

Proposed selective and additional licensing schemes in Newcastle in 2024 – key information

Background

The private rented housing sector in Newcastle has seen significant growth in recent years and plays a vital role in the Newcastle housing market. The council works constructively with many landlords in the city who let their properties responsibly.

There are still a disproportionate number of private rented homes that are in poor condition and have property-related anti-social behaviour (ASB), such as noise, littering or abusive behaviour. Managing these issues is costly for the council, emergency services, local businesses, landlords and tenants. It can also lead to a decline in the overall local environment that negatively affects the wellbeing of the community and makes areas less appealing to live, work or invest in.

The financial pressure on local authorities means our current property licensing schemes have been key to funding proactive enforcement and work effectively to address property management issues and enforce standards in the private rented sector. A property licensing scheme is a system where anyone wanting to privately rent out property in certain areas of Newcastle (which are clearly set out in the scheme) has to apply to the council for a licence before they can do this.

There are landlords in Newcastle who provide decent, well-managed and maintained homes. But there are some landlords who exploit tenants by letting out unsuitable and or dangerous accommodation which has a bad impact on their tenants' quality of life.

Licensing supports many of the council's services and strategic priorities. It is a key tool for delivering the objectives in our Housing Statement and Private Sector Housing Plan.

Our Private Housing Enforcement Policy aims to prevent risks to public health, statutory nuisances (such as noise and smoke from fires), anti-social behaviour and environmental crimes. It promotes awareness and understanding of regulatory and licensing issues linked to housing through education and by working in partnership with other organisations. Selective and Additional Licensing are two of the most effective legal tools we have to deliver these aims on a wide scale across Newcastle.

Proposals

Property licensing schemes can only last five years, and the current schemes will end on 5 April 2025. The new selective and additional licensing schemes we are proposing will come into force after the current schemes end.

The new schemes mean Newcastle will have a strongly regulated private rented sector where tenants have access to a range of homes that meet (at

least) our minimum standards and give them the reassurance that their landlord or letting agent has been assessed.

The proposed new selective licensing schemes will cover 10% of private rented homes in Newcastle, which is 2,827 properties. These proposed schemes cover the areas which will benefit the most from property licensing.

We propose to create selective licensing schemes in six areas of the city. The designation of these schemes (this means where they will be) is based on the following reasons:

1. Significant and persistent problems caused by ASB
2. High levels of deprivation
3. High levels of crime

We propose to introduce selective licensing schemes in the following areas:

- Columbia Grange
- Cowgate
- Denton Court
- Howdene Road, Howlett Hall Road, Ravenswood Road and Swinley Gardens (called 'HHRs')
- Lemington
- West End Terraces – includes changes to the current scheme

You can find more details about the areas covered by these schemes in the 'Selective Licensing Scheme Areas' section of the full report on the scheme which can be found online at: <https://tinyurl.com/NCCPRSEFeb2024Map>

We are also proposing to introduce a new city-wide additional licensing scheme for smaller Houses in Multiple Occupation (HMOs). This will cover two-bed, three-bed and four-bed homes where three or four people who are not part of the same family share a property.

The proposed scheme is based on evidence that in a particular area, they are:

1. Significant or persistent problems caused by anti-social behaviour (ASB)
2. Poor housing conditions

The proposed new schemes are in addition to the 'Mandatory HMO' licensing scheme that covers larger HMOs (where five or more people who are not from the same household live and have shared amenities such as kitchens and bathrooms) and the Selective Licensing schemes in Greater High Cross and Byker which end in September 2026.

Consultation and engagement

Before creating the new schemes we will:

- Take reasonable steps to consult with people who are likely to be affected by the schemes and
- Consider any comments or responses we received

Our consultation process will include engaging with private sector tenants, landlords and letting agents, local residents, businesses and other organisations who provide services.

The consultation will begin in March 2024 and last for 12 weeks.

Frequently asked questions

What is selective licensing?

