

Leeds
CITY COUNCIL

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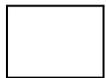
Report of : The Director of Environment and Neighbourhoods

Report to : Executive Board

Date : 5th November 2008

Subject : A Strategy for improving Leeds Private Sector Housing

Electoral Wards Affected: All



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

1. Leeds has recently concluded two important pieces of research into housing issues, which will be of considerable value in setting future strategic direction and investment plans. The Leeds Private Sector House Condition Survey provides considerable detail on the state of the owner-occupied and private rented housing stock and the key aspects to be addressed in terms of housing deficiencies. A complementary report on back-to-back housing explores what role such housing may have in future in meeting local housing demand and how it can be improved so as to be 'fit for purpose'.
2. This report summarises the current policies, action and funding arrangements to tackle problems in the sector and puts forward the proposal for meaningful discussions to be commenced with the new national body – The Homes and Communities Agency – on options for addressing the investment needs in private sector housing.

1.0 Purpose Of This Report

- 1.1 The purpose of this report is to brief Members of Executive Board on future challenges for private sector housing in Leeds and set out future investment and regeneration proposals. The report draws on the findings of recent research into back-to-back housing and the most recent Leeds Private Sector House Condition Survey. The report makes recommendations to tackle both short and long term priorities.

2.0 Background Information

- 2.1 The majority of the Leeds housing stock, approximately 77% (247,840), is privately owned, of which 64% is owner-occupied and 13% is privately rented. Much of this stock is in a reasonable condition, providing decent homes for people in vibrant neighbourhoods where they have chosen to live. However, there are also a significant number of houses in poor condition or containing serious hazards, such as excess cold and risk of falls, which can have an adverse effect on health, and significant numbers which are non-decent due to poor thermal efficiency and inefficient heating systems. There are notable distinctions which can be seen between different areas of the city, and it is no coincidence that inner urban areas with older housing and significant numbers of back-to-backs present the greater proportions of poor housing with substantial investment needs.
- 2.2 The private rented sector in Leeds is made up of a number of different markets – new build such as in the city centre, traditional student housing concentrated in North West Leeds, and traditional single and multiply-occupied older housing in inner urban areas around the city. Proportionally, this sector has the worst housing conditions, which reflects the picture nationally, and because of the numbers involved this represents a major challenge for the city in the years ahead.
- 2.3 Copies of the recent Leeds Private Sector House Condition Survey and research report – ‘The Challenge of Back-to-Back Housing’ – are available at (see heading - Background papers). A summary of the key findings, however, is contained below.

3.0 Leeds Private Sector Stock Condition Survey – Key Findings

- 3.1 There are 248,000 privately owned properties in Leeds. Clearly it was not practical or feasible to survey them all and therefore the stock condition survey used a sample of 2,200 properties drawn at random from across the City. This number provides the necessary confidence limits.
- 3.2 One of the limitations of a sample survey is that the results are only representative at a city wide level. It is not usually possible to provide information even at ward level, which means they can't be used for targeting resources on a geographical basis. However, recognising this limitation, the Building Research Establishment have developed a mathematical model based on the Census, English House Condition Survey (EHCS) and local data to predict housing conditions down to lower layer Super Output Area (SOA) level. The reported figures are estimates based on a mid point within a range or confidence interval.
- 3.3 The survey brief was developed around former Office of the Deputy Prime Minister (ODPM) best practice guidance which subsequently determined the format of the survey form. There was full external & internal inspection of the building fabric of

each property, the provision of amenities and heating systems was recorded as well as socio economic information about the household.

- 3.4 There was a special focus on back to backs, energy efficiency & the potential demand for adaptations work. Regarding the former, surveyors distributed a questionnaire exploring liveability issues in back to backs to support a bespoke piece of work commissioned from re'new.

