

**Epping Forest District Council**

**Draft Private Sector Housing Strategy  
2012 – 2015**

**Housing Scrutiny Panel - 5 March 2012**

# Purpose of Report

- The Epping Forest DC Private Sector Housing Strategy 2007 – 2011 and is now due for review
- Purpose of this report is to seek your views on a draft Strategy to cover the period 2012 – 2015
- Draft will then form the basis for further consultation prior to submission to Cabinet
- Report also asks that the Panel considers progress with the Action Plan included in the report on an annual basis
- The draft Strategy involves significant changes in particular to the framework for offering financial assistance
- Also affects enforcement and the way that information, advice and specialist support is offered

# The Broader Role in Private Sector Housing

- Local authorities have long had a responsibility to deal with unsatisfactory housing both through intervention using statutory powers and by offering financial assistance
- The Housing Act 2004 has retained a duty (Section 3) for local authorities to keep conditions in their area under review
- The role of a local authority is not just to await complaints (although dealing effectively with complaints is very important)
- Should also adopt a proactive response to deal with unsatisfactory conditions
- Aim of House Condition Survey is to give information to allow priorities for scarce resources to be allocated

# Factors Driving New Strategy

- Range of factors drive draft Strategy:
  - National and relevant local policies
  - The local context:
    - Local District profile
    - The local housing market
    - Results from the House Condition Survey
  - A review of progress in the past four years
  - Financial factors likely to have an impact on the strategy
  - Comments from consultation

# National Policies

- Since the 2007 Strategy there has been a change in Government and significant change in the financial climate - major Government priority is reducing deficit
- New Government has published *Laying the Foundations: A Housing Strategy for England*
- Has also enacted:
  - Localism Act 2011
  - Energy Act 2011

# National Policies

- **Localism Act 2011** – gives greater freedom for local decision making (in particular moving away from regional targets)
- **Energy Act 2011** - provides for:
  - Green Deal** – no up front payment for energy efficiency work – paid for over a period of years from energy savings
  - Energy Company Obligation** – compulsory contribution from energy companies – to be used where properties hard to heat eg solid walls or vulnerable households
- **Laying the Foundations** focuses very much on revitalising the housing market but two priorities very relevant:
  - Thriving private rented sector (with high standards)
  - Bringing long term empty homes back into use (New Homes Bonus)

# National Policies

Housing Act 2004 & Regulatory Reform Order 2002 remain the main relevant statutory provisions:

## Housing Act 2004:

- Housing Health and Safety Rating System (HHSRS)
- Mandatory licensing of higher risk HMOs
- Empty Dwelling Management Orders for long term empty homes

## Regulatory Reform Order 2002

- Gives councils the power to set their own local framework for discretionary financial assistance (grants/loans) to suit local needs
- Must offer mandatory DFGs
- However, must demonstrate that have taken account of national & local strategies and local housing conditions & needs
- Move towards loans/equity release Government policy

# Local Policies

- A number of local strategies and policies are highly relevant
- Draft strategy has taken into account the Corporate Plan, Community Strategy, Local Plan, Housing Strategy, Homelessness Strategy and Supporting People Strategy
- Consistent themes emerge:
  - 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
  - Working with private sector landlords to promote the availability of affordable housing in particular for those potentially homeless



# The Local Profile

- Population growth in the District lower than County & Region
- Age profile shows that higher proportion of residents post 65 years
- 16% of households where at least one resident with disabilities
- HCS estimated that potential cost of Disabled Facilities Grants (DFGs) over the next five years at £3.7 million even after means testing
- Unemployment rate (7.0%) just above regional figure but below national average
- The District generally perceived as affluent and higher proportions of working people in managerial & professional roles
- However, Indices of Multiple Deprivation at very local level do show that there are pockets of deprivation
- Benefit receipt overall the same as nationally but rate in privately rented sector 38% compared with 16% for owner occupiers

# Local Housing Market

- Both house prices and rental values are well above national averages
- Most recent Land Registry figures put the average house price at £350k compared with £229k nationally – fall since previous quarter
- However, semi-detached average still £328k & terrace £266k
- Rents also very high – 2 bed flat commonly £1,000 pcm
- Access to social housing difficult – waiting list over 5,800
- Strategic Housing Market Assessment (2010) estimated individual income £55-£60k or joint income £65-£75k needed for £200k property
- In reality only access to affordable housing for almost all newly forming households will be the private rented sector
- Role of private rented sector very important for vulnerable households – Private Sector Team work very closely with Housing Options Team
- One positive side of the high property prices is that facilitates equity release – average equity still in the order of £130k

# House Condition Survey 2011

- Panel has already received information on the results of the HCS
- The results compare well with national figures – lower rates overall of non decency (26% cf 32%) & category 1 hazards (14% cf 22%)
- Thermal performance generally better although rate of thermal comfort failures of Decent Homes Standard (park homes factor)
- However, the survey did highlight a number of areas of concern

# House Condition Survey 2011 – Issues of Concern

- District still behind the nominal PSA7 target for the proportion of vulnerable households in decent accommodation (67% of target 70%) – although significant progress made (was 58% in 2005)
- Conditions overall in the private rented sector significantly worse than in the owner occupied sector with all indicators
- Conditions worse with park homes, low rise purpose built flats & converted flats
- High proportion of long term empty homes (approximately 1,000)
- High potential demand for DFGs
- Higher proportion of older households than nationally

# Progress Since 2007 – Financial Assistance

2007 Strategy – following discretionary financial assistance offered:

- **Small Works Assistance** (Owner occupiers where statutory hazards or defects likely to damage dwelling fabric - maximum eligible expense £5k)
- **Decent Homes Assistance** (Owner occupiers only where significant hazard or disrepair to bring the property in Council Tax Bands A – E only up to the Decent Homes Standard - maximum eligible expense £15k)
- **Thermal Comfort Grants** (Owner occupiers & landlords for heating works - maximum eligible expense £3,000 or £750 per HMO let)
- **Discretionary DFG/Relocation Grant** (Available in exceptional circumstances where the costs exceed the grant limit or some works outside the scope of the mandatory grant)
- **Empty Property Grant** (Owner occupiers and landlords to bring into use properties empty more than 1 year - maximum eligible expense £10k)
- **Conversion Grant** (Available to landlords to convert underused or redundant space into affordable living accommodation for rent - maximum eligible expense £10k per unit - £30k per scheme)

# Progress Since 2007 – Financial Assistance

- Over past 4 years 367 discretionary grants made (£1.1m) – great bulk were Small Works Assistance (240) and Thermal Comfort Grants (103)
- After slow start, 14 Decent Homes Assistance grants made in 2010/11 (£185k)
- Housing Assistance Policy also provided for discretionary DFGs/Relocation Grants, Empty Homes Grants and Conversion Grants
- Some discretionary DFGs made but to date no completed relocation grants, empty homes grants or conversion grants
- Total of 195 DFGs over 4 years - £1.3m
- Substantial amount of the caseload handled by Caring and Repairing in Epping Forest (C.A.R.E.) the in-house home improvement agency

## Progress Since 2007 – Financial Assistance

Year	Type	Amount £	Year Total £	Comment
2007/2008	DHA (1) SWA (15) TCG (10)	6,700 55,200 14,900	76,800	New Policy introduced in April 2007. £44,100 on grants under old policy
2008/2009	DHA (2) SWA (80) TCG (30)	57,100 252,500 38,600	348,200	£1,600 on grants under old policy
2009/2010	DHA (7) SWA (77) TCG (38)	42,500 198,200 69,400	310,100	First year of two-year HEEP scheme for energy efficiency grants
2010/2011	DHA (14) SWA (68) TCG (25)	185,300 191,300 44,800	421,400	Significant increase in DHA – “acceptance”? Year 2 of two-year HEEP scheme for energy efficiency grants
			<b>£1,156,500</b>	

- NB £1,316,790 spent on DFGs over same period (195 grants)
- Typically £370k but £280k last year as lower referrals

# Progress Since 2007 - Enforcement

- 2,338 complaints – over 90% visited
- Almost all dealt with informally as landlords generally compliant
- 56 long term empty homes brought back into use through Council intervention (45 in 2010/11)
- Empty Dwelling Management Order currently pending
- 4 HMO licenses issued
- Proactive approaches with HMOs, empty homes and park homes sites



# Progress Since 2007 – Information, Advice & Specialist Support

- Much general advice given by all Private Sector staff especially C.A.R.E. caseworkers including trial assessments
- Many Team members have C & G certificate in energy efficiency – frequent signposting to Warm Front and the former HEEP
- General advice free but fee (now 15%) charged for contract administration
- 200/11 – C.A.R.E. received 574 enquires & managed 124 cases
- Service also operates the Handyperson service (125 cases last year)
- Gardening & decoration services also at the moment
- If Council does move to full equity release then C.A.R.E. will be very important

# Progress Since 2007 – Working with Landlords

- Whilst enforcement appropriate on occasions, Private Sector Technical Team has focussed on an informal, constructive approach
- In particular, work very closely with the Housing Options Team in finding accommodation for households threatened with homelessness
- The Epping Forest Housing Aid Scheme (rent deposits) has worked well - Technical Team inspect properties to ensure good standard
- Same principle now applied to the rental loan scheme (a limited form of accreditation)
- Had intended to introduce Landlords Forum but District unusual in that almost all landlords own one or two properties only
- Private sector leasing has started to work effectively – the Private Lease Agreements Converting Empties (PLACE) makes properties available for vulnerable households
- PLACE uses legacy funding from EERA

# Financial Circumstances

- The draft Strategy has to reflect the realities of the current financial climate
- The previous Strategy was based on grants (although the 15 year repayment condition in the Decent Homes Assistance made it almost equivalent to a loan)
- Across the country local authorities have moved away from giving financial assistance by way of grants and towards loans/equity release
- Realistically this trend will only continue as capital allocations by the Government continue to tighten
- Accordingly the draft Strategy proposes:
  - In the medium term a move to full equity release
  - An interim framework to financial assistance based on loans
- Principles set out shortly

# Draft Strategy - Advice, Assistance and Specialist Support

Draft Strategy proposes the following:

- Introduction of comprehensive assessment procedure to give advice where financial assistance cannot be offered
- Introduce restricted charge for the Handyperson service to those in receipt of benefit (currently free of charge)
- Significant upgrade to private sector webpages to give greater presence to C.A.R.E. and to give resources page for landlords
- Interaction on web pages
- Linking fast tracking of benefits to accreditation to give an incentive to landlords who co-operate
- Greater publicity for the PLACE scheme

# Draft Strategy – Enforcement

- Staffing arrangements now satisfactory (last Strategy acknowledged these were inadequate)
- Therefore, balance between proactive and reactive work will be increased with two priorities:

## Bringing empty homes back into use:

- In line with Government policy
- maximises supply of affordable housing
- Reduces neighbourhood problems
- Generates revenue through the New Home Bonus

## Park homes:

- Concerns over conditions highlighted in HCS
- General informal, constructive approach with property owners will be maintained but the Strategy makes it clear that the Council will not hesitate to take formal action when required

# Draft Strategy – Financial Assistance

- Many councils offer simple loans taken from their capital budget (usually without interest)
- Over time recycles original investment but does not bring in any additional private finance/capital as equity release can do
- Aim of effective equity release system is to help vulnerable home owner release equity in the property to fund work
- Is complex and does involve giving independent financial advice (subject to strict Consumer Credit Act controls)
- May be significant overheads so often run as consortium of smaller LHAs
- Range of loan types – interest free, capital and interest, interest only and ‘property appreciation’

# Draft Strategy – Financial Assistance

- Equity release complex so Strategy proposes introduction over minimum 18 month period
- In the interim period, Strategy proposes new framework for discretionary financial assistance
- This is essentially based on loans and reflects the realities of the current financial climate – lower expense limits
- Changes also reflect the practical experiences of staff administering financial assistance framework over the past 4 years
- NB other assistance available under PLACE scheme
- Incorporates a number of key principles

# Draft Strategy – Financial Assistance

- With the exception of the discretionary Relocation Grant, all financial assistance will be repayable on disposal secured by a local land charge (or undertaking with park homes).
- No interest will be charged.
- No financial assistance will be made available to landlords - Officers will continue to use their best endeavours to deal with unsatisfactory conditions informally but if necessary enforcement action will be used and works done in default.
- Only Council Tax Bands A – E will be eligible for 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.



# Draft Strategy – Financial Assistance

- In summary, revised forms of discretionary assistance will be:
  - **Small Works Repayable Assistance** (Owner occupiers where statutory hazards or defects likely to damage dwelling fabric - maximum eligible expense £3k)
  - **Decent Homes Repayable Assistance** (Owner occupiers only where significant hazard or disrepair to bring the property up to the Decent Homes Standard - maximum eligible expense £10k)
  - **Discretionary Relocation Grant** (Available in exceptional circumstances where the costs exceed the mandatory DFG grant limit or some works outside the scope of the mandatory grant)
  - **Empty Property Loans** (Intending owner occupiers and landlords to bring back into use properties with hazard or disrepair empty more than 1 year - maximum eligible expense £10k)
- Thermal comfort issues can be dealt with using either the small works or decent homes standard repayable assistance

# Mandatory DFGs

- The Strategy proposes one change with regard to mandatory DFGs
- Council currently places a charge on a property to recover costs (up to £10k) where the cost of the job exceeds £12k
- Charge can remain in place for a maximum of 10 years
- Council is entitled to place charge where the cost exceeds £5k and the Strategy proposes to adopt the £5k threshold
- Repayment will not be required for the costs of providing stair lifts, through floor lifts or removable equipment such as hoists
- Will be discretion to waive the requirement in exceptional circumstances
- Strategy also states that procedure for obtaining Occupational Therapist referrals will be reviewed

# Discussion