



---

## Report of the Director of Environment and Neighbourhoods

### Executive Board

Date: 11<sup>th</sup> June 2008

Subject: Activity in the Private Rented Sector regarding Energy Efficiency.

---

#### Electoral Wards Affected:

Ward Members consulted  
(referred to in report)

#### Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

---

## EXECUTIVE SUMMARY

The Private Rented Sector represents 13% of the total housing stock in Leeds and as such provides accommodation for a significant number of Leeds households, some of whom are amongst the most vulnerable members of society. Whilst there are many examples of good, well managed accommodation providing choice in a mixed tenure housing stock, there are also still examples of poor housing which do not represent value for money and have a detrimental impact on the health and well being of tenants.

Drawing a distinction between the older housing stock and more recently constructed accommodation, particularly in the city centre, much privately rented housing remains in poor condition. There is particular concern that the standard of energy efficiency (the SAP rating) is often poor in older housing and a significant number of private sector tenants are in fuel poverty.

This reports provides the background context of the city's private rented housing stock and sets out ways in which future strategy will contribute to improving both energy efficiency and reducing fuel poverty in the sector.

### 1.0 Purpose Of This Report

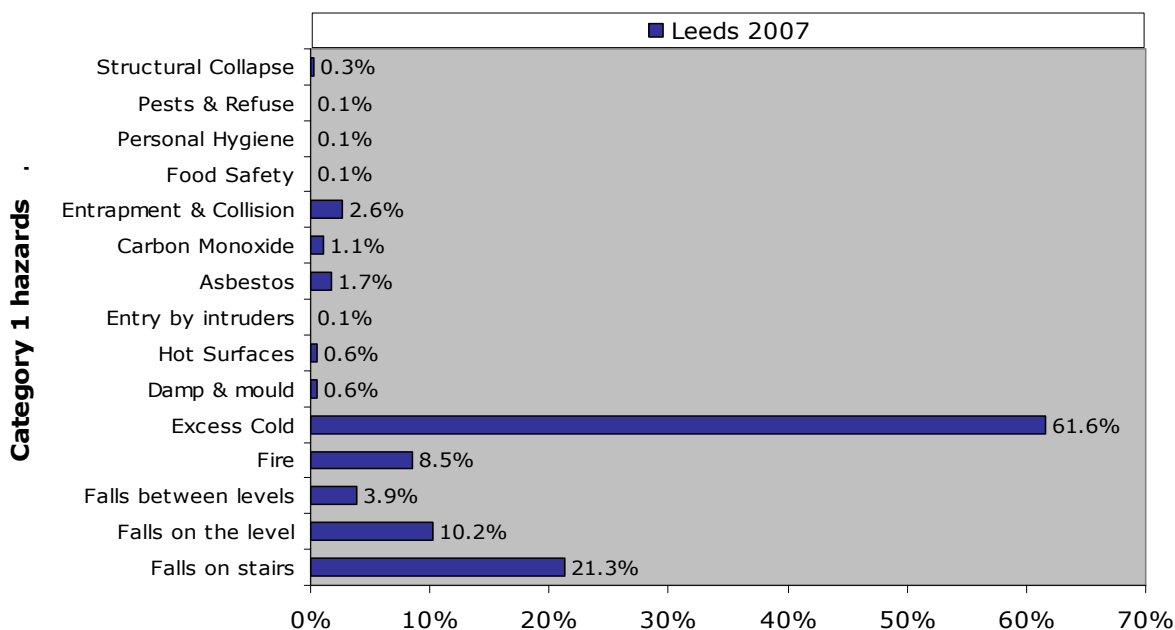
1.1 The purpose of this report is to advise the Executive Board on the current position and activity on energy efficiency measures within the private rented sector.

## 2.0 Background Information

- 2.1 The policies relevant to this subject include the Private Rented Sector Housing Strategy (2005 – 2010), the Leeds Affordable Warmth Strategy, the Home Energy Conservation Act (HECA) 11th progress report and the findings of the Leeds Private Sector House Condition Survey 2007. All of these pieces of work have identified the issue of poor energy efficiency in the Private Rented Sector as a key area for future focus. The Leeds Private Sector House Condition Survey 2007 in particular provided sound evidence to assist in informing housing strategies in general. This survey highlighted the priority areas for interventions to be the regeneration areas located in the central and inner city areas of the city and include Beeston, Cross Green and Harehills where the oldest houses are often found.
- 2.2 The introduction of the Housing, Health and Safety Rating System (HHSRS) in 2006 directs Councils to consider a range of 29 identifiable hazards within dwellings and assess the risk posed by those hazards. The most serious hazards are classed Category 1 where the Council then has a duty to take action to eliminate or significantly reduce the hazard. The presence of a category 1 hazard would result in the dwelling failing the decent homes standard.

Figure 1 below illustrates the significance of excess cold of all the statutory category one hazards within this sector :

**Figure 1 – Category 1 Hazards by reason, as % of Category 1 Hazards**



- 2.3 Recent research in Leeds suggests that 3,880 private sector dwellings need to be made decent, of which 2,730 are within the Private Rented Sector. Improving thermal comfort is a significant step in order to achieve this decency target. The intention, then, is to increase a range of activities to achieve more thermally efficient properties in the sector, to contribute effectively to the Council's targets on decency and reducing fuel poverty.
- 2.4 If the usual range of the energy efficiency improvements such as loft insulation and full central heating were carried out to all private sector dwellings considered to be in need of improvements (including owner occupied), this would involve an estimated 200,000 dwellings at a total estimated cost of £368million (an average of £1,840 per dwelling). With 13% of the total housing stock being in the Private Rented Sector, it

can be assumed that approximately 26,000 dwellings would require such improvement.

### **3.0 Legal Provisions to improve Energy Efficiency in the Private Rented Sector.**

3.1 In respect of energy consumption, the main relevant legislation is the Sustainable Energy Act 2003. This is supported by the Housing Act 2004 which provides legislative powers that allow the Authority to directly address energy efficiency in the Private Rented Sector and the main provisions are summarised below:

- The Housing Health and Safety Rating System (HHSRS) – to address poor housing conditions and eliminate category 1 hazards ( the prime issue being cold homes).
- Licensing of Houses in Multiple Occupation (HMO) – the Housing Act allows Authorities to attach reasonable conditions to licenses requiring agreed standards to be reached in certain higher risk HMO's or designated selective licensing areas.
- Home Information Packs – Requires Private Sector landlords to provide energy performance certificates detailing the thermal efficiency of the properties from October 2008.

3.2 The 2007 Leeds Housing Stock Condition Survey and Community Warmth Initiative provide additional information to enable the Authority to better target its enforcement regime. For example, since the publication of the Stock Condition Survey results in late 2007, it became possible to identify dwelling types and locations within the city that are most likely to have poor thermal efficiency.

### **4.0 Actions to date on addressing energy efficiency in the Private Rented Sector.**

4.1 Work to improve energy efficiency and the reduction of fuel poverty in this sector is not new to Leeds. Whilst much of the legal framework to secure improvement has been enforceable only relatively recently, Members will be aware of the significant financial investment in the private sector facilitated principally through the Council's Fuel Savers team.

4.2 In 2007/08, the following assistance was provided to the private rented sector:

- 392 Warm Front Grants were provided, at a total value of just over £360k.
- 1,200 households were given tailored advice for their particular properties.
- Members of the Landlords Accreditation Scheme have received information through newsletters, presentations and training on energy efficiency measures throughout 2007/08. This has included providing worked examples of suitable energy efficiency works for certain property types, to educate landlords on some of the practical detail on improvements that would have the greatest impact on improving thermal efficiency.
- A leaflet has been produced for tenants, advising of actions open to them to improve the energy efficiency rating of the property they rent, by working through their landlord.
- Landlords who refuse eligible tenants access to Warm Front grant aid are now referred directly for enforcement action, although the number needing to be referred is low in practice.

- Over 2,800 licenses have been issued for Houses in Multiple Occupation to date. All such licenses contain a condition relating to minimum standards regarding heating systems. Whilst not in itself an energy reducing measure, it will do much to remove vulnerable households from fuel poverty.
- The Council offers Home Improvement Assistance, through equity release loans to householders, a proportion of which include energy efficiency improvements. Over 1500 households have been assisted through this scheme in the two years up to April 2008.
- In addition to the long history of financial incentives to assist energy efficiency improvements, the relevant parts of the Housing Act have been enforced in Leeds since April 2006. Over 60 enforcement notices were served to require improvements to address issues associated with cold homes in the first three quarters of 2007/08.

## **5.0 Proposals for Enhanced Action**

- 5.1 An overall approach for enhanced action is intended through a refresh of the actions to deliver the Private Rented Sector Strategy. This will include the development of the Strategy to reflect new strategies such as the Leeds Affordable Warmth Strategy, the Regional Fuel Poverty Strategy and Home Energy Conservation Act Recommendations. In particular, the information and intelligence from the Leeds Housing Stock Condition Survey 2007 will facilitate targeted interventions in areas of the city where they are most needed.
- 5.2 A prerequisite for success is an effective partnership across all Directorates within the Council together with key stakeholders such as delivery agents, landlords and managing agents etc.
- 5.3 A range of initiatives have been identified and are planned, with some already underway:
- 5.3.1 Increased use of the Housing Act 2004 Housing Health & Safety Rating System aimed at addressing excess cold hazards in the Private Rented Sector. Whilst specific enforcement targets are not felt to be appropriate, enforcement activity in this area will aim to be increased by a minimum 50% on the 2007/08 baseline.
- 5.3.2 Specific proactive targeted work will be aimed at the most vulnerable dwelling types located in the worst affected wards. In addition, appropriate enforcement action will be taken against any landlord who prevents warm front grant improvements being applied to their properties.
- 5.3.3 Programmed training for all front line staff will take place to improve awareness of issues around Health Through Warmth, excess cold, Fuel Poverty and the availability of improvement schemes and grant aid for the private sector.
- 5.3.4 Enhanced working with private landlords on this subject will occur through improved information and advice via the Leeds Landlord Accreditation Scheme (LLAS) and UNIPOL. Detailed information to landlords on suitable thermal efficiency measures using the existing newsletters and forums will continue and build on that provided in 2007/08. A recognition scheme to reward landlords in the LLAS who carry out energy efficiency works to our recommended standards will be considered.

- 5.3.5 Existing partnership working with the Homelessness Advice and Prevention (HAP) team has seen the creation of new tenancies within the private rented sector. Performance measures will be developed for landlords to comply with energy efficiency standards for all such tenancies.
- 5.3.6 The health impact of group repair schemes is now being assessed with a view to extending such schemes. Although group repair schemes include only external works, thermally efficient materials and recycled products are used to reduce household energy consumption. In addition, all occupants are provided with information and advice on improving energy efficiency within the dwelling. Group repair funding, along with Health Through Warmth and Community Warmth funding currently represent the only grant aid available to landlords.
- 5.3.7 A greater influence will be brought to the various regeneration schemes across the city to promote thermal efficiency as a significant element.
- 5.3.8 The license conditions attached to HMOs will be reviewed to introduce thermal efficiency conditions when licenses are due to be renewed (in addition to the current requirements for heating systems).
- 5.3.9 The business case for selective licensing in the city has only just been submitted for approval, however specific conditions on properties within such areas will be considered and introduced where justifiable & complimentary to the selective licensing pilots.
- 5.3.10 The Empty Property Strategy will be updated to provide incentives for landlords to incorporate suitable energy efficiency measures alongside requiring them to bring the properties back into use. This action would include the promotion of initiatives including warm front grants and could be targeted at members of the Accreditation Scheme as existing partners providing good services. The incorporation of suitable covenants on properties for sale will be pursued to ensure improvements in energy efficiency on properties subject to such action.
- 5.3.11 Links will be strengthened with all key stakeholders and partners involved in service delivery. A typical example could be discussions with colleagues in Development Department regarding planning applications and the extension into energy efficient measures. An extension of the application of S.106 monies to cover enhanced thermal efficiency works will be explored with colleagues in Development. The promotion of initiatives with property developers to generate energy efficiency and sustainability savings when considering new build and affordable homes will also be considered. Complimentary to these initiatives would be the need to ensure that all such work on dwellings is effectively monitored and policed to ensure compliance with Building Control Regulations.
- 5.3.12 Initiatives such as the 5 ward initiative will see Private Rented Sector households directly contacted via a programmed mail-out of targeted information. In addition, the introduction of the requirement for Energy Performance Certificates as part of the Home Information Packs (HIPs) will be used as an opportunity to provide advice regarding energy efficiency measures in the private sector. Also, officers undertaking routine inspections of dwellings will identify households using pre paid or expensive fuel tariffs for these cases to be referred to partners to establish more efficient schemes.
- 5.3.13 Links to national and regional initiatives will be maximised. Initiatives such as the Yorkshire Landlord Day, organised by the Residential Landlords Association will

allow the opportunity to promote energy efficiency matters such as efficient boilers and insulation works with the landlords and developers.

- 5.3.14 All housing policies will seek to incorporate energy efficiency measures to remove excess cold and improve thermal efficiency. Any such schemes would then be used to demonstrate possible efficiency savings and promote good practice when undertaking renovation or improvement works.
- 5.3.15 Officers will form a steering group, including members from all key stakeholders such as the Landlord Consultative Group, Private Sector Strategy Group and Leeds Housing Partnership. The remit of the group will be to include continual monitoring of performance targets and review the progress and effectiveness of the agreed action plans listed above. This activity could be incorporated within the remit of the Fuelsavers Advisory Board, which is considered to be working well.

## **6.0 Implications For Council Policy And Governance**

- 6.1 The existing Private rented Sector Strategy already plays a significant part in contributing to the criteria set out in the Vision for Leeds strategy document and in particular the Council's Narrowing the Gap Agenda. It will continue to contribute to the Council's strategic outcomes in particular around the themes Thriving Places, Environmental Excellence and Health and Wellbeing.
- 6.2 Development and inclusion of new proposals in the Private Rented Sector Strategy and elsewhere will further enhance performance and contribute towards the eradication of fuel poverty. Furthermore, the actions to improve thermal efficiency and reduce energy consumption and CO<sub>2</sub> emissions will produce a positive contribution to the Council's Environmental Plan.

## **7.0 Legal And Resource Implications**

- 7.1 The Council has a legal responsibility to enforce a range of statutory provisions relating to housing conditions, in particular a duty to remedy Category 1 Hazards identified in houses under the provisions of the Housing Health and Safety Rating System introduced by the Housing Act 2004, which replaced the old Fitness Standard.
- 7.2 There are no obligations on the local authority to provide financial assistance to landlords to help meet the cost of complying with standards. There are however, resource implications for the Council in fulfilling its duties and seeking to achieve the targets for improving the conditions in the private sector as a whole through promotional and regulatory actions ,bearing in mind the total number of houses in the sector . The Leeds Housing Condition Survey predicts a required investment of £368m in the next 5 years to address Category 1 hazards alone in the private sector. The major proportion of these hazards relate to excess cold issues, which gives some indication of the scale of the challenges ahead.

## 8.0 **Recommendations**

- 8.1 Members of the Executive Board are asked to endorse and support the actions proposed to promote energy efficiency measures in the private rented sector (para 5.0), which build on those undertaken to date.