

# **Report to Housing Scrutiny Panel**

**Date of meeting: 5 March 2012**

**Portfolio: Housing – Cllr M. McEwen**

**Subject: Subject: Private Sector Housing Strategy  
2012 - 2015**

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## **Recommendations/Decisions Required:**

- 1) That the Panel considers the attached Draft Private Sector Housing Strategy 2012-2015 and endorses it for further consultation with key partners and stakeholders;**
- 2) That appropriate comments received through the Consultation Exercise will be incorporated within the final version of the Strategy which will include the finalised Housing Assistance Policy;**
- 4) That the final version of the Strategy be submitted to the Cabinet, with a recommendation that it be formally adopted; and,**
- 5) That the Housing Scrutiny Panel considers progress with the Action Plan, in accordance with its Terms of Reference, on an annual basis.**

## **Report:**

1. The purpose of this Report is to seek the approval of the Panel in principle to the draft Private Sector Housing Strategy (PSHS) to cover the period 2012 - 2017. The draft Strategy implements changes to the policies set out in the previous PSHS 2007 – 2011 for financial assistance to promote the repair and improvement of sub-standard private sector housing and the adaptation of properties not suitable for households where there is a person with a disability. It also implements changes to policies in the previous PSHS dealing with the enforcement of private sector housing standards and for giving advice, assistance and specialist support.

## **Background**

2. Like all local authorities, Epping Forest District Council has a responsibility to keep housing conditions in its District under review, to enforce statutory standards to ensure satisfactory conditions in the private housing sector and also to offer financial assistance to repair and/or improve sub standard dwellings. The Council also has a duty to provide mandatory Disabled Facilities Grants (DFGs).

3. Until the implementation of the Regulatory Reform Order 2002 (RRO), the Government set very clear rules which governed the way that local authorities could give financial help. With effect from July 2003, however, the Order set aside these rules and gave local authorities much greater freedom to offer financial assistance in ways that reflect local

needs, circumstances and resources. To do this, however, a local authority has to prepare a PSHS which looks at evidence of local circumstances and links local priorities with national and local strategies.

4. The previous PSHS drew on evidence of housing conditions in the District from the House Condition Survey (HCS) 2005 along with prompts from national and local strategies. It implemented significant changes to the way in which the Council delivered financial assistance, which had previously been very similar to the original national framework. This new draft Strategy has been prepared following completion of the HCS 2011. It reviews the progress over the past four years and also takes into account priorities from the housing policies of the new Government and the impact of financial constraints

5. The Strategy has five main parts:

- **Introduction** - the background and importance of good housing;
- **The Strategic Context** - the framework of national and local strategies with which the PSHS must be consistent;
- **The Local Context** – the profile of the District, the local housing market and the findings of the HCS 2011;
- **What We Do Now and What We Have Achieved** - a review of current policies and practices and resources and the extent to which they have been successful; and,
- **What We Propose To Do** - the priorities for the new Strategy and changes to inspection and enforcement practices, revised arrangements for working with the privately rented sector and revised policies for offering financial assistance.

6. The draft Housing Assistance Policy, which is a detailed statement of what financial assistance will be available and the conditions that will apply, does not form apart of the draft Strategy as this will be completed after the Panel has considered the draft Strategy and public consultation has concluded. Part 5 of the draft Strategy does give details of the proposed framework for financial assistance and individual types of assistance.

7. The Strategy has four Appendices. Appendix A sets out an Action Plan for implementation. Appendix B explains the Decent Homes Standard. Appendix C explains the Housing Health and Safety Rating System (HHSRS) which now sets the min legal standard for housing. Appendix C also sets out the framework Officers will use when exercising the extensive discretionary powers under the HHSRS. This will form part of Council policy.

8. Appendix D, which deals with consultation, is not included as the consultation process has not yet finished. Any significant issues emerging from the consultation will be brought to the attention of the Panel.

### **Priorities for the New Strategy**

9. The new Government has made it clear that its overriding priority is the reduction of the budget deficit. There has been a dramatic change in the economic climate with the global downturn having had a major impact on the British economy, leading in turn to large scale reductions in public spending.

