

## **Report to the Cabinet**

**Report reference:** C-035-2009/10  
**Date of meeting:** 12 October 2009



**Portfolio:** Housing  
**Subject:** Private Sector Housing Renewal Strategy  
**Responsible Officer:** Lyndsay Swan (01992 564146).  
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### **Recommendations/Decisions Required:**

**That the provisions of the Private Sector Housing Renewal Strategy 2007-2009 be extended until 2011 to facilitate the development of a new Private Sector Housing Renewal Strategy.**

### **Executive Summary:**

The current Private Sector Housing Renewal Strategy expires in 2009. It was implemented in April 2007 as a result of the recommendations of the Private Sector House Condition Survey undertaken in 2005. Successful delivery of the Strategy was compromised, mainly as a result of uncertainties at the time over the likely cost of the waste management contract, which affected Members' ability to properly fund the Strategy, particularly in relation to the staffing levels required.

In order to produce a new Strategy it will be necessary to carry out a Private Sector House Condition Survey during 2010. It will not be possible to introduce a new Strategy before early in 2011 and the term of the existing Strategy will need to be extended until such time as the new one can be implemented.

### **Reasons for Proposed Decision:**

It is necessary to develop a replacement Strategy for the existing Private Sector Housing Renewal Strategy which expires in 2009. An effective Strategy that fully maximises all the funding streams available can only be developed with a detailed understanding of private sector housing such as will be provided by a stock condition survey. As it will not be possible to finalise this work during 2009, it will be necessary to extend the provisions of the existing Strategy until 2011.

### **Other Options for Action:**

The option not to carry out a House Condition Survey at this time has been discounted as it would not be possible to produce a new, viable Strategy without doing so.

There is also an option not to extend the term of the existing Strategy. However, as a new Strategy can only be developed in the light of the information provided by the House Condition Survey, and this is unlikely to be available before 2011, this would leave the Council without a current Private Sector Housing Renewal Strategy during 2010.

## Report:

1. While there is no requirement to produce Private Sector Housing Renewal Strategies, local authorities have a legal duty to consider the condition of their private sector housing stock in terms of statutory responsibilities and the provision of assistance with housing renewal. Local authorities can effect an improvement in the condition of private sector homes either by encouragement; by offering grants to property owners, for example, or by enforcement; by serving Notices to make property owners carry out remedial work.

2. The Private Sector Renewal Housing Strategy 2007-2009 outlining how the Council will use these approaches was fully implemented on 1 April 2007. The Housing Scrutiny Panel reviewed the Strategy's Action Plan in July 2009 and confirmed that it was satisfied with the progress to date.

3. The Strategy was developed from the findings of a Private Sector House Condition Survey carried out by specialist consultants on the Council's behalf in 2005. The Strategy was also informed by new legislation, the Housing Act 2004, and the introduction of a Government Public Service Agreement, PSA 7, which set targets to bring the housing conditions of 'vulnerable' households in the private sector up to the 'Decent Homes Standard'.

### The Decent Homes Standard

4. In order to meet PSA 7 there would be a year on year increase in the proportion of vulnerable private sector households in Decent Homes, and this would increase to:

- above 65% by 2006/07;
- above 70% by 2010/11; and
- above 75% by 2020/21.

Vulnerable families are defined as those with young children or older people on low income, or people on disability benefits.

5. In order to meet the Decent Homes Standard a property has to meet the following four criteria:

- be free of "Category 1 hazards" under the Housing Health and Safety Rating System;
- be in a reasonable state of repair (i.e. must not have one or more key building components in an old / poor condition, or two or more other components that are old and need replacement or major repair);
- have reasonably modern facilities (i.e. must not lack three or more specified facilities); and,
- provide thermal comfort (i.e. have effective insulation and heating).

6. In its 2007 spending review, the Government announced that in future, apart from a small number of statutory targets, local authorities would be required to choose targets through their Local Area Agreements from a prescribed 'indicator set' which did not include a direct replacement for PSA7. Whilst the Essex Local Area Agreement includes some targets relating to the condition of properties in the private sector, again, it does not include a direct equivalent for PSA7. The Council has, however, adopted a Key Priority Objective for 2009-2010 as follows:

*'To significantly increase the number of people receiving financial support provided to private occupiers, to help meet the Decent Homes Standard, improve thermal efficiency and install*

*disabled adaptations through a new, properly resourced, Private Sector Housing Strategy.'*

### Funding the Strategy

7. In view of the level of importance placed on giving vulnerable people in the private sector access to Decent Homes, the Government, through the East of England Regional Assembly (EERA), made the following grants to the Council to assist in the achievement of this aim:

<b>Year</b>	<b>Amount £</b>
2006/2007	446,775
2007/2008	226,374
2008/2009	216,800
2009/2010	123,594
<b>TOTAL</b>	<b>£1,013,543</b>

There is no certainty as to whether any funding will be received in 2010/11.

8. One of the findings of the Council's Private Sector House Condition Survey 2005 was that the District has an above-average proportion of older residents that are relatively equity rich, and that this is likely to grow. This mirrors the picture nationally and, in response to this, there are drivers from the Government to encourage local authorities to move towards the recycling of funding, by funding home improvements through loans and/or equity release schemes rather than grants, for example. The sequential reduction in the amounts of EERA funding shown in the table above might be seen as an incentive to adopt such an approach.

9. It has been recognised that changing from an entirely grant-based housing assistance policy to one based solely on loan and/equity release is more likely to be successful if this is done gradually. This can be achieved by extending the condition periods of some grants, so that they are effectively repayable. On the basis of the recommendations that came out of the Private Sector House Condition Survey, the 'pay-back' period on larger grants was extended in the Housing Assistance Policy that forms part of the Private Sector Housing Renewal Strategy. It was intended that this should be an intermediate step towards introducing a Policy partly based on loans and/or equity release

10. Early in 2008, EERA announced that it would be attributing part of the funding pot to exploring the potential for a Regional loan/equity release scheme and it was agreed that the Council would participate in this work rather than pursue it alone. Unfortunately, however, as a result of the subsequent down-turn in the market and poor access to credit, EERA considers that it is not now appropriate to plan to deliver this priority from April 2010. There is evidence that a number of other agencies, most notably currently the Joseph Rowntree Foundation, are actively investigating this issue and will be piloting schemes in 2010. It is recommended, therefore, that the Council should not give priority to proactively pursuing this objective further at this time, but should include this as a matter for investigation in the course of the next House Condition Survey.

### Stock Condition

11. As has previously been mentioned, local authorities have a legal duty to consider the condition of their private sector housing stock in terms of housing legislation and the provision of assistance with housing renewal. The carrying out of regular stock condition surveys is one way in which this legal requirement can be addressed.

12. The stock condition survey is a random statistical sample of about 1,000 to 1,200 properties that provides a profile of the residents and an understanding of their housing conditions. Taken in association with other evidence, such as historic data, economic factors, legislation and government guidance, the survey's findings assist in the development of private sector renewal strategies.

13. There is no guidance as to how often surveys should be carried out, but general practice is to do so about every 5 years. There is also no legal requirement for local authorities to carry them out at all, however, it needs to be recognised that failing to do so could lead to criticism by the Government that the Council was failing in its statutory duty to be fully cognisant of private sector housing conditions. This could potentially result in the loss of future government funding for private sector housing renewal.

14. As the Council's last House Condition Survey was carried out in 2005, it would be appropriate to carry out another in 2010 to provide an updated profile of private sector housing conditions, particularly in the light of the undoubted effect of the recent economic downturn on the housing market. This would highlight whether increasing numbers of properties were becoming non-Decent and also if the number of people currently occupying non-Decent properties are more likely to have fallen into the 'vulnerable' category. It would also indicate whether market forces have resulted in larger numbers of properties becoming empty.

15. The evidence of neighbouring local authorities that have recently carried out private sector house condition surveys is that these currently cost approximately £55,000. Officers have given consideration to commissioning a survey jointly with neighbouring authorities in order to reduce the cost. This has proved not to be possible as neighbouring authorities have already recently undertaken their own surveys.

16. It is recommended that a new Private Sector House Condition Survey should be carried out in 2010 and that the consultants chosen should advise on the direction of the new Private Sector Housing Renewal Strategy. In order to facilitate the development of a new Private Sector Housing Renewal Strategy, the funding of £55,000 has been identified within the DDF in 2010/2011 to fund the House Condition Survey.

17. The process of developing the Private Sector Housing Renewal Strategy cannot be completed until the House Condition Survey has been carried out. The Cabinet is therefore asked to agree that the existing Strategy is extended until 2011.

18. A report elsewhere on the agenda for this Cabinet meeting explains the current and proposed position on the Capital Programme in respect of Private Sector Housing.

#### **Resource Implications:**

£55,000 identified within the DDF to carry out a Private Sector Stock Condition Survey in 2010/11. Staffing from within existing resources.

#### **Legal and Governance Implications:**

Regulatory Reform (Housing Assistance) Order 2002  
Housing Act 1985  
Housing Act 2004

#### **Safer, Cleaner and Greener Implications:**

The Private Sector Housing Renewal Strategy will include measures to improve the energy

efficiency of homes in the private sector in order to reduce fuel poverty and cut carbon emissions.

**Consultation Undertaken:**

Housing Scrutiny Panel.

**Background Papers:**

The Private Sector Housing Renewal Strategy 2007-2009.

**Impact Assessments:**

Many of the measures included in the Private Sector Renewal Strategy target groups that are considered vulnerable, such as older people and families on low incomes, and disabled people, therefore, it has a positive impact on the Council's statutory duty to promote equality.

There is a financial risk to the Council if it does not have a Strategy in place that makes maximum use of the funding available from other sources such as EERA and home-owners themselves.