4.0 Main Issues

- 4.1 The following are the key headlines stemming from the report:
- 4.2 There are significant numbers of private sector stock that are non decent and have Category 1 hazards (e.g. excess cold, risk of falls and fire). 34,300 or 13.8% of private sector dwellings have a category 1 hazard, whilst 81,800 or 33% fail the decent homes standard.
- 4.3 Previously under PSA7, the government set the target that 70% of vulnerable people should be living in decent homes by 2010. Authorities are still expected to demonstrate they are working to increase decency in the private sector stock, in accordance with the Department of Communities and Local Government (DCLG) Departmental Strategic Objectives. Currently in Leeds, 62.4% of vulnerable people occupy decent homes, which, whilst short of the target, does compare favourably with other large urban authorities. To achieve the PSA 7 target, another 3,880 dwellings would need to be made decent by 2010.
- 4.4 Poor thermal insulation and inefficient heating are the major cause of category 1 hazards (excess cold) and non decent properties (inadequate thermal comfort) , followed by falls and fire safety. 62.9% of dwellings (51,400) fail the decent homes standard on thermal comfort, whilst 61.6% of category 1 hazards are due to excess cold. To put this in perspective, the next most common category 1 hazard is falls (of all types) at 35.4%, followed by fire at 8.5%. All other categories of hazard and failures of the decent homes standard only occur at relatively low level.
- 4.5 The private rented sector, which comprises 41,660 dwellings and makes up 13% of the stock, is the tenure with proportionally the worse housing, although in absolute terms the greatest number of poor houses are in the owner occupied sector. Approximately 44%(18,330) of the private rented sector dwellings are non decent compared to 22% of ALMO stock and 31% (63,915) of owner occupied stock. Nationally, it is a similar picture, with 41% of the private rented sector stock being non decent, compared to 25% of owner occupied stock. One of the main reasons for this is that 56% of private rented sector stock is pre 1919 compared to 20% of owner occupied stock. Such older properties frequently have poor thermal insulation and are difficult to treat, have poor internal arrangement giving rise to fire safety hazards and increased risk of falls due to steeper stairs.
- 4.6 Geographically, the poorest housing is located in the following 3 areas: City & South Central, Burmantofts & Richmond Hill, Gipton & Harehills. It is no coincidence that these are inner urban areas with older housing and significant numbers of back to back properties.
- 4.7 There are estimated to be 31,000 private sector households with at least one person who considers themselves to be disabled or having a long term illness. The greatest demand is for stair lifts and bathroom adaptations. The total cost of providing

adaptations of all types - to all who believe they need them, is in the region of £33 million. After means testing is taken into account, meeting this demand would require council expenditure in the region of £14 million.

5.0 Back to Back Housing

- 5.1 The research on back to backs provides the first comprehensive study to be completed on this property type. The report provides detailed information on the location and condition of the properties across the city. Below is a brief summary of the key findings.
- 5.2 There are 19,500 back to back terraced homes in Leeds in a mixture of types, sizes and locations. They were predominantly built before 1919 but back to backs were built up to 1937, despite being made illegal in 1909. Back to back houses do not exist outside West Yorkshire, excepting a handful in Birmingham now owned by the National Trust.
- 5.3 Back to backs in Leeds vary in condition and popularity. The vast majority, regardless of location, however, cannot comply with the Decent Homes Standard or the Home Health and Safety Rating due to lack of thermal comfort, presence of category 1 hazards, especially lack of fire safety and disrepair. A significant number of these, also regardless of location, are occupied by vulnerable residents, especially older people.
- 5.4 The key findings of the survey in relation to back-to-back housing were as follows:
 - 5.4.1 73% of back-to-back properties in the private sector failed to meet the decent homes standard.
 - 5.4.2 45% of surveyed properties suffered from excess cold.
 - 5.4.3 36% of properties were considered to represent a high risk of occupants falling on stairs.
- 5.5 Over 12,000 (62%) of back to backs are located in inner urban areas, often with high levels of deprivation, in very high density and very poor environmental conditions. Over 40% of all back to backs are in areas that have long been regeneration target areas (Harehills, Beeston Hill, Holbeck, Cross Green and East End Park).
- 5.6 Many back to backs have been bought over recent years by speculative investors seeking to capitalise on capital growth in Leeds, while many others are also owned by long standing but low quality private landlords. With private rented housing prone to higher levels of turnover, this is adding to the 'churning' and instability in inner urban areas and the lack of a settled and cohesive community.
- 5.7 The presence of high concentrations of poor quality back to backs in a very poor environment, combined with escalating prices, has reduced demand for back to backs from the first time buyers who would be their natural purchasers.
- 5.8 Although back to backs are no longer the popular starter homes they were, there is every indication that there could be demand for back to backs if they were in better condition and in a more pleasant environment. Moreover, 38% of back to backs are in suburban or outer areas, and provide entry level housing in areas with buoyant demand. These are popular with first time buyers and starter households moving

from flats. They are also home to longstanding and older residents - some owners and some tenants.

- 5.9 Despite some of the inherent design problems, the variations in conditions mean that there can be no one single solution. The Back to Back study for the first time places Leeds in a position in which we can take a measured and long term view of the necessary interventions which are required, ranging from low cost improvements in viable areas, through significant refurbishment in others, to demolition.
- 5.10 The 12,000 inner urban back to backs need considerable investment to address hazards and risks that render them incapable of meeting the Decent Homes Standard, significantly refurbish them externally and internally and comprehensively improve the quality of the environment in which they are located. In the longer term, more radical re-modeling may be required to restore sustainable demand.
- 5.11 The 7,000 back to backs in suburban or outer areas do not need such levels of investment. Many will be improved by owners and landlords. However, financial assistance will be needed to assist low income owner occupiers to remove the hazards inherent in them.
- 5.12 The strategy estimates that over £520 million would be needed to invest in back to back housing across the city, with £382 million of that sum required to address areas where poor properties and environmental conditions are concentrated.