10. The new Government has also brought with it a change in direction and emphasis with national housing policies. The prime focus of the November 2011 strategy document "*Laying the Foundations: A Housing Strategy for England*" had at its heart the revitalisation of the housing market. The Strategy makes it clear that the Government wants to see the private rented sector thriving and growing, but with a high standard of accommodation. Local authorities are encouraged to use existing robust powers to deal with private rented sector homes in poor condition.

11. The reduction of the number of long term empty homes is another key priority, with the financial incentive of the New Home Bonus (equivalent to match funding of Council Tax for a period of 6 years) applying to each empty home brought back into use as well as to new units built.

12. Improving energy efficiency remains a Government priority and the Energy Act 2011 will introduce the Green Deal later this year. This is a scheme to allow householders and businesses to install energy efficiency measures without any upfront cost. Improvements are paid for over a period of years with instalments being met from savings in fuel bills. It will be coupled with the Energy Company Obligation (ECO), a compulsory contribution from utility companies which will give additional support for hard to heat properties (e.g. those with solid walls) and vulnerable households.

13. The previous Government introduced the Decent Homes Standard, a non enforceable standard that was used for benchmarking in both public and private sector housing. It has four broad requirements; that a property:

- A. Meets the minimum legal standard for housing (now that it is free from serious (Category 1) hazards under the HHSRS, and
- B. Is in reasonable repair, and
- C. Has reasonably modern facilities and amenities, and
- D. Has a reasonable degree of thermal comfort.

14. A more detailed description of the Decent Homes Standard is set out in Appendix B of the draft Strategy.

15. Targets set by the previous Government in respect of Decent Homes in the private sector were that 65% of vulnerable households (households in receipt of benefit) should be living in Decent Homes by 2006/07 and 70% by 2010/11 (the PSA7 target). The formal requirement to meet the target was dropped by the former Government in 2008. However, performance against the target is still used by many local authorities for benchmarking. The 2005 HCS showed that there was a shortfall on 590 homes occupied by vulnerable households against the 2006/07 target in the District. The 2011 HCS showed that the shortfall against the higher 2010/11 target is 270 although the deficit is 570 in the private rented sector with a surplus of 300 in the owner occupied sector.

16. The Housing Act 2004 and the RRO remain the main statutory provisions covering local authority work in private sector housing. The 2007 PSHS did implement significant changes in the way EFDC offered financial assistance, with a focus on Decent Homes Assistance. Although this was a grant, the conditions attached required that the grant sum would have to be repaid to the Council if the property was sold within 15 years of the work being carried out. This made it almost equivalent to a loan. The other forms of assistance implemented in the 2007 PSHS are described in paragraph 27.

17. Recognising that many owner occupier households, especially older households in areas where house prices are high, have substantial equity in their property, many local authorities have moved almost totally from giving grants. Instead they are offering loans or full equity release schemes which are more complicated financial products. Giving loans does ultimately 'recycle' the assistance given, although in reality there is frequently a substantial interval between granting the loan and repayment. If no outside finance is introduced the cost is borne by the Council.

18. Equity release schemes are much more complex to administer (and require independent financial advice to be given) but do allow external finance to be introduced. Loans may be interest bearing or may involve repayment of a percentage of the property value (as in the property appreciation loan model). Because of the administrative issues, and

in order to minimise costs, smaller authorities generally work in partnership with neighbours when introducing equity release schemes. The 2007 PSHS did state an intention for Epping Forest District Council to move towards equity release during the lifetime of the Strategy but this did not take place.

19. The changes brought in by the Housing Act 2004 were substantial. It replaced the old Housing Fitness Standard with the HHSRS, a risk based system for assessing 'hazards' in homes with flexible but robust enforcement powers. Serious hazards are termed Category 1, less significant hazards Category 2. The Council now has a duty to take the most appropriate course of action in respect of Category 1 hazards (irrespective of the tenure) and discretion to take such action in respect of Category 2 hazards. Appendix C in the draft Strategy gives a full explanation of how the HHSRS works and also sets out the local discretion policy. The Act also introduced the mandatory licensing of higher risk three storey HMOs and gave the power for compulsory leasing of long term empty homes (Empty Dwelling Management Orders).

20. The draft Strategy also takes account of a range of prompts from local strategies, including the Local Plan, the Community Strategy, the current Housing Strategy and the Homelessness Strategy. Priorities from these were:

- Maximising the supply of affordable housing;
- Reducing health inequalities;
- Promoting energy efficiency and reducing Fuel Poverty;
- Promoting independent living for vulnerable groups;
- Developing an appropriate and reliable equity release product; and,
- Working with private sector landlords to promote the availability of affordable housing in particular for those potentially homeless.

21. The clear message from looking at the local housing context was that, whilst local household incomes are generally above average, both house and rental prices are very high. There is a very substantial waiting list for social housing and the lack of affordable housing is a major concern. Since 2005, the private rented sector has increased significantly with both the owner occupied and social housing sectors reducing. This is an issue for the draft Strategy as in reality most newly forming households turn to the private rented sector for affordable housing.

22. A number of messages came from the House Condition Survey. In general terms, the private sector housing stock in the District compares well with the national position. The number of homes overall failing the Decent Homes Standard is 26% compared with 32% nationally. Rates of Category 1 hazards are also below the national average although thermal comfort failures of the Decent Homes Standard are above the national average as are disrepair failures. Generally energy efficiency comparators were above the national average.

23. There was a marked disparity between tenures, with performance against all indicators significantly worse in the private rented sector. With property types, a notable feature was the high rate of Decent Homes failures in mobile homes and to a lesser degree low rise purpose built flats.

24. One issue highlighted by the HCS 2011 was the proportion of long term empty homes (empty for more than 6 months). At an estimated 1,020 (2.3%), this is significantly above the national average and given the pressure for affordable housing action to reduce the numbers of long term empty homes is clearly a major priority for this Strategy.

### **What We Do Now and What We Have Achieved**

25. The preparation of the new Strategy gives an opportunity to review current policies and practices and the extent to which they have been successful.

26. Private Sector Housing comprises the Private Sector (Technical) Team and the Private Sector (Grants and C.A.R.E.) Teams. C.A.R.E. (Caring and Repairing in Epping Forest) is the Council's in-house Home Improvement Agency.

27. Current staffing levels are as follows:

<b>Team</b>	<b>Staff</b>
<b>Technical</b>	4.2 FTE officers.
<b>Grants</b>	2.5 FTE officers.
<b>C.A.R.E.</b>	2 FTE officers and 1 part-time contracted surveyor.
<b>In addition</b>	1 FTE officer jointly manages the Grants Team and C.A.R.E.

28. As well dealing with general housing complaints and enforcing statutory housing standards in single occupation dwellings and Houses in Multiple Occupation (HMOs), the Technical Team also undertakes:

- Inspection and licensing of park home sites (46 in the District);
- Advice, assistance and enforcement in harassment and illegal eviction cases;
- Dealing with anti social behaviour complaints;
- Inspection and resolution of cases of 'filthy and verminous' premises; and,
- Inspection of dwellings for entry clearance/immigration.

29. The Technical Team responded to the following numbers of complaints over the past five years:

	2006/07	2007/08	2008/09	2009/10	2010/11
Complaints	353	403	424	560	598

30. Almost all complaints were resolved informally as landlords in the District generally comply with Council requests for work to be done. However, the team did serve a limited number of statutory notices under the Housing, Environmental Protection and Public Health Acts. Four licences under the requirements for the mandatory licensing of HMOs have been issued and 55 long term empty homes have been brought back into use mostly through informal action. The recent introduction of model standards on park home sites has led to a significant volume of proactive work.

31. With regard to financial assistance, over the past 4 years £1.3 million (195 grants) has been spent on mandatory DFGs and just under £1.2 million on discretionary financial assistance such as Decent Homes Assistance.

32. As mentioned previously, Decent Homes Assistance was aimed at bringing properties up to the Decent Homes Standard. Other forms of assistance introduced by the previous PSHS were Small Works Assistance (minor works for vulnerable groups), Thermal Comfort Grants, Discretionary DFGs/Relocation Grant and grants targeted at bringing empty homes back into use and converting redundant space into affordable living accommodation.

33. The number of Decent Homes Assistance cases rose significantly in the final year which appeared to be because of acceptance of the 15 year grant condition. The table on the next page shows the numbers of discretionary grants/assistance each year. No Empty Homes or Conversion Grants were made during the four years.

## Discretionary Grants/Assistance over the Past 4 Years

Year	Type	Number
2007/2008	Decent Homes Assistance	1
	Small Works Assistance	15
	Thermal Comfort Grant	10
2008/2009	Decent Homes Assistance	2
	Small Works Assistance	80
	Thermal Comfort Grant	30
2009/2010	Decent Homes Assistance	7
	Small Works Assistance	77
	Thermal Comfort Grant	38
2010/2011	Decent Homes Assistance	14
	Small Works Assistance	68
	Thermal Comfort Grant	25

34. The expenditure on DFGs has remained consistently high during the 4 years. The HCS 2011 found that 16% of households had at least one person with a disability and the potential demand for DFGs over the next 5 years was estimated at £3.7 even after allowing for means tested contributions.

35. C.A.R.E. also manages the Handyperson Service offering direct assistance with minor, low cost jobs (maximum cost £250) for householders who are over 60. The Service dealt with 124 cases in 2010/2011. With the benefit of additional Supporting People funding, the Service has been extended to provide security works ('Handyperson Plus') and limited decorating services.

36. Maintaining a constructive working relationship with private sector landlords is of great value, not least given the importance of the Private Sector to the supply of affordable housing especially for vulnerable households. The District is unusual in that the great majority of landlords own one or two properties only. 'Portfolio' landlords with many properties are commonly encountered in other authorities but not in the Epping Forest District. For this reason, a Landlords Forum has not been set up. However, the draft Strategy does include the setting up of a 'Landlords Resource Area' on the Council website.

37. The Technical Team have introduced a limited accreditation scheme for properties where the landlord sought a Rent Deposit Guarantee or the tenant a rental loan.

38. Private sector leasing is now carried out through two schemes - Private Leasing Agreements Converting Empties (PLACE) and Housing Association Leasing Direct (HALD). PLACE is a partnership of seven authorities in the London Commuter Belt sub region which bid for and retains substantial capital funding for dealing with long term empty properties.

39. Although slow in starting, these two schemes are now proving effective in making additional affordable homes available for vulnerable households especially those threatened with homelessness. Following recent revisions, PLACE should be able to play a greater part in the work to bring long term empty homes back into use. Schemes funded under PLACE do not incur capital costs to the Council.

### What We Propose to Do

40. The proposed changes in the draft Strategy aim to reflect the priorities at national and local level, the realities of a different financial climate, the local housing market, findings in the HCS 2011, best practice elsewhere and the lessons from review of the past 4 years.

41. In many respects, the previous Strategy has worked well. However, it is clear that changes should be made in the way the Council deals with unsatisfactory housing. Some changes are relatively straightforward and can be introduced quickly; however, the move to equity release will need to be phased over a period of years.

42. Some further adjustments will be necessary as Government housing policies evolve. As one example, there is no detail yet on the way the Green Deal will operate. The Green Deal will implement substantial change in the way improvements to energy efficiency can be given and, if possible, the Council will wish to play a major role in local delivery of this.

#### *Advice, Assistance and Specialist Support*

43. When responding to enquiries about financial assistance, Officers currently undertake trial assessments to give an indication of eligibility. This process will be extended to a more comprehensive process which will include giving information (not 'advice' which falls within the consumer credit/financial services rules) on other routes to securing finance to carry out if assistance from the Council is not available. The additional training necessary will be carried out.

