scarborough Borough Council, North Yorkshire Police and other agencies in resolving complaints of anti-social behaviour. The Licence Holder and/or their nominated managing agent are required to undertake an investigation of any complaints regarding their tenants. Written records of these will be required.
- Ensure that the occupants of the house are aware of the assistance available to them to deal with anti social behaviour and how they can report nuisance and antisocial behaviour to the authority.

### **15 Tenancy Deposits**

All new tenancy deposits must be protected in a government authorised scheme within 30 days of receiving it and provide the prescribed information to the tenant and any relevant persons.

### **16 Changes of Circumstances**

Any changes in the circumstances that affect the licensed property should be reported to the Council within 5 days of the occurrence. Such circumstances are:

- Change of licence holder
- Change in suitability of licence holder to continue as licence holder
- Change of managing agent
- Change of property owner

- Change of tenure
- Change of tenant
- If the property becomes empty
- Change of address of landlord or licence holder