The Housing Act 2024 allows councils to require private rented properties in designated areas to have a licence. This means landlords in the area must apply for a licence and meet certain conditions for the length of the licence.

To create a selective licensing scheme the council must be satisfied that the area has one of the following issues and that licensing will help improve reduce the problem:

- Low demand
- Significant or persistent problems caused by ASB
- Poor housing conditions
- Significant number of properties occupied by migrants
- High levels of deprivation
- High levels of crime

What is additional licensing?

The Housing Act 2004 allows councils to require HMOs in an area to have a licence, where evidence shows that a significant number of HMOs in the area are not properly managed and are causing problems for the people who live in them or the public.

The aim of an additional licensing scheme is to have a positive impact on the area by improving the management of the HMOs.

Why is property licensing needed?

We have evidence that a significant number of private rented properties in Newcastle are in poor condition or badly managed and as a result there are high levels of anti-social behaviour.

Property licensing helps us to make sure that:

- Properties are maintained in line with legal requirements and licensing conditions
- Tenancies are well managed
- Landlords and agents who manage properties are fit and proper
- Criminal landlords are targeted and appropriate action taken.

We believe our property licensing schemes offer tenants a better choice of safe, good quality, well managed homes. This helps to reduce anti-social behaviour and improve community relations, local neighbourhoods and the health and wellbeing of tenants.

What are the benefits of property licensing?

In areas where we have introduced property licensing schemes the quality of homes has improved, antisocial behaviour has reduced and the areas have become safer, better places to live.

Property licensing means landlords and their agents are easy to identify and can help protect vulnerable people who live in private rented homes.

Is it the property or the landlord that needs a license?

It is the property that needs a license. Landlords will need a license for every property, they rent out in a Selective Licensing area and for every HMO they own in the city.

Is it a property or a landlord licensing scheme?

These are property licence schemes. A landlord will need a licence for every property they rent out in a selective licensing area and any property that is an HMO.

Will every private rented house in the city need a license?

No. Only homes in the selective licensing areas and HMOs where 3 or more people who aren't part of the same family live will need a licence.

Which areas will be covered by selective licensing schemes?

We want to introduce selective licensing schemes in Columbia Grange, Cowgate, Denton Court, Howdene Road, Howlett Hall Road, Ravenswood Road and Swinley Gardens (HRS), Lemington and West End Terraces.

You can find more details about the areas covered by these schemes in the 'Selective licensing scheme areas' document which can be found at:

<https://tinyurl.com/NCCPRSFeb2024Map>

Will there be any changes to other property licensing in Newcastle?

Some of the proposed selective licensing schemes will replace ones that end on 5 April 2025. Until then the current schemes will continue to operate.

The proposals won't change the selective licensing schemes in Greater High Cross and Byker as they don't end until September 2026 or to properties licensed under the mandatory HMO scheme.

Are there things the council could do instead of property licensing?

We have a range of services to support private rented sector tenants and landlords. These include our Landlord Accreditation Scheme, Rent Deposit Scheme and Landlord Training Programme. These services are voluntary and have a limited impact on poor landlords and badly managed properties.

We can take enforcement action, but this usually only happens if the tenant reports a problem. Fear of eviction or not understanding their rights means quite often tenants don't report problems. Property licensing provides clear standards and includes a proactive inspection process that helps us to identify and deal with problems without relying on the tenant to report an issue.

Where can I find out which properties or areas are included in the proposals?

The additional licensing scheme covers all HMOs in Newcastle. We cannot provide details of each property as these can change from time to time.

You can find more details about the areas covered by these schemes in the 'Selective Licensing Scheme Areas' document which can be found at: <https://tinyurl.com/NCCPRSFeb2024Map>

How long will a licence last?

If the schemes are introduced a licence can be issued for up to five years. Good landlords who apply for a licence and comply with the law will be issued with a five year licence.

Landlords who fail to apply for a licence or who have a history of not complying will only be given a licence for one year. This means rogue or criminal landlords pay more and are more closely regulated.