44. The Handyperson Service is very popular and its retention is a high priority. However, funding for the Service is dependent on the contribution from Supporting People and, whilst funding for the base service appears reasonably secure, that for the additional services (Handyperson Plus and decorating) less so. In the current climate all funding streams may be vulnerable and in order to safeguard this service the draft Strategy proposes a restricted charge for all households in receipt of benefit with effect from September 2012.

45. C.A.R.E. does publicise its activities through talks and exhibitions but the draft Strategy proposes increasing aware raising through targeting areas where there is likely to specific interest, including voluntary organisations and relevant professional groups. The Council website is being upgraded and a greater presence will be given to C.A.R.E.

46. The draft Strategy proposes a resources page for private sector landlords which will give information on statutory requirements, Council policies relevant to private rented sector accommodation and contact details. The web page will give landlords an opportunity to comment on private sector housing issues and also to send in specific queries.

47. The accreditation process linked to the rent deposit and rental loan scheme has worked well. The supply of good quality privately rented housing is extremely important in terms of affordable housing especially for vulnerable households. The draft Strategy proposes that in order to give landlords a further incentive to participate and in particular to offer accommodation to vulnerable households, by considering offering fast tracking of housing benefit claims by tenants in any property which has met the accreditation requirements.

48. Greater publicity for the PLACE and HALD schemes is proposed.

#### *Enforcement*

49. It is clear that bringing empty homes back into use has to be a major priority for the new Strategy in order to:

- follow Government housing policy;
- maximise the supply of affordable housing;
- reduce difficulties to neighbouring households; and,
- generate revenue through the New Home Bonus.

50. In addition, the 2011 HCS did indicate a significantly higher rate of non-Decency in park homes. Accordingly, the draft Strategy proposes that there should be greater emphasis on proactive inspections with planned inspections to focus especially on these two areas.

51. The draft Strategy emphasises that the approach to enforcement will continue the largely informal approach but that Officers will not hesitate to take formal action when necessary. The Strategy also acknowledges that there will be occasions where formal enforcement is necessary in respect of occupied properties.

#### *Financial Assistance – Equity Release*

52. House prices are very high in the District and the 2011 HCS identified that there is significant equity in many properties especially those occupied by older residents. The draft Strategy proposes that in the medium term there will be a move towards a full equity release scheme, realistically in partnership with neighbouring authorities. When developed, the C.A.R.E. will play a very important role in its delivery.

#### *Financial Assistance 2012/2013 Onwards*

53. The Council has a duty to make mandatory DFGs and obviously administration of these will continue to be a major part of the Team's work. The Capital Programme has currently set aside £400k for each of the next 3 years to cover expected demand. A substantial proportion of DFG expenditure is met by central Government.

54. The draft Strategy assumes that £350k has been set aside in the EFDC Capital Programme for discretionary financial assistance for each of the next three years. It is clearly most important that very best value is made of this and, in proposing a revised framework for financial assistance, the draft Strategy applies the following broad principles:

- With the exception of the discretionary Relocation Grant, all financial assistance will be repayable on sale or other disposal secured by a local land charge (or undertaking in the case of mobile homes). No interest will be charged.
- No financial assistance will be made available to landlords. Whilst Officers will continue to use their best endeavours to deal with unsatisfactory conditions informally, if necessary enforcement action will be used and works done in default.
- Only properties in Council Tax Bands A – E will be eligible for financial assistance.
- All applicants will be means-tested including those in receipt of Attendance Allowance/Disability Living Allowance.
- All discretionary financial assistance will only be available when capital funds permit.
- The discretionary financial assistance offered does not affect the Empty Property Loans and Empty Property Grants available in respect of long term empty homes recently introduced under the PLACE Scheme.

55. The draft Strategy proposes that Thermal Comfort Grants, Discretionary DFGs and Conversion Grants should no longer be available. Relocation Grants for cases where mandatory DFG works are not feasible or prohibitively expensive are retained. The Small Works Assistance and Decent Homes Assistance become Small Works Repayable Assistance and Decent Homes Repayable Assistance respectively with lower eligible expense limits. Thermal comfort works can be carried out using these two forms of assistance. A new Empty Homes Loan is introduced to encourage young households to bring long term empty properties back into use for owner occupation. The modified PLACE scheme will still give landlords/developers assistance with the costs of bringing empty homes in poor condition back into use and/or converting redundant space in non-residential properties.



56. Details of the individual grants can be found in Part 5 of the draft Strategy. The draft Strategy does not indicate the proportions of anticipated spend for each type of assistance and it is suggested that this should remain the case, subject to a possible cap on the amounts that could be spent in any one year on Empty Homes Loans and Relocation Grants.

57. A change with Mandatory DFGs is proposed. Where the grant is above £5,000, the Council is entitled to recover costs up to a maximum of £10,000 for a period of up to ten years. The Council currently does this where the cost is above £12,000. It is proposed that the Council considers requiring repayment of the grant (subject to the £10,000 limit) if the property is disposed within a 10 year period. This would be protected by a charge on the property which would be removed after a period of 10 years. Repayment would not be required for the costs of providing stair lifts, through floor lifts or removable equipment such as hoists. In addition, it is proposed that there should be discretion to waive the requirement in exceptional circumstances.

58. A possible change with the administration of DFGs is the Occupational Therapist referral service currently provided by the County Council. There have significant problems because of delays and other issues which have hampered significantly the service offered by C.A.R.E. The Strategy suggests that alternative means of service provision be investigated.

## **Conclusion**

59. The proposed Private Sector Housing Strategy will lead to significant revision of the way the Council delivers private sector housing services.

60. The Strategy seeks to build on the work done in giving advice, assistance, and specialist support. It also seeks to strengthen the enforcement approach within existing resources. With financial assistance, the strategy signals a move if possible in the medium term towards a full equity release scheme. This is line with national policy, has been adopted by many local authorities and is an approach consistent with the house prices and equity levels prevailing in the District. In the short term, the changes to the framework for financial assistance seek to make best use of limited capital resources whilst still targeting vulnerable groups and Council priorities. The move to repayable assistance will mean monies paid out return to the Capital Programme over a period of years.

## **Reason for decision:**

The Council is required under the terms of the Housing Act 2004 to keep housing conditions in the private sector under review and develop strategies to outline how it will use the powers available to deal with adverse housing conditions. The existing PSHS expired in 2011 and, given the changes in the housing and financial markets, and in government direction, the Council needs to develop a new Strategy. The purpose of this report is to seek the approval of the Panel in principle to the draft Private Sector Housing Strategy (PSHS) 2012-15. The draft Strategy implements changes to the policies set out in the previous PSHS 2007 – 2011 for financial assistance to promote the repair and improvement of sub-standard private sector housing and adaptation of the homes of people who are disabled. It also implements changes to policies in the previous PSHS dealing with enforcement of private sector housing standards and for giving advice, assistance and specialist support.

## **Options considered and rejected:**

As the existing PSHS has now reached the end of its useful life, the Council has no other option than to develop and implement a new Strategy. Members may wish to adopt the proposed Strategy as drafted or to may wish to remove, add, alter or amend its provisions.

**Consultation undertaken:**

Consultation to date has included meetings with all members of the Private Sector Housing Team, representatives from the Housing Options Team, Strategy and Information Team and the Planning and Economic Development Directorate. Separate meetings have been held with the C.A.R.E. Advisory Panel, C.A.R.E. Service Users Panel and the Leaseholders Association. Further consultation will take place after this meeting with the draft Strategy (amended if and as necessary) being circulated to Stakeholder Groups and being made available for comment on the Council website.

**Resource implications:**

Budget provision: Within existing resources, unless legal action has to be taken against a large number of site owners, which could be costly and unable to estimate at present.

Personnel: Nil

Land: Nil

Relevant statutory powers: Housing Act 2004; Regulatory Reform Order 2002; Disabled Facilities Grant (Conditions relating to approval or repayment of Grant) General Consent 2008.

Background papers: Private Sector House Condition Survey 2011; the Private Sector Housing Enforcement Policy.

Environmental/Human Rights Act/Crime and Disorder Act Implications: N/A