6.0 Action to Tackle the Challenge

- 6.1 The private housing sector enables many households to achieve a goal of owning their own home. The sector also contributes to wider economic development by providing quality, affordable housing for people who work or wish to work in the Leeds area. Specifically, the private rented sector supports labour mobility for people who may wish to work on short-term contracts, provides greater choice of housing accommodation and supports the largest overall student population in the country. There is a recognition that the challenge to address housing need within the city will significantly be met by making best use of existing housing stock.
- 6.2 In recent years, Leeds has pursued a range of initiatives to address poor conditions, combining a range of assistance packages, including advice and financial assistance based on a test of resources for home owners, and specific strategies for the private rented sector. Other related and contributory activities include the Council's 'Affordable Warmth Strategy' and, more recently, the development of affordable housing proposals.

Investment

A total amount of £24.3m, made up of Housing Market Renewal and Single Regional Housing Pot, was made available to Leeds for the period 2006-2008 via the Regional Housing Board .

- 6.3 The 2006/8 programme has facilitated the following interventions:
1. The acquisition of 153, and the demolition of 15, pre 1919 private sector homes. The majority of these properties being type 2 street lined back to back properties of a poor standard and in poor environmental surroundings. The sites once cleared of private and public sector stock will be redeveloped to provide

potentially over 200, new high quality, affordable homes in an improved external environment via the Leeds Affordable Housing Strategic Partnership.

2. The improvement of 152 Private Sector homes through group repair schemes in Beeston Hill and Burley Lodge. Group Repair schemes offer the opportunity to owners to take part in a scheme of 'enveloping' works to improve the external fabric of the building and thus extend the life of the property by 30 years.
3. The improvement of a further 1498 private sector homes via the delivery of loans and grants including, warm front grants, equity release loans, asbestos decontamination grants and the Home Maintenance Scheme, which assists elderly vulnerable home owners with small but essential works to enable them to continue to live independently. £2m was provided via loans and grants to vulnerable households for owner occupied properties to be brought up to decency

6.4 During 2008/9, work is continuing on ongoing acquisition and demolition schemes and further phases of group repair are underway in Beeston Hill and Burley Lodge. During the first two quarters of 2008/9 expenditure of £4m has achieved the following outputs:

- The acquisition of 27 privately owned properties
- The demolition of 12 privately owned properties
- The improvement of 124 private sector homes through group repair
- The improvement of 192 properties through the assistance to vulnerable households programme.

6.5 In total, in the region of 2,000 residents previously living in substandard housing were assisted in some way through proactive financial assistance and support over the last three years.

6.6 In 07/08, 800 disabled residents and their families were assisted through an investment of £8.6m made available through Disabled Facilities Grants, furthering their ability to live independently and at home. Fuel poverty and excess cold in private sector homes has been addressed locally through warm front grants to 392 households, providing over £360k in 2007/08 alone

Proposals for the next two years of the programme include:

- Phase 6 Group Repair Beeston Hill which will aim to improve the external fabric of between 40 and 50 private properties.
- Further phases of acquisition and demolition in Beeston Hill and Holbeck, resulting in the acquisition of 105 private sector homes and the demolition of 218 (including some already acquired during 2006/8).
- The commencement of Group Repair in Cross Green to improve the exterior fabric of approximately 65 private sector homes, which will complement and add value and sustainability to the new housing development on the site cleared by acquisition and demolition.

- A facelift scheme for Shepherds Lane, Harehills to give a more uniform, improved external appearance and street scene, including boundary walls/railings etc to over 250 privately owned properties.
- The continuation of a programme of assistance to vulnerable households to improve a further 830 private properties .

6.7 A further £18M is projected to support Disabled Facilities Grants, and further funding will be secured through various external funding streams such as Warm Front and the Regional Loans Scheme, making a total financial programme of approximately £45M over a 3-year period.

Support and Enforcement

6.8 To complement direct investment, the Council's Private Sector Housing Strategy advocates a mix of enforcement, assistance and collaboration. Examples of the work undertaken, together with future planned activity, are set out below.

6.9 Tailored energy efficiency advice was provided to 1,200 households and subsequent surveys showed the vast majority followed that advice and made improvements to their homes themselves. In the private rented sector, which experiences some of the worst Standard Assessment Procedure (SAP) ratings and fuel poverty levels in the city, a system is in place for the warm front contractor to notify the Council of landlords apparently blocking grant aid available to their tenants, reinforced by the introduction of a strong enforcement policy to address landlords showing any reluctance to assist tenants in this regard.