Are any properties exempt from licensing?

There are some properties that are temporarily exempt from licensing. You can find out more about this at www.newcastle.gov.uk/propertylicensing. If you think you need an exemption and would like to discuss this with us, please email us at: propertylicensing@newcastle.gov.uk or call: 0191 278 7878.

Do empty properties need a licence?

No. You only need a licence if your property is privately rented and occupied.

Do I need a licence if I have a lodger?

You don't need a licence if you only have one lodger. If you have more than two lodgers who are not members of your family, you may need to apply for an additional licence. If you would like to discuss this with us, please email us at: propertylicensing@newcastle.gov.uk or call: 0191 278 7878.

What happens if a landlord fails to apply for a licence?

Landlords in licensing areas are legally required to apply for a licence. It is a criminal offence not to apply for a licence. If you fail to apply this could lead to a financial penalty of up to £30,000 or an unlimited fine if you are prosecuted.

The council can also make a Management Order to take control of the property. If convicted, a landlord could be given a Rent Payment Order and forced to repay up to 12 months rent to the tenant.

How much will a licence cost?

The licence fee is split into two parts. You pay the first part when you apply for your licence and the second part when it is approved.

Licence fees are based on the cost of administering and enforcing the licensing scheme and the money is ring-fenced for this work (in other words, it cannot be spent to provide other Council services). Part 1 of the fee is for application and processing and part 2 is for enforcement work.

Landlords must pay the full licence fee for any licence issued during the licensing designation. The fee is not based on the length of time the licence lasts.

The table below sets out the licence fees for the different types of licence.

Type of licence or fee	Part 1 fee	Part 2 fee	Total
Selective licence	£300	£700	£1,000
Selective licence – Block licence, standard fee	£300	£700	£1,000
Selective licence – Block licence, additional fee per dwelling	£300	£700	£1,000
Additional and mandatory HMO licence fee	£350	£750	£1,100
Mandatory HMO licence renewal fee	£300	£700	£1,000

The table below explains other fees and charges related to property licensing.

Fee or charges	Amount
Accreditation reinspection following a failed inspection	£50
Temporary Exemption Notice	£0
Change to an existing licence such as a change of address or mortgage company	£0
Change of licence holder to a new manager* – Selective licence	£250
Change of licence holder to a new manager* – Additional and mandatory HMO licence	£300
Application for a selective licence to replace an HMO licence**	£250
Application for an HMO licence to replace a selective licence***	£300

* This fee applies when licence changes to a new manager who is the most appropriate licence holder, but the owner stays the same. This is to improve management arrangements and needs prior approval of the licensing team.

** This fee applies where a property has an HMO licence but no longer needs one such as when the number of occupants has changed since the licence was granted.

*** This fee applies when a property has a selective licence but now needs an HMO licence such as when the number of occupants has changed since the licence was granted.

Fees are based on the anticipated cost of staff needed to manage the scheme, expenditure and number of licences granted. Fees will be reviewed annually with an inflationary increase in line with the council's 'Fees and charges policy'.

The table below sets out the expected costs.

Expenditure	Total cost over 5 years
Employees and related costs	£5,333,000
Equipment, supplies and services	£151,000
Total	£5,484,000

Is there evidence that property licensing is needed?

Our proposals for new selective and additional licensing schemes are mainly based on evidence of deprivation and anti-social behaviour, although we believe there will be a positive impact on other aspects of life in the areas covered by them.

The areas we are proposing are those where evidence has identified that over 20% of housing is private rented accommodation. We also considered issues such as:

- Levels of anti-social behaviour
- Property management standards in the area
- Condition of properties
- Levels of crime
- If properties are occupied by families, single people or are shared by multiple households.

We used this evidence to identify properties and areas where licensing would make improvements to the lives of residents and communities.

Where can I find out more?

You can find out more information including more details of the evidence we used to identify the need for new property licensing schemes in the Cabinet Report here (see p.61: <https://tinyurl.com/NCCFeb24CabReport>).