

Report to the Cabinet

Report reference: C-077-2011/12

Date of meeting: 23 April 2012



**Epping Forest
District Council**

Portfolio: Housing

Subject: Private Sector Housing Strategy 2012 - 2015

Responsible Officer: Lyndsay Swan (01992 564146)

Democratic Services Officer: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

- (1) That the Private Sector Housing Strategy 2012-2015, attached as an Appendix to the report, be formally adopted;**
- (2) That the Strategy is implemented with effect from 1 July 2012; and**
- (3) That the Housing Scrutiny Panel considers progress with the Strategy's Action Plan, in accordance with its Terms of Reference, on an annual basis.**

Executive Summary:

The proposed Private Sector Housing Strategy (PSHS) 2012/15 attached as an Appendix replaces the existing PSHS which expired in 2011. The new Strategy has been formulated to deal with the conditions in the District's private housing stock, as demonstrated by the findings of the Private Sector House Condition Survey (HCS) carried out by the Council in the Summer of 2011.

The Strategy also takes its direction from legislation and from the current economic climate. It introduces changes to the policies in the previous PSHS relating to the enforcement of private sector housing standards, bringing empty properties back into use and giving advice, assistance and specialist support.

A draft version of the PSHS was considered in detail by the Housing Scrutiny Panel prior to the consultation exercise and the Panel's views have been incorporated within the final version.

Reasons for Proposed Decision:

The Council is required under the terms of the Housing Act 2004 to keep housing conditions in the private sector under review and to 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 for the Cabinet to approve the adoption of the Private Sector Housing Strategy (PSHS) 2012/15.

Other Options for Action:

As the existing PSHS has now reached the end of its useful life, the Council would be failing in its statutory duty if it did not develop and implement a new Strategy. Members may wish to

adopt the proposed Strategy as drafted or may wish to remove, add, alter or amend its provisions.

Report:

1. Like all local housing authorities, Epping Forest District Council (EFDC) has a responsibility to keep housing conditions in its District under review and to deal with unsatisfactory conditions through enforcement and offering financial assistance where appropriate. The Council also has a duty to provide mandatory Disabled Facilities Grants (DFGs).

2. 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.

3. The previous PSHS drew on evidence of housing conditions in the District from the Private Sector 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 statutory framework. This proposed new Strategy has been prepared following the completion of the HCS in the Summer of 2011. It reviews 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.

4. The Strategy includes proposals for a new Housing Assistance Policy, an Action Plan for implementation and the framework Officers will use when exercising the extensive discretionary powers under the Housing Act 2004.

Priorities for the New Strategy

5. The current 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.

6. The Government has also introduced a change in direction and emphasis in national housing policies. The prime focus of its 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.

7. 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 homes built.

8. 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.

9. 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:

- is free from Category 1 'hazards' under the Housing Health and Safety Rating System (HHSRS);
- is in reasonable repair;
- has reasonably modern facilities and amenities; and
- has a reasonable degree of thermal comfort.

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

10. Targets set by the previous Government in respect of Decent Homes in the private sector, (known as the former PSA7 target), were that 65% of vulnerable households (disabled families and/or older people or families on low income) should be living in Decent Homes by 2006/07 and 70% by 2010/11. Although the requirement to meet the target was dropped by the former Government in 2008, performance against the PSA7 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 owner-occupied sector has already exceeded the 2010/11 target by 300 properties, while there is still a shortfall of 570 properties in the private rented sector; an overall shortfall of 270.

11. 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 24 below.

12. Recognising that many home-owners, especially ones in areas where house prices are high, have substantial equity in their property, many local authorities have moved away from giving grants. Instead, they are offering assistance by way of loans or equity release which are more complicated financial products.

13. Loans may be interest-bearing or may involve repayment of a percentage of the property value. 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.

14. 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. When introducing these, smaller authorities generally work in partnership with neighbours to share the administrative burden and minimise costs. An intention was stated in the 2007 PSHS to move towards providing Housing Assistance by way of loans and/or equity release but it was not possible for a number of reasons, mainly to do with the financial downturn.

15. The Housing Act 2004 introduced the HHSRS, a risk-based system for assessing 'hazards' in homes with flexible but robust enforcement powers. Serious hazards are termed Category 1 and less significant hazards are termed Category 2. Under the terms of the Act, the Council has a duty to take the most appropriate course of action in respect of Category 1 hazards and has discretion to take such action in respect of Category 2 hazards. Appendix C in the Strategy gives a full explanation of how the HHSRS works and also sets out how the Council will use its discretion in respect of Category 2 hazards.

16. The Strategy also takes account of a range of prompts from local strategies, including the Community Strategy and the Council's current Housing Strategy and Homelessness Strategy. Priorities from these were:

- achieving the best level of service possible with reduced resources;
- maximising the supply of affordable housing;
- promoting energy efficiency and reducing Fuel Poverty; and,
- promoting independent living for vulnerable groups.

17. The clear message from looking at the local housing context was that, while local household incomes are generally good, both house and rental prices are very high. On the other hand there is a very substantial waiting list for social housing and the lack of affordable housing is a major concern. Since the 2005 HCS, the private rented sector has increased significantly while both the owner-occupied and social housing sectors have reduced. This is an issue for the Strategy as, in reality, most newly-forming households turn to the private rented sector for affordable housing.

18. The findings of the 2011 HCS were that the condition of the District's private sector housing stock compares well with the national position. The number of homes overall failing the Decent Homes Standard is 26% compared with 32% nationally. Numbers of Category 1 hazards were found to be below, and energy efficiency comparators above, the national average. However, there is a marked disparity between tenures, with performance against all indicators significantly worse in the private rented sector. A notable feature was also the high rate of failures against the Decent Homes Standard in park homes when compared to more traditional forms of construction. This is significant for the Council because the proportion of park homes in the District, at about 2% of the private sector housing stock, is relatively high when compared with other authorities in Essex.

19. One issue highlighted by the 2011 HCS was the proportion of homes that had been empty for more than 6 months. At an estimated 1,020 homes (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.

20. The preparation of the new Strategy gives an opportunity to review current policies and practices relating to private sector housing. The extent to which these have been successful is outlined below.

21. Private Sector Housing within the Council 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.

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

- inspects and licenses park home sites;
- gives advice, assistance and enforcement in harassment and illegal eviction

- cases;
- inspects and resolves cases of ‘filthy and verminous’ premises; and
- responds to ‘complaints’ about the condition of private sector housing

23. There has been a year-on-year increase in ‘complaints’ over the last five years, with about 600 enquiries having been dealt with in 2010/11. 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.

24. 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 the other types discretionary financial assistance introduced in the 2007 PSHS. These are Decent Homes Assistance, Small Works Assistance, Thermal Comfort Grants, Discretionary DFGs/Relocation Grant, Empty Properties Grants and Conversion Grants.

25. The demand for DFGs has been high during the 4 years and is likely to remain so. The HCS 2011 found that 16% of households in the District had at least one person with a disability and the potential demand for DFGs over the next 5 years was estimated at £3.7million. Although demand has been consistently high, the Council has not always spent the budget available for DFGs, currently £400,000 (of which £290,000 is provided by central government). This is because Officers have to consult with the ‘welfare’ authority, in this case Occupational Therapists (OTs) in ECC’s Adult Social Care and Community Wellbeing service, on every DFG application. The availability of OTs to provide this function has been inconsistent over the last two to three years and this has had an adverse affect on the Council’s ability to use all of the budget available.

26. As well as assisting vulnerable people in the private sector to maintain their homes by providing practical support and helping to access funding, C.A.R.E. also manages a Handyperson Service through which minor, low cost jobs can be carried out for householders who are over 60. With the benefit of additional Supporting People funding, the Service was extended to provide security works (‘Handyperson Plus’) and, for a limited period in 2011/12, decorating services.

27. 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. There are a number of means through which to facilitate this relationship including ‘landlord forums’ which many other authorities use to engage proactively with their local landlords. The District is unusual, however, in that it has very few ‘portfolio landlords’ that own many properties. The majority of landlords in the EFDC District own only one or two properties and it is considered that these are unlikely to want to engage with the Council through a forum-style structure. For this reason, the Strategy includes proposals that this engagement is carried out through a ‘resource area’ specifically for landlords on the Council’s new web-site.

28. The Private Leasing Agreements Converting Empties (PLACE) Scheme is a partnership of five authorities in the former London Commuter Belt Sub-region and Genesis Housing Association, a registered housing provider, to bring long-term, empty properties back into use. Although slow in starting, following recent revisions to the Scheme, PLACE is now proving effective in making additional affordable homes available. One of the main benefits of providing new homes through PLACE, as opposed to the Council’s Empty Property or Conversion Grants, is that PLACE is funded from a pot of money originally provided through a bid for government funding, and therefore does not incur capital costs to the Council.

29. The proposed changes in the 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. 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. Others, however, such as developing loans and/or equity-release products through which to provide housing assistance would need to be phased over a period of years.

30. Some further adjustments will also be necessary as Government housing policies evolve, such as the use of the Green Deal to provide energy efficiency measures. There are few details at present on the way this will operate but as the Green Deal is a way in which external, government funding can be used to improve housing conditions in the District it is clearly a financial resource that the Council should seek to maximise. The Action Plan to the draft Strategy includes a proposal to do this.

Proposals in the Draft Strategy

- *Advice, Assistance and Specialist Support*

31. The draft Strategy proposes extending the process of extending the advice and information given by Private Sector Housing Officers to include giving information (not 'advice' which falls within the consumer credit/financial services rules) on other routes to securing finance to carry out work if assistance from the Council is not available. This will fall particularly to C.A.R.E. caseworkers but also to the Grants Team, who will need to be suitably trained to provide the necessary information.

32. The Handyperson Service is very popular and its retention is a high priority. However, funding for the Service is dependent on the contribution from the County Council's Supporting People Budget through an agreement which expires in July 2013. While funding for the base service appears reasonably secure at present, in the current climate, all funding streams may be vulnerable. Therefore, in order to safeguard this service the Strategy proposes the introduction of a limited charging policy for Handyperson Service users.

33. C.A.R.E. does publicise its activities through talks and exhibitions but the Strategy proposes increased awareness-raising through targeting areas where there is likely to be specific interest, including voluntary organisations and relevant professional groups. The Council website is being upgraded and this will also be used as an opportunity to increase C.A.R.E.'s profile.

34. The supply of good quality privately rented housing is extremely important in terms of affordable housing, especially for vulnerable households. Officers in the Private Sector Housing Technical Team are currently working on two separate initiatives to establish landlord accreditation schemes in the District, one specifically for properties let to students of the E15 Acting School and, the other, a County-wide scheme. The Strategy proposes building on this by considering fast-tracking housing benefit claims by tenants in any property which has met the accreditation requirements.

35. Greater publicity for initiatives to bring empty properties back into use, such as the PLACE Scheme, is also proposed.

- *Enforcement*

36. 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,
- maximise the revenue generated through the New Home Bonus.

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

38. The Strategy emphasises that the approach to enforcement will continue the current 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*

39. 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, C.A.R.E. will play a very important role in its delivery.

40. As the Council is required to make mandatory DFGs available, the administration of these will continue to be a major part of the Team's work. The Council's Capital Programme has currently set aside £400,000 for each of the next 3 years to cover expected demand. A substantial proportion of DFG expenditure, £290,000 in 2011/12, is met by central Government.

41. With regard to Housing Assistance other than DFGs, the Strategy assumes that £350,000 has been set aside in the EFDC Capital Programme 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 Strategy applies the following broad principles:

- With the exception of the discretionary Relocation Grant, all financial assistance will be repayable on the 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. While Officers will continue to use their best endeavours to deal with unsatisfactory conditions informally, if necessary, enforcement action will be used and works undertaken in default.
- Only properties in Council Tax Bands A–E will be eligible for financial assistance.
- Families with children under 18 years of age, disabled people and those over 60 years of age will be eligible for assistance, subject to a means test.
- 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.

42. The Strategy proposes that Thermal Comfort Grants, Discretionary DFGs and Conversion Grants should no longer be made available, but that 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 maxima. Thermal comfort works can be carried out using these two forms of assistance. A new Empty Homes Loan is

proposed to be 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.

43. Details of the individual grants can be found in Part 5 of the Strategy. The 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.

44. 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.

45. The Strategy proposes the investigation of other means of getting input from OTs than the current system of provision by Essex County Council. Paragraph 25 above outlines the effect that the lack of consistent throughput of O.T. referrals has had on the delivery of DFGs.

46. Details of the consultation carried out are included in the section, 'Consultation Undertaken', below. A draft version of the Strategy was also considered by the Council's Housing Scrutiny Panel on 5 March 2012 and the draft Strategy has been amended in the light of the Scrutiny Panel's views.

Conclusion

47. The proposed Private Sector Housing Strategy will lead to a significant change in the way the Council delivers private sector housing services. It seeks to build on the work already done in giving advice, assistance, and specialist support and also to strengthen the enforcement approach within existing resources. With financial assistance, the Strategy signals a move if possible in the medium term towards offering financial assistance through loans and/or equity release. 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 while still targeting vulnerable groups and Council priorities. The move to repayable assistance will mean monies paid out will return to the Capital Programme over a period of years.

Resource Implications:

Within existing budget provision although the proposed amendments to the Housing Assistance Policy will ultimately result in an income to the Council. The proposals relating to bringing empty homes back into use could also increase the New Homes Bonus the Council receives. There are no implications in terms of staffing resources.

Legal and Governance Implications:

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

Safer, Cleaner and Greener Implications:

Much of the work of the private sector housing teams is aimed at ensuring that people in the private sector have homes that are reasonably adapted for their needs and are safe and warm to live in. The Strategy includes proposals to make the best use of the resources available to meet these aims.

Consultation Undertaken:

The Strategy was developed following a consultation with Council Officers who have dealings with private sector housing issues and relevant stakeholder groups, such as the C.A.R.E. Service Users Forum. A draft version of the Strategy was considered by the Council's Housing Scrutiny Panel on 5 March 2012, who supported the approach and proposals, and agreed that further consultation should take place with key partners and stakeholders, with appropriate comments from the consultation being incorporated in this final version of the Strategy for endorsement by the Cabinet. Wider consultation has been carried out with interested parties such as ECC, neighbouring authorities, VAEF, the CAB, Parish Councils and local charities. The Strategy has also been made available for comment on the Council's website. Any further comments arising from the consultation will be reported orally at the Cabinet meeting.

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. The Strategy has been circulated to Stakeholder Groups and made available for comment on the Council website.

A draft version of the Strategy was considered by the Council's Housing Scrutiny Panel on 5 March 2012

Impact Assessments:

Risk Management

There would be a financial risk to the Council if it did not have a Strategy in place to make the most use of the financial resources available. The draft PSHS 2012/15 includes measures to make the maximum use of the financial resources that come from all sources including from home-owners themselves.

Local Authorities are required under the Housing Act 2004 to keep housing conditions in the private sector under review and develop strategies to outline how they will use the powers available to deal with adverse housing conditions. If the Council did not have a current Strategy in place it would fail to meet its statutory duty in this respect.

Equality and Diversity

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications?

Yes.

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken?

Yes. The Housing Directorate carried out Customer Impact Assessments (CIAs) of Private Sector Housing Assistance and Private Sector Housing Enforcement in 2010. This identified some possible adverse equality implications such as difficulties accessing services for people who don't speak English as their first language. However, the Action Plans to both CIAs included measures actions to overcome any potential problems and these measures have been

put in place. The proposals contained in the new PSHS will not have any additional negative impact, in fact it could be said that they have a positive impact as they will have the result of making the most of the budget available to improve conditions for vulnerable people living in private sector housing.

What equality implications were identified through the Equality Impact Assessment process?

See above.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

The Action Plans to the Private Sector Housing Assistance and Private Sector Housing Enforcement CIAs completed in 2010 include measures that will eliminate discrimination against any particular group