6.10 Further proactive work in the private rented sector is achieved through the Leeds Landlords Accreditation Scheme (LLAS) which requires good physical and amenity standards and good tenant / landlord relationships and management. The number of bed spaces covered by this scheme has increased significantly in the last 3 years to 16,500 through renewed efforts to promote the scheme amongst tenants and landlords alike. Accreditation schemes enjoy strong support nationally and help to drive up standards in the private rented sector. A recent health impact assessment conducted in Leeds provided compelling evidence of the added value of our scheme to tenants living in accredited properties.

6.11 An average 3,000 requests for service in the private rented sector are resolved each year. The majority of these relate to excess cold but all complaints result in full property inspections, allowing category one hazards to be eliminated in addition to remedying the original subject of the complaint.

6.12 As an example of the work undertaken to address category 1 hazards, 150 addresses have recently been discovered with bedrooms in basements where the means of escape from fire presents a real risk to tenants. Through formal and informal liaison with relevant landlords action will be taken to eliminate this hazard.

6.13 Overall targets on enforcement levels have been increased by 50% in 08/09 on previous years.

6.14 The following actions are planned in the next year. Over 2,500 Houses in Multiple Occupation (HMOs) have now been licensed. The late production of national fire safety standards is impacting on the inspection programme, however 120 of the highest priority properties will be inspected by end December. Following this phase,

the rate of inspection will be increased and will cover back to back properties, assuming the agreement of fire safety standards by then. All 1,740 HMOs identified as requiring an inspection will be completed in a four year programme, determined according to risk. The inspections of HMOs will of course eradicate all category 1 hazards from the premises inspected.

- 6.15 A final meeting with CLG will be held in November following representation by the Residential Landlord Association objecting to the introduction of selective licensing in Leeds. Dependent on the outcome of these talks and further deliberation by CLG, it is hoped that selective licensing will be introduced in Cross Green / East End Park before the end of 08/09. This will allow additional controls on ASB and housing standards and behaviour in and around 450 privately rented properties in the area.
- 6.16 The number of bed spaces covered by the Landlords Accreditation scheme will be increased to 20,000 by 2010. A managing agents and tenants referring scheme is currently under development for implementation by end 09/10. If successful, this would bring 80% of bed spaces in the private rented sector in Leeds within accreditation.

7.0 Future Strategy

- 7.1 Although the above actions and investment represent a substantial initiative by the Council, it does not meet the scale of the challenge. The Leeds Private Sector House Condition Survey estimates that the level of investment needed to bring all private housing in Leeds up to decency is approximately £250M and the level of support needed for disabled private sector residents is £14M, making a total in excess of £264M based on 2007/08 costs and current housing needs. A more ambitious programme to tackle the quality of back to back housing has been put at over half a billion.
- 7.2 The Council can be effective in tackling relatively low cost specific hazards, such as excess cold and falls but cannot provide the longer term benefits of comprehensive improvement on anything but a minor scale without significant government assistance. Clearly, there is a substantial shortfall of capital and it will be necessary to work with a wide range of partner agencies and financial providers to identify how this investment gap can be filled if the Council is to make real progress in eradicating local private sector housing problems.
- 7.3 Current Governmental priority is being given to the building of new homes, with less emphasis being placed on refurbishing existing homes in order provide more sustainable housing opportunities to meet needs and requirements. However, with the housing market downturn and the credit crunch severely restricting new development programmes, and with a large proportion of Housing Corporation funding for the next 3 years unallocated, there is a strong case to seek more public funding to finance the significant investment needed.
- 7.4 In the short to medium term it is proposed:
- i) Discussions take place immediately with the new Homes and Communities Agency. Its Chief Executive, Sir Bob Kerlake has indicated publically that the refurbishment of existing housing is as important a priority as building new homes. The Council will robustly make the case for increased public funding to support substantial refurbishment programmes for back to backs. It will be strongly argued that back to backs are a 'special case' and can contribute significantly to meeting housing growth targets by providing

sustainable housing for the small households that are expected to increase over the coming years.

- ii) The case is made to protect and increase the Single Regional Housing Pot funding for private sector housing improvement and environmental improvement to complement the refurbishment that will be continued to be controlled through Communities and Local Government Department.
- iii) The Council and its partners lobby for a substantial reduction in the rate of VAT on housing refurbishment

7.5 With increased public funding a programme of improvement should be initiated as suggested in the Strategy for Back to Back Housing. Based on assessments by Council officers of capacity to deliver both on the part of Council officers and the construction industry) the Council would seek over the next 5 years.

Viable areas,

- Access to £2.34 million of loan finance through the Regional Equity Loans scheme for vulