

Report to Housing Scrutiny Panel

Date of meeting: 27 April 2006



Subject: Executive Summary report on the findings of the Private Sector House Condition Survey 2005.

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Committee Secretary: Adrian Hendry (ext 4246)

Recommendations/Decision Required:

To receive the Executive Summary report and a presentation on the findings of the Private Sector House Condition Survey.

Purpose of the report

1. The purpose of the report and presentation is to inform the Housing Scrutiny Panel of the findings of the House Condition Survey undertaken in the latter part of 2005. The presentation will amplify the headline points set out in the Executive Summary below.
2. The findings of the report will be used to inform the revised Private Sector Housing Strategy.

Background

3. The 2005 Epping Forest House Condition Survey (HCS) was conducted to examine to current condition of private sector dwellings with the District boundaries.
4. The Housing Act 2004 and Government guidance require Local Authorities to keep under review housing conditions in their area. The aims of the survey were to collect information on the physical condition and energy efficiency of private sector dwellings and also on the social characteristics of the occupiers.
5. The information will assist the Council in formulating its private sector housing strategy and in targeting resources to the areas of greatest need. The latter point is of particular importance as, under the new Regulatory Reform (Housing Assistance) (England and Wales) Order 2002, local authorities now have much greater freedom to set their own framework for giving financial assistance to tackle unsatisfactory housing having regard to the local circumstances, needs and resources.

Executive Summary of Findings

6. The survey was conducted during autumn 2005 and covered a sample of 761 randomly selected dwellings drawn from the owner-occupied, privately rented and housing association stock (total properties 43,970). The 6,800 local authority properties were not included in the survey. The survey split the District in three sub areas: -

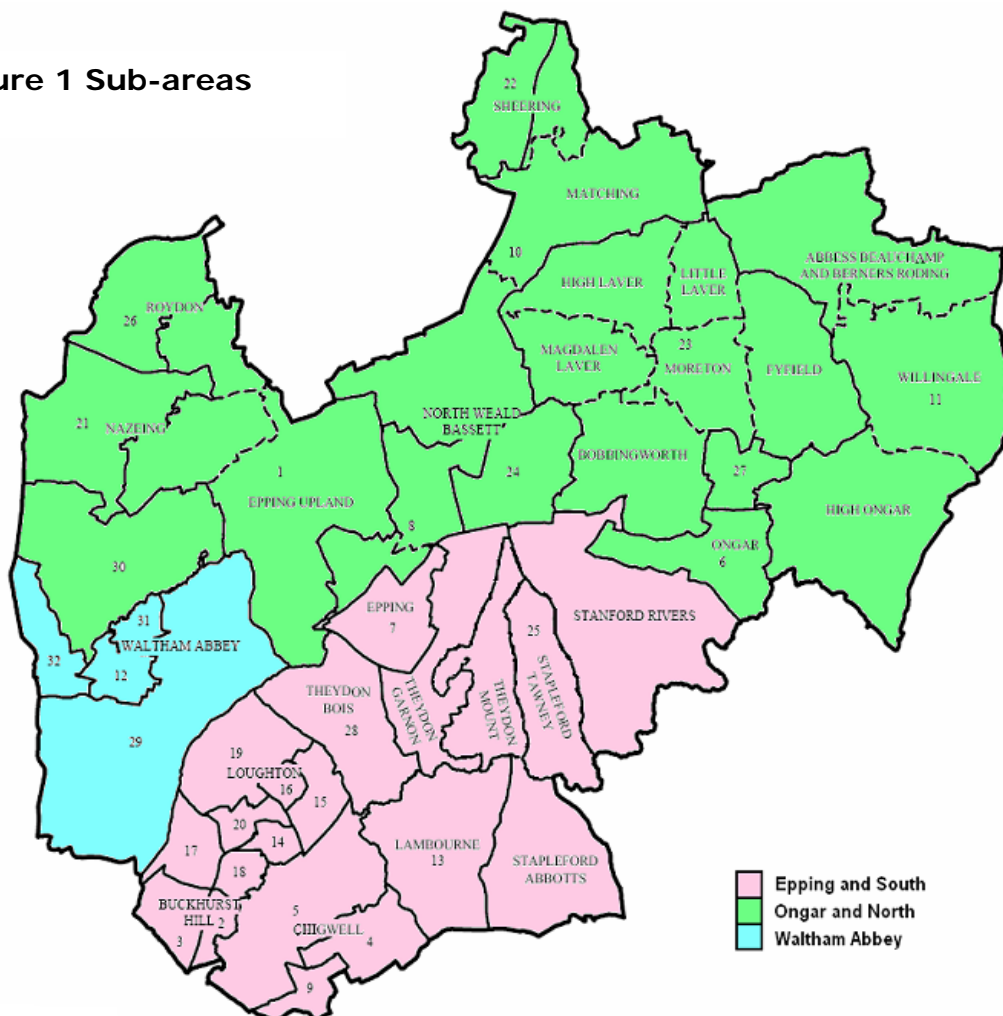
- (i) Epping and South (27,290 properties);
- (ii) Ongar and North (10,135 properties); and
- (iii) Waltham Abbey (6,545 properties)

Epping and South is largely urban in character whilst Ongar and North has a significant proportion of rural properties. The small sub-area of Waltham Abbey was chosen because of its distinct local identity and character.

7. As with any sample survey, the results for each individual property are 'weighted' to represent the whole housing stock. In other words each property represents a number of other properties and information can be presented for the three sub areas. It is not possible to divide the data down to ward level as the statistical reliability falls as the number of surveyed properties reduces.

8. Figures and percentages in the main report and in this summary have been rounded. To give figures to the nearest dwelling would be misleading as sample surveys are intended to give an indicative picture. Throughout the report comparisons are made to figures for England and these are drawn from the English House Condition Survey 2001 (EHCS). The map below illustrates the three sub-areas chosen for the survey.

Figure 1 Sub-areas



Key survey considerations

9. It is important that house condition surveys provide the information local authorities need to inform local housing strategy and also to meet the requirements of national housing legislation and policy. This report takes into account in particular:

- *Housing Act 2004* – This includes the new Housing Health and Safety Rating System (HHSRS), which will replace the present Housing Fitness Standard as a trigger for statutory action in April 2006. Local authorities will have a duty to take action where a dwelling with a category 1 hazard is found, as they currently do with an unfit dwelling. Also included in the Act is the mandatory requirement to license higher risk houses in multiple occupation.

- *Public Service Agreement 7 (PSA 7)* – This requires that at least 65% of vulnerable occupiers in the private sector must be living in homes that meet the Decent Homes Standard by 2006/2007. This target increases to 70% for 2010.

General Profile

10. The total private sector housing stock of the Epping Forest is an estimated 43,970 dwellings. The age profile differs significantly from the national position and reflects the significant growth that occurred after the end of the Second World War. Only 10.6% of the stock was built before 1919, appreciably lower than the position for England (20.8%). The proportion of properties built between 1945–1964 is significantly higher (29.0% compared with 21.2%).

11. The tenure profile also differs from the national average. The majority of private sector dwellings (79% of all stock) are owner occupied compared with 70% in England and there are fewer privately rented dwellings (5% compared with 10%). There are more detached houses (23.8%) than the national average of 19.0% and more purpose built flats at 18.7% compared with 15.4%.

12. There are an estimated 890 houses in multiple occupation (2.0% of the stock, lower than the national average of 2.6%). There are an estimated 1,250 vacant dwellings (2.8% of the stock), of which 490 are long term vacant (more than 6 months). The number of vacant properties and the proportion of long term empties are both lower than national averages. A further report will be produced with regard to the requirement for the mandatory licensing of higher risk houses in multiple occupation. Vacant properties were the subject of a separate survey, the findings of which have been reported separately.

Meeting Decent Homes Targets

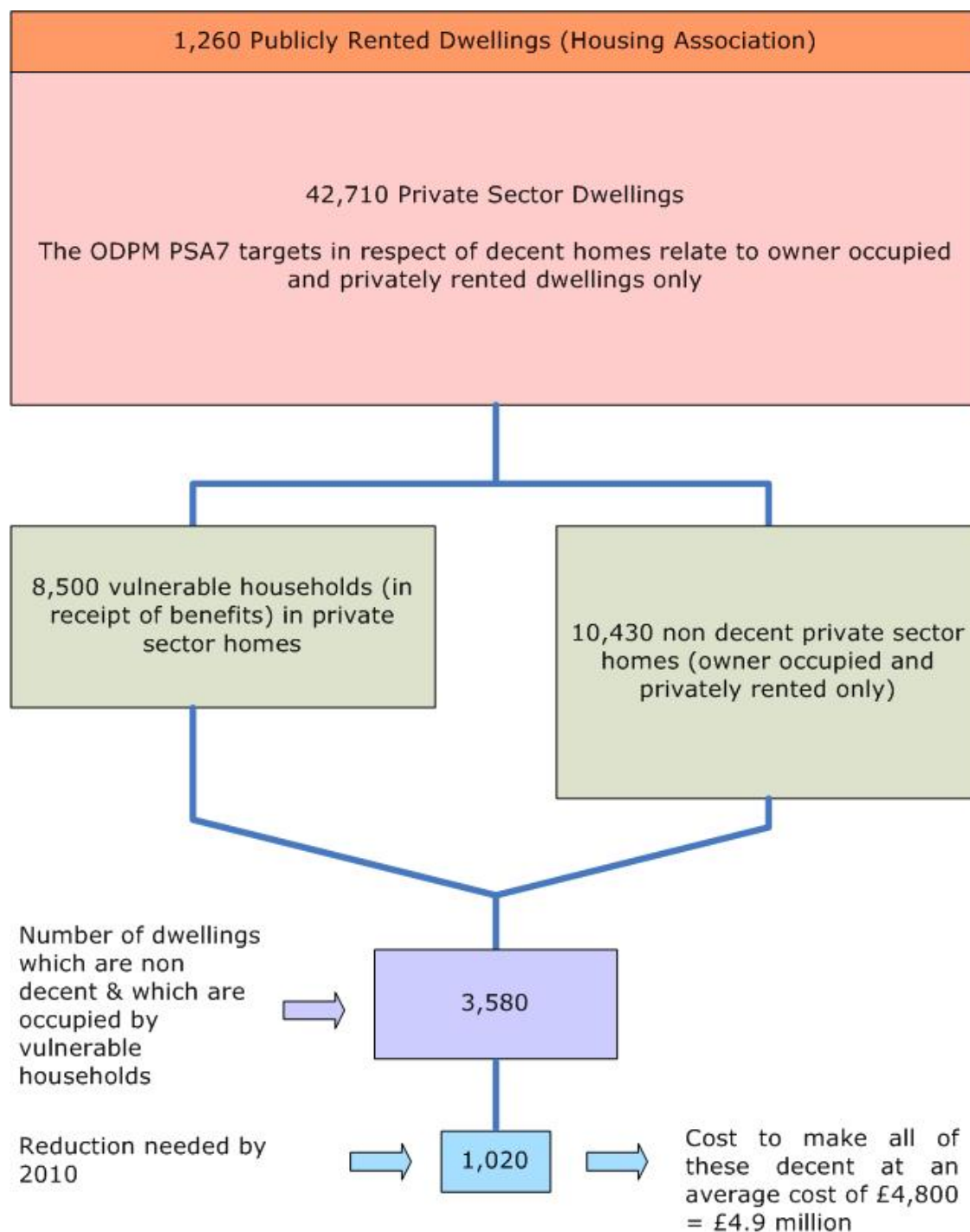
13. The Decent Homes Standard requires that a dwelling meets the following 4 criteria:

- (A) should not be unfit (or as of April 2006 not have Category 1 hazard);
- (B) should be in a reasonable state of repair;
- (C) should have adequate modern facilities (kitchens, bathrooms etc); and
- (D) should provide adequate thermal comfort (heating and insulation)

14. The detailed definition of what constitutes a failure under each of these headings is given in the main report. Overall, 10,100 dwellings (22.9%) of dwellings in Epping Forest do not meet the Decent Homes Standard using the Housing Fitness Standard for Criterion A. This compares with the national figure of 30.1%. The Epping Forest figure rises to 10,550 (24.0% which includes RSL properties) when the presence of a Category 1 hazard is used for Criterion A – this will be the standard that applies from April 2006. The diagram on the next page looks at how the Decent Homes Standard relates to the stock as a whole:

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Figure 2 Poor condition issues in proportion to the whole housing stock

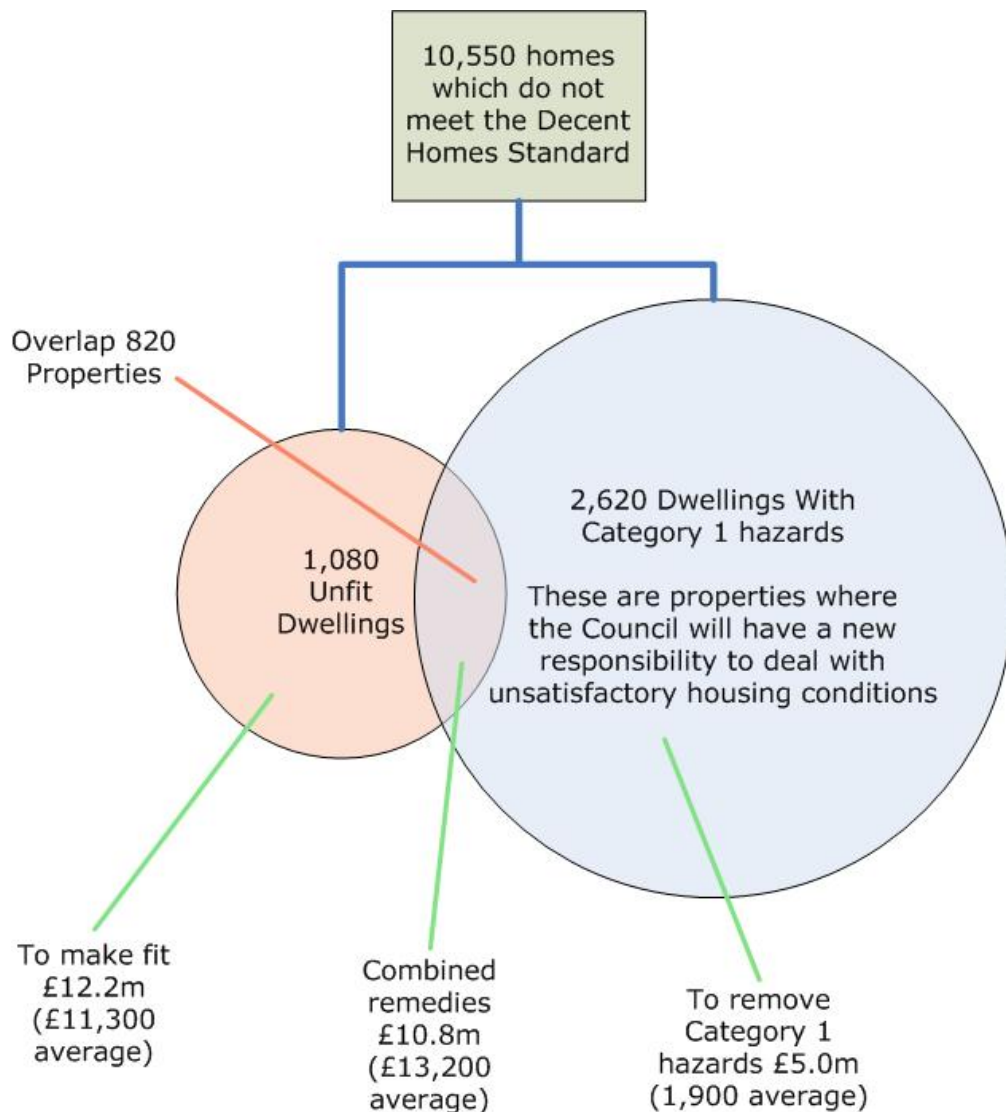


15. The above diagram shows the scale of what is required by the relative sizes of the boxes. The Public Service Agreement 7 is designed to help vulnerable people have a safe and comfortable place to live. At the moment Epping Forest falls short of the target set for the year 2010 by 1020 properties (last box on the diagram).

Unfit dwellings and the Housing Health and Safety Rating System

16. The previous section looked at non decent homes and vulnerable people because these are specific government targets for private housing. Poor housing is not only restricted to vulnerable people and another key consideration is how many dwellings present a risk to the health and safety of their occupiers. The following diagram attempts to illustrate this (the green box relates back to figure 2 above, although now also includes RSL properties):

Figure 3 Relationship between unfitness and housing hazards



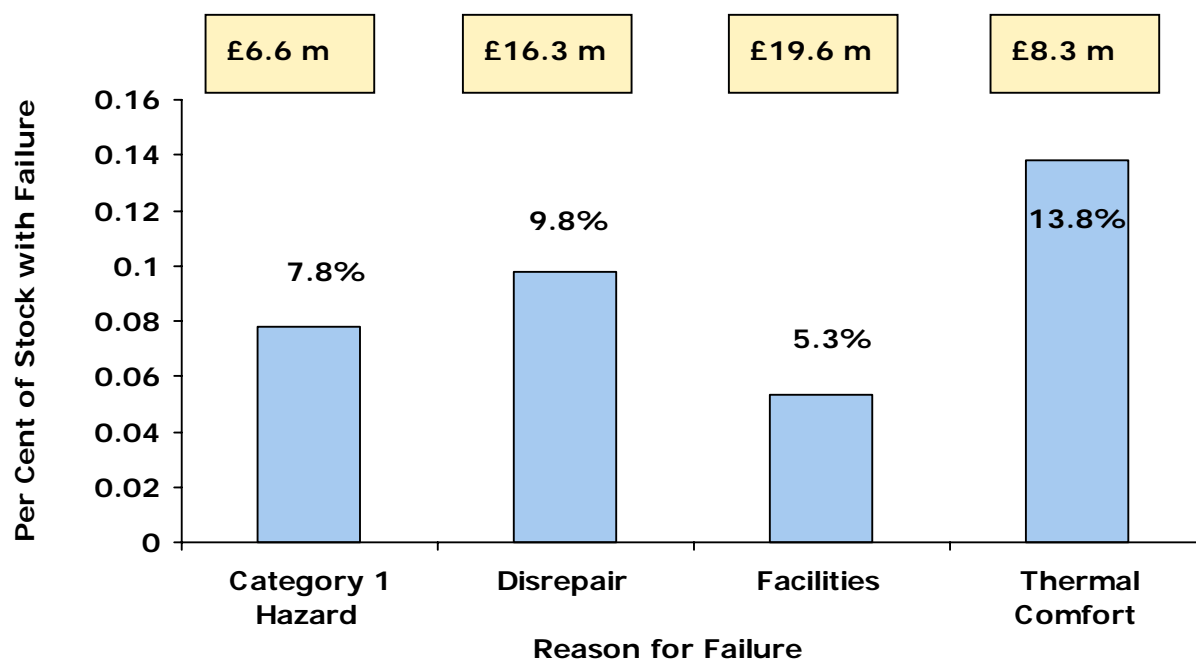
17. The overall unfit rate in Epping Forest is 4.3% (1,900 dwellings), just above the rate for dwellings in England of 4.1%. Using the new HHSRS, the overall proportion of dwellings with one or more Category 1 hazards is 7.8% (3,440). There is no national comparison for Category 1 hazards although recent house condition surveys have invariably shown a higher rate than for unfitness and preliminary findings from the 2003 English House Condition Survey indicate a national rate of 7.1%. It is important to note that there is no direct overlap between the existing fitness standard and the new HHSRS as the systems are fundamentally different in approach. In Epping Forest, 23.8% of dwellings that have Category 1 hazard also fail the fitness standard (a degree of overlap higher than is common).

18. The figures show the significance of the change the Council will be facing from April 2006, as all local authorities change emphasis from unfit dwellings to dwellings with a category 1 hazard. As the figure also shows, this will also affect the potential cost to remedy these problems.

Decent Homes and overall costs

19. Beyond the need to help vulnerable people in non decent dwellings there is the fact that all people should be able to live in decent homes. The following figure gives a breakdown of the total cost of all works needed to make homes decent (the totals from figure 3 are included under their respective categories).

Figure 4 Costs to remedy different failures under Decent Homes



NB Properties can fail on more than one criterion and can be a combination of any one or more of the above failures.

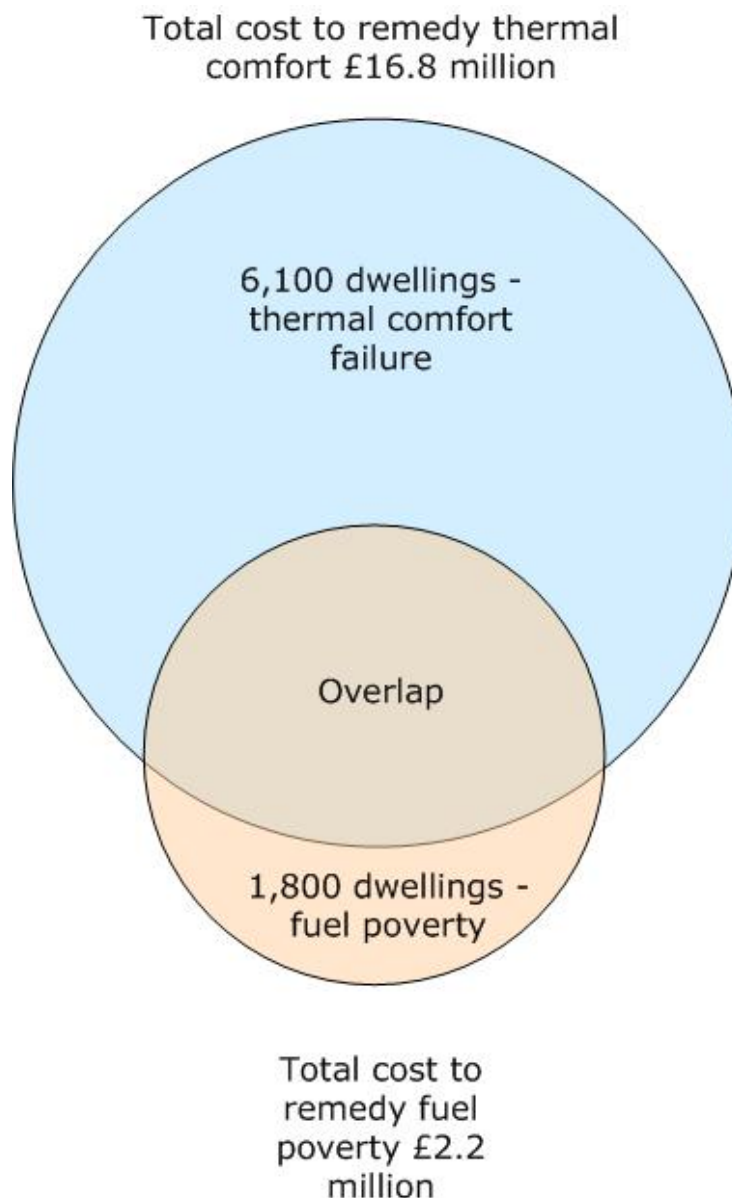
20. Some of the works included in these costs may well be carried out by owners and occupiers, but in many cases the costs will not be affordable. It is a matter for the Council to decide what form(s) of assistance should be made available to owners and occupiers who cannot carry out the works necessary to ensure their homes meet the Decent Homes Standard.

Thermal comfort and energy efficiency

21. Heating to a dwelling should be both effective and economical to use. Dwellings where this is not possible can be described as 'hard to heat' and the following diagram divides homes between those that can be heated adequately and those that are hard to heat.

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Figure 5 Issues presented by hard to heat homes

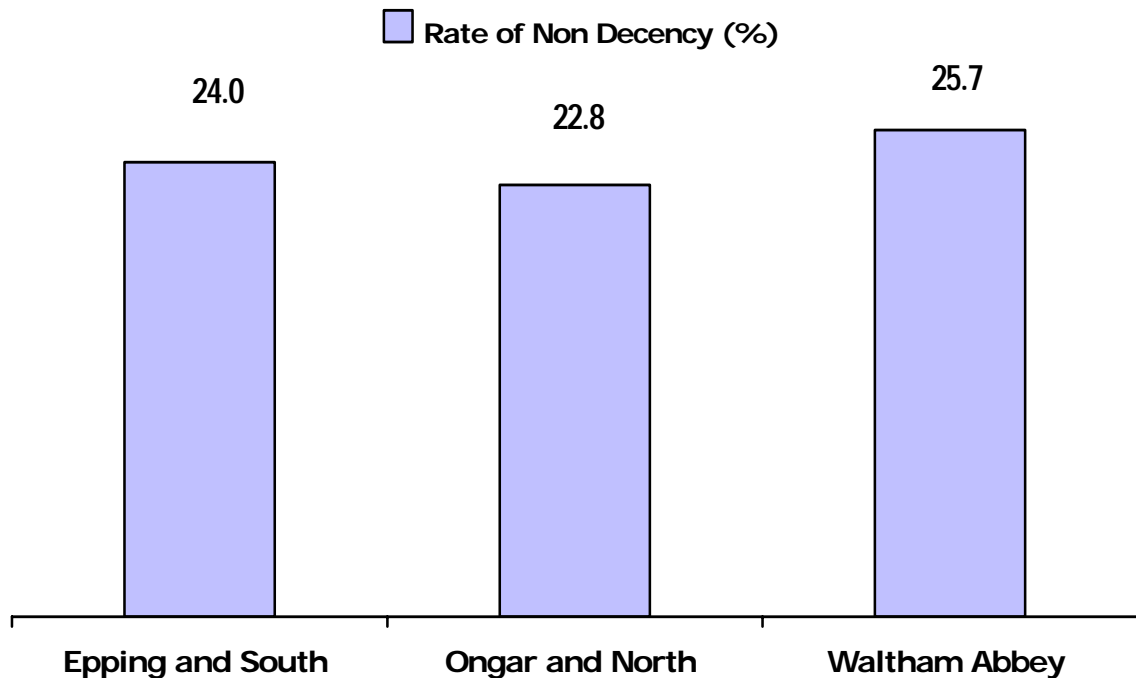


22. Those homes that are hard to heat include dwellings that fail the thermal comfort criteria of the Decent Homes Standard (discussed earlier) and households in fuel poverty. Fuel poverty occurs where the household has to spend more than 10% of its income on heating and hot water. People in fuel poverty are generally those on the lowest incomes, often older residents who are most vulnerable to cold and therefore most in need of homes that can be heated at reasonable cost. The rate in the privately rented sector is 14.8%, significantly higher than the estimated 3.2% in the owner occupied sector.

Sub Areas of the District

23. As stated earlier, for the purposes of the survey the District was split into three sub areas – Epping and South, Ongar and North and Waltham Abbey. The following chart illustrates the level of non decency (failure of the Decent Homes Standard) by area (again, the Housing Health and Safety Rating System has been used as the first criterion for the Decent Homes Standard).

Figure 6 Proportion of dwellings non-decent across each area



24. The chart shows that rates are broadly similar across the sub-areas but that Waltham Abbey has the highest rate of non decency by a small margin at 25.7%. The pattern by sub-area is not uniform when looking at unfitnes, Category 1 hazards, cost of repair; the highest rate of unfitnes is in Epping and South but the highest rates of Category 1 hazards and fuel poverty are in Waltham Abbey. The cost of repair per square metre is highest in Ongar and North, which also has an elevated rate of fuel poverty almost comparable with that in Waltham Abbey.

Key issues

25. Based on the summary above and the findings of the main report, certain key issues for private sector housing can be identified:

- **Vulnerable people living in non decent dwellings (PSA7).** Currently 58.1% of vulnerable households live in private sector homes that meet the Decent Homes Standard. This means there is a shortfall of 590 properties for the 65% target for 2006/07. The shortfall increases to 1020 for the 70% target for 2010.
- **Identification of dwellings with category 1 hazards and a new approach to improvement and enforcement,** given the very significant change in emphasis with the replacement of the Housing Fitness Standard by the Housing Health and Safety Rating System. The Council will become responsible for dealing with an additional 2,620 properties with Category 1 hazards from April 2006.
- **Continuation of energy efficiency improvement schemes** particularly in the privately rented sector.
- **Identification of and assistance to isolated rural dwellings** with housing condition issues.
- **Funding sources and appropriate alternative means of providing financial assistance** to deal with the above issues.

26. The final issue in paragraph 25 above is of particular significance in Epping Forest. The main report identifies that there are an above average number of owner-occupiers and in particular older residents within these. Affordability of repairs and maintenance may be difficult for those residents that are equity rich but cash poor, as high house prices do not necessarily imply high incomes. The introduction of systems to allow financial assistance through loans or equity release is an option that the Council may wish to consider.

27. In addition, whilst the number of privately rented properties is relatively small, in all indicators (Decent Homes Standard, unfitness, Category 1 hazards, cost of repairs and thermal comfort) results in the sector were significantly worse than with both owner occupied and housing association properties. Securing improvements in the private rented sector will require decisions about the balance between assistance and enforcement. The Housing Act 2004 imposes new duties but also gives local authorities a new range of powers to deal with unsatisfactory housing.

28. Under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 local authorities have far greater flexibility to set a local framework for financial assistance having regard to local housing conditions, needs and resources. Given the issues highlighted by the survey, funding for housing renovation will be a significant concern for the Council if the private sector housing stock of Epping Forest is to be maintained and improved and government targets met.

Key findings

29. The main findings that will need to be taken into account in the new Strategy are as follows:

- **Decent Homes**

10,100 dwellings (**22.9%** of the private sector stock) do not meet the Decent Homes Standard. This will increase to **10,550** (**24%** of the private sector stock) from April 2006 due to the change from the fitness standard to hazard rating.

The proportions of properties failing the Decent Homes Standard are highest in the privately rented sector, in converted flats and in pre-1919 properties. There are no significant differences by sub-area.

The total estimated cost of rectifying **all** the deficiencies that make a dwelling non decent (10,550 – HHSRS) is **£50.8 million** at an average cost of **£4,800** per dwelling.

- **Vulnerable households in decent homes** (from April 2006)

58.1% of vulnerable households live in decent homes. To meet the 2006/2007 target of 65%, a further **590** private sector homes occupied by vulnerable households need to be made decent and a further **1,020** such homes to meet the 2010 target of 70%.

The total estimated cost to meet the Public Service Agreement 7 target for 2006/7 is **£2.8 million** and for 2010 is **£4.9 million**.

- **Housing Fitness Standard and the Housing Health and Safety Rating System**

1,900 dwellings (**4.3%**) are unfit for human habitation (national average 4.1%). Using the new HHSRS, the overall proportion of dwellings with one or more Category 1 hazards is **7.8%** (**3,440**). There is no national comparison for Category 1 hazards although recent house condition surveys have invariably shown a higher rate than for unfitness. Early indications from the 2003 English House Condition Survey preliminary findings suggest a national rate of 7.1%.

The cost to make all unfit dwellings **just fit** is **£21.4 million** (average of £11,300 per dwelling). The total cost of comprehensive works to these dwellings (i.e. so that no work should be required within the next 10 years) would be **£35.8 million** at an average cost per dwelling of **£18,800** compared with **£10,100** nationally.

The cost to make **safe** all Category 1 hazards under the HHSRS is **£6.6 million** (average of £1,900 per dwelling).

It is very important to note that the Housing Fitness Standard and the Housing Health and Safety Rating System operate on two different principles. There is only a **23.8%** overlap between the Housing Fitness Standard and the Housing Health and Safety Rating System. This means that the **2,620** dwellings which have a Category 1 hazard but which are not currently unfit will present a significant new area of work for the Council.

- **Fuel Poverty**

There are an estimated **1,800** dwellings in fuel poverty (4.1% of the stock). Fuel poverty is strongly associated with low incomes and is also linked with benefit receipt. The rate of fuel poverty is significantly higher in both Waltham Abbey and Ongar and North compared with Epping and South.

The estimated cost of work to eradicate fuel poverty is **£2.2 million**. In practice, much of this could potentially be met from the Warm Front scheme. However, there are an estimated **430** dwellings where households are in fuel poverty but not eligible for Warm Front. The total cost to eliminate fuel poverty from these properties is estimated at **£0.6 million**.

Next steps

30. The 2005 Epping Forest House Condition Survey was carried out to conduct a review of private sector housing condition in the District and also to inform future private sector housing strategy, in particular the Private Sector Renewal Strategy, which is shortly to be redrafted. It is planned to submit the draft Private Sector Renewal Strategy to the Housing Scrutiny Standing Panel 25 July 2006.

Option for action: Not to receive the report and presentation.

Consultation undertaken: Nil

Resource/Budget implications: Nil

Personnel: Nil

Land: Nil

Community Plan/BVPP reference: Nil

Relevant Statutory powers: Housing Acts

Background papers: House Condition Survey 2005

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

Key Decision reference (if required): N/A