

Property Licensing and Smart Enforcement in Newham

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The Housing Market in Newham

- Estimated population of Newham is 332,600, mid 2015 (GLA estimate).
- The Housing Stock is estimated to be 109,690 (VOA estimate)
- The PRS make up nearly 40% of all housing in the borough and is rising
- There are over 23,000 separate landlords.
- Average house price £315,000, an increase of 15.5% (2015 land registry).
- High levels of transiency, 25% to 30% of all tenancies change yearly.
- There are 14,493 households on the housing register (Oct 2014).
- The PRS rental value is approx. £600m per year. 20% is met through housing benefit.

With increasing rents and increasing population there is more pressure that ever for people trying to find affordable accommodation.

The Problems of Enforcing the Private Rented Sector (PRS)

- 2008, Rugg Review- Sees the need for higher standards in PRS
- Old Enforcement = “Squeaky Wheel” principle. Worse cases missed.
- Invisible and untraceable Landlords.
- HHSRS good idea, but slow and cumbersome in reality.
- For normal case, at least 9 steps to enforcement. Typical example,
 - Notice of Entry (s235) (Usually written, minimum 24 hrs. notice- **ALTERNATIVE REALITY**)
 - Inspection.
 - Assessment and scoring.
 - Decide the most appropriate course of action.
 - Serve a consultation letter (14 days).
 - Serve a Notice or Order (Plus copies to all interested parties).
 - Wait until deadline expires (Usually some months later).
 - Re-inspection after deadline.
 - If works not completed= prosecution and/or Works in Default (W.I.D).



Home Sweet Home

Newham London



a place where people choose to
live, work & stay

Home Sweet Home



5 people shared this Shower!



- This “shower” consisted of 2 cold water taps fixed to the wall at knee level.
- A luxurious bucket.
- And no door.
- The Landlord was receiving over £600 a month in rent.
- All the tenants rooms were in a basement underneath a Butchers Shop!
- The means of escape from Fire was dangerous
- Emergency Prohibition Order served.

Licencing and Neighbourhood Improvement Zone (NIZ)

- Housing Act 2004- Designation of Selective (singly occupied) and/or Additional HMO (multiply occupied) areas possible where,
 - Anti-Social Behaviour (ASB) significant
 - Low housing demand.
- In 2010, Newham introduced a selective licensing area called the Neighbourhood Improvement Zone or NIZ.
- 600 properties, Landlords required to apply for a property licence.
- It moved the NIZ from an ASB hot spot to a below average ASB area.
- Enforcement action & Licensing has a much greater impact on ASB.

How we prepared for Borough Wide Licensing (BWL)

- Lessons learned from NIZ applied.
- Between Sept 2011 & April 2012, a 2 stage independent consultation was completed.
- Finds discretionary licensing powers justified,
 - by supporting evidence
 - extensive consultation of stakeholders
- Intelligence indicates the PRS accounts for disproportionately high levels of ASB and Housing complaints.



The Evidence for Borough Wide Licensing

- Newham had 3rd highest level of ASB in London. (Met Police)
- Newham had 2nd highest level of fly-tips in England.
- Newham cleared 4 times more litter in the streets than other East London authorities (East London Waste Authority).
- Residents perceptions supported these findings (Newham's Liveability Survey (2011))
- 30% said crime and anti-social behaviour is one of their top concerns.
- 12.7% of PRS properties in borough had experienced one or more incidences of ASB. (35.6% for HMOs).

More evidence for Borough Wide Licensing

Tenure	Percentage proportion of Residential Housing Stock with ONE or MORE incidents of ASB
PRS (HMOs)	35.63%
PRS	12.70%
LBN Owned	9.08%
RSL Owned	9.21%
Owner Occupier	7.50%



- ASB was distributed throughout the borough (not specific areas)

Decision made to implement borough-wide private rented property licensing.

ASB in PRS Significance- Case Study

- Example of how of ASB and un-professional Landlords cause misery.
- Joint visit with Police due to complaints of Prostitution, Drug use and poor living conditions.
- Inspection found property to be in a poor state of repair
 - Drug needles, unsanitary bathrooms, prostitutes squatting.
- Vulnerable Tenants lived in fear to go out.
- The Landlord failed to control the property and their tenants actions.
- Our intervention results in property being closed down.
- Police analysis finds the effect of closure on surrounding area significant.

ASB in PRS Significance- Case Study



- Property Closed=
 - 56% reduction in Sex/Drugs/Disorder reports.
 - 22% reduction of reported crime to the Police.

- Blood spatter on ceiling of communal W.C
- Hypodermic Needles under carpet in the common parts.
- Condom wrappers in the sink of the Communal Bathroom

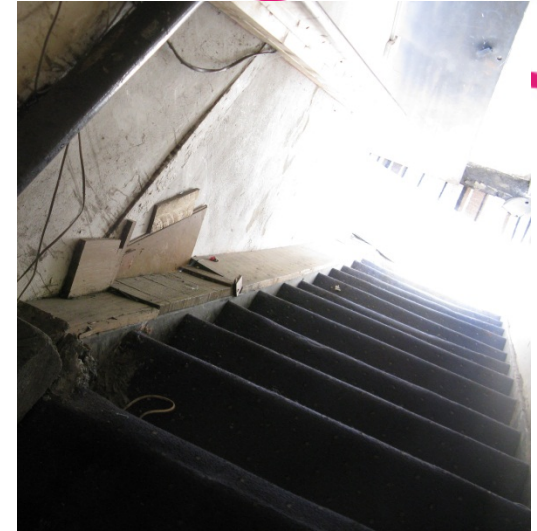
Solution Borough-Wide Property Licensing

- Decision to Licence all Private Rented Properties made by Mayor and Councillors in June 2012.
- Communication Campaign started immediately- Statutory Notices, BBC, Guardian, Independent and specialist Landlord publications and forums
- Mailshot to all known landlords and Managing agents in Sept 2012 and in Dec 2012.



Preparation for Borough Wide Licensing

- We streamlined our administration processes.
- Simple Licence Conditions = Simple Enforcement
- Licence conditions are not a ‘cure-all’ medicine.
- Shift toward making On-Line licence applications the norm.
- Whole scheme designed to be “light touch” for compliant Landlords.
- Focused on the non-compliant Landlords.
- Landlords offered ‘early bird’ rate of £150 for a 5 year licence (60p per week)
- 1st January 2013- Requirement for PRS properties to be licenced began



Borough Wide Licensing- Enforcement

- February 2013 Enforcement began.
- Data used to identify unlicensed landlords and multiple warnings given.
- Non compliance = unannounced inspections with multiple agencies.
- Partnership working to disrupt criminal landlords-
 - (Police, Home Office, Border Agency, HMRC, etc.)
- PACE compliant evidence gathered straight away.(Police and Criminal Evidence Act 1984)
- A Criminal Landlord's Choice- **Prosecution** or **Simple Caution?**
- “Fit and Proper” or a “Cause for Concern” = Financial penalties.
- Stopping Criminal Landlords from unfairly profiting.

Property licensing finances

- Newham scheme is self financing
- Worth £12 million over 5 years.
- Fees set to be clear, reasonable and only used for the scheme.
- Income can be now used for enforcement (Westminster case)
- Added value for further financial gain.
- Recovery of Council tax arrears.
- Using Rent Repayment Orders
- Savings through on-line processes and use of data and intelligence.



Licensing outcomes - January 2013 to October 2015

639

Prosecutions

602

arrests made
during operations

278

multi-agency
operations

26

Landlords
Banned

£747,098

additional Council
Tax collected

119

Rent Repayment
Orders commenced
worth £562k

£132,217

worth of Rent
Repayment Orders
recovered

39,135

Property Licence
Applications
received

23,516

Landlords have
made
applications



Newham's Borough Wide Licensing- What have we learned

- Can process clean licences in 22 minutes, not hours.
- At peak issued over 1000 licences a week.
- Link between administration and enforcement is vital.
- Using good data & clever analysis, we find the worse properties.
- Landlords who fail to comply in one area normally fail in other areas,
 - Planning, Council tax, Disrepair, Income Tax etc.
- Landlords who fail to license are 4x more likely to operate slum properties
- Fair Lettings Project- 10% of Letting agents breached criminal & civil law.
- Criminal landlords are driven by money.
- Robust enforcement makes 'late adopters' to licensing get a licence.

Newham's Borough Wide Licensing- What else have we learned

- Newham Licensing scheme has evolved throughout its process.
- Forces behavioural change in poor and criminal Landlords and Letting Agents
- Stop them from profiteering from criminal actions.
- Those who don't change are driven out of the market by enforcement.
- Leads to increased standards in their properties and way they operate.
- Make it more expensive for bad landlords to operate and their behaviour changes or they leave.

