

Report of the Strategic Director of Place to the meeting of Environment and Waste Overview and Scrutiny Committee to be held on April 18th 2017.

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Subject:

Update on the Private Rented Sector in the Bradford district.

Summary statement:

This report provides an update for members on conditions in the Private Rented Sector in the Bradford district and the impact of legislative changes on the sector, including those in relation to energy performance certification.

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1. SUMMARY

This report provides an update for members on conditions in the Private Rented Sector in the Bradford district and the impact of legislative changes on the sector, including those in relation to energy performance certification.

2. BACKGROUND

- 2.1 As a result of a Fuel Poverty update to Scrutiny on October 25th 2016 the Strategic Director (Regeneration) was asked to provide a report to the Committee on the scale and scope of the Private Rented Housing Sector in the Bradford District and the impact of legislative changes on that sector particularly with reference to energy performance certification and enforcement.
- 2.2 Members have been clear that the provision of quality and affordable housing is a key strategic priority and recognise the importance of a good quality private rented sector in the Council's "Housing and Homelessness Strategy for Bradford District - A Place to Call Home: 2014-2019".
- 2.3 In 2015 the Council commissioned a Stock Modelling assessment of housing conditions in the district. Conducted by the Building Research Establishment, the findings indicate that:
- The importance of the private rented sector in the district has grown significantly from 11% of housing (22,200 dwellings) in 2007 to 18% of housing (39,382 dwellings) in 2015.
 - 29,645 (16%) of all dwellings have a Category 1 hazard (not including social housing)
 - 10,428 (26%) of dwellings in the private rented sector have a Category 1 hazard
 - The estimated cost of mitigating all hazards in the private rented sector is £19.8m
 - 11% (4,452) of private rented dwellings have an Energy Performance Certificate (EPC) rating below Band E
 - Fuel poverty affects 15% in the owner occupied sector, 28% in the private rented sector and 18% in social rented (10% income definition)
 - The highest concentration of all HHSRS hazards and fuel poverty are found in the wards of City, Manningham and Bowling and Barkerend.
 - The highest concentrations of the hazard of excess cold are in City, Worth Valley and Craven.
 - It is estimated that poor housing conditions are responsible for over 1,824 harmful events requiring medical treatment each year
 - The estimated cost to the NHS or treating accidents and ill health caused by the above hazards is £6.7 million/year



- 2.4 A comparison with the results from the previous Stock Condition Survey undertaken in 2007 indicates that there has been a slight improvement in property conditions but that there are still significant issues with property condition in the private sector and, in particular, the private rented sector.
- 2.5 The Housing Standards Team (HST) based within the Economy and Development service is a statutory service responsible for inspecting property in order to ensure compliance with various housing and other legislation. The service is largely reactive and particularly focuses on conditions in the private rented sector, although it does perform a number of statutory functions relating to statutory nuisance and filthy and verminous premises across all tenures.

The HST is also responsible for the administration and enforcement of the mandatory licensing scheme for Houses in Multiple Occupation (HMOs).

- 2.6 In 2015/16 the service received 1416 service requests, all of which related to housing condition, the majority of which were from the private rented sector. By the end of Quarter 2 in 2016/17 the service had seen a 37% increase in service requests compared to the number received by this point in 2015/16.
- 2.7 The main legislation enforced by the team is the Housing Act 2004. This legislation came into force in April 2006 and uses the Housing Health and Safety Rating System (HHSRS) as the prescribed method of assessing a house's condition. Under the HHSRS officers are required to ensure that each property is assessed against 29 separate hazards. Using the assessment tool hazards are categorised as either Category 1 or Category 2 hazards.
- 2.8 Under the Housing Act 2004 the Council must keep the housing conditions in their area under review and has a duty to remove Category 1 hazards where they exist.
- 2.9 The HHSRS is based on risk assessment and is not prescriptive. All 29 hazards in each property must be individually risk assessed, thus the outcome of the assessment between properties will vary.
- 2.10 Some property types pose a higher risk than others; For example in back to back properties which are common in the District (approximately 10,500) there is a higher risk of serious injury should a fire occur as there is only one way out of the house and this can be through a high risk room, such as a kitchen or living room. Also the high proportion of pre – 1919 housing in Bradford's housing stock means that the hazard of falls on stairs due to the steepness of stairs in these properties is often identified.
- 2.11 In 2015/16 the most frequently scored hazards were Fire, Damp and Mould, Excess cold, electrical hazards and falling on stairs.
- 2.12 The service works with landlords to ensure compliance with legislation. Wherever possible this is through education and encouragement but the service does use enforcement powers, in line with the Council's Enforcement Policy, where necessary.



2.13 During 2015/16:

- The HST served 736 notices requiring works to be undertaken
- Housing conditions were improved in 1330 properties
- Housing conditions were improved in 385 properties where children aged 0 - 18 years were living
- 11 prosecutions were taken for non compliance

2.14 The HST works closely with the Housing Options service and now undertakes housing inspections for the service to ensure compliance with standards as part of the new approach to provide additional housing options in the private rented sector. During 2015/16 HST carried out inspections of 88 properties in support of the Private Rented Lettings Service.

2.15 Since 2014 the service has been given the responsibility to enforce additional statutory duties including The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014 (the Order) which made it a legal requirement for all lettings agents and property managers to join a Government approved redress scheme by October 1st 2014 and the Smoke and Carbon Monoxide Alarm (England) Regulations 2015 (the Regulations) which came into force on 1 October 2015 and place a duty on landlords of rented accommodation (excluding registered providers of social housing) to ensure that:

- a smoke alarm is installed on each storey of premises where there is living accommodation
- a carbon monoxide alarm is installed in any room of a premises used as living accommodation, which contained a solid fuel burning appliance.

and for tenancies starting from 1 October 2015

- that checks are made by the landlord, or someone acting on his behalf, that the alarm(s) is/are in proper working order on the day the tenancy starts.

2.16 During 2017 further significant new statutory duties will be introduced through Regulation following the introduction of the Housing and Planning Act 2016. These will include civil penalties for non compliance with Housing Act enforcement notices, the extension of HMO licensing to additional properties and the introduction of banning orders for the most serious and prolific offenders.

2.17 All action undertaken by the Housing Standards team is taken in line with the Council's Private Sector Housing Enforcement Policy that was agreed at Executive in February 2006.



3. OTHER CONSIDERATIONS

- 3.1 In order to release capacity the HST has for some time actively encouraged tenants and owners to address issues themselves with landlords/neighbours before approaching the HST for assistance. This is not just a local issue however and the team is currently working with officers from the other West Yorkshire authorities to further develop use of a “triage” type approach.

This approach is not appropriate for all clients but if effective could free up capacity within the team to enable it to address new and proposed areas of statutory responsibility and/or to undertake further proactive inspections.

- 3.2 From the 1st April 2018 there will be a requirement for any properties rented out in the private rented sector to normally have a minimum energy performance rating of ‘E’ on an Energy Performance Certificate (EPC).

The regulations will come into force for new and renewals of tenancies with effect from 1st April 2018 and for all existing tenancies on 1st April 2020.

From the implementation date it will be against the law to rent a property that breaches the requirement for a minimum E rating, unless there is an applicable exemption. The offence will carry a civil penalty of up to £4,000.

Responsibility for enforcement of these Regulations lies with the West Yorkshire Trading Standards Service (WYTSS) rather than the Council.

Officers from the Council’s HST will work with officers at WYTSS prior to the introduction of these new requirements to determine the most effective way to make referrals etc.

- 3.3 The Department for Business, Energy and Industrial Strategy (BEIS) has recently undertaken a consultation on proposed changes to the SAP methodology used to assess domestic energy performance. The consultation finished on January 27th 2017 and the outcome will not be known until BEIS publishes its response.
- 3.4 The Green Deal Finance Company (GDFC) has recently been sold to a private company (Greenstone and Aurium) who may seek to re-introduce Green Deal Finance Plans targeted at those private landlords who need to improve their stock to meet the new legal standards for PRS properties. This would mean that private landlords could finance work required to ensure that a property meets the minimum EPC ‘E’ standard by taking out a Green Deal Finance Plan, which would be charged against the electricity bill and then paid by the tenant (or of course, future tenants).
- 3.5 Research from the Energy Saving Trust in 2013 has shown that tenants in private rented housing are the least likely to benefit from uptake of energy efficient, money saving upgrades to their homes provided by the Energy Company Obligation (ECO) scheme and various other initiatives that have operated over the past 14 years.



This has also been the experience locally where it has been difficult to get uptake from the PRS for various energy related initiatives, especially where a customer contribution is required – it is considered that this is partly because it is unclear who is the main beneficiary of the work, the tenant who benefits from lower bills or the landlord whose property is improved.

It can be difficult for private landlords to establish a business case to justify investing in stock at the lower end of the PRS market, as it tends to provide low yield rents and any energy efficiency improvements in the property are unlikely to attract a higher rent or significantly increase the potential sale value.

- 3.6 Bradford Council held a workshop for local private landlords in October 2016 to better understand the reasons for the limited participation of the PRS in the Energy Company Obligation (ECO) scheme and to work up ideas and suggestions to improve participation rates in the context of helping landlords to meet the impending regulatory standards and improve the energy efficiency of their rental properties. The workshop included speakers from the National Landlords Association and Groundwork UK were also present. Unfortunately despite extensive marketing only two private landlords attended the event.
- 3.7 The HST has recently developed a new information page on the Council's "Stay Connected" service. This will be used to provide information and updates for landlords and tenants on a range of issues including new legal responsibilities and available initiatives.
- 3.8 Officers have worked on a regional basis to develop an Energy Repayment Loan (ERL) for owner occupiers to enable them to access energy efficiency schemes. This has been developed with and will be administered by the regional Homes and Loans service hosted at Sheffield City Council. This scheme can provide:
- an interest free loan secured on the property of between £300 to £5,000 to be repaid over a period of up to 5 years
 - loans would not be expected to normally be given where the total loan to value would exceed 70% of the property's unimproved value

These loans will be administered by the Empty Homes and Loans team within the Housing Operations service.

Discussions are ongoing to determine whether a similar product aimed at landlords could be developed although funding would still need to be identified to deliver loans to this user group.

- 3.9 Officers from the ECCU team are investigating the feasibility of a pilot scheme to test delivery methodology and the potential uptake in the PRS should incentives be offered to help landlords improve the energy efficiency of their properties.

It is intended that any scheme would target PRS properties that have an EPC rating of 'F' or below and that would therefore fail the minimum standard to rent out



properties that comes into force as a result of the introduction of the new Regulations from April 2018.

Potential schemes could utilise a regionally developed loan (should it become available) to offer interest free loans to private landlords to improve their rental properties if there was demand for such an initiative and funding could be obtained both for the loans and the staff resources to administer them.

Any scheme would be for energy efficiency works only and would be delivered by the Better Homes Yorkshire Framework. The scheme could also potentially offer Green Doctor visits to tenants to ensure they know how to operate new heating systems, etc.

The delivery of any scheme targeted at rented properties would need to be implemented carefully to ensure that it could be effectively delivered alongside the Council's other housing enforcement responsibilities.

4. FINANCIAL & RESOURCE APPRAISAL

- 4.1 Additional resources will not be made available from central Government to implement the new and proposed statutory responsibilities. The Council can however retain any income generated from civil penalties that are paid as a result of its enforcement activity.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

No significant risks have been identified.

6. LEGAL APPRAISAL

- 6.1 Legal Services have provided advice on the format of notices and procedures required to implement new statutory responsibilities.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

The improvement of housing conditions in the District will have a positive impact on those groups and individuals who suffer multiple disadvantages associated with poor quality and inadequate housing.

7.2 SUSTAINABILITY IMPLICATIONS

The interventions that the Housing Standards team take to improve the quality of the private rented stock will help to create a more sustainable housing stock for the district.



The Housing service will continue to work with neighbouring Local Authorities and other regional partners to gather information and develop initiatives to tackle local and regional problems.

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

Any work done to a domestic property to remove excess cold as a hazard or to improve its energy efficiency is likely to have the effect of reducing the domestic carbon emissions of that property (in addition to reducing the household's heating bills). This will contribute to meeting the District's Greenhouse Gas Emissions targets.

7.4 COMMUNITY SAFETY IMPLICATIONS

One of the hazards assessed by officers using the Housing Health and Safety Rating system (HHSRS) relates to entry by intruders. Where the hazard of entry by intruders has been identified in a home measures to address that hazard will be included in any action taken.

7.5 HUMAN RIGHTS ACT

No implications under the Human Rights Act have been identified.

7.6 TRADE UNION

No Trade Union implications have been identified.

7.7 WARD IMPLICATIONS

Housing Standards work is largely reactive and covers the whole District. .

8. NOT FOR PUBLICATION DOCUMENTS

None.

9. OPTIONS

9.1 Option 1 – that the Committee note the report.

9.2 Option 2 – that the Committee note the report and request a further update on energy efficiency in the private rented sector in 12 months.



10. RECOMMENDATIONS

- 10.1 That the report be noted and a further update on energy efficiency in the private rented sector be requested in 12 months.

11. APPENDICES

None.

12. BACKGROUND DOCUMENTS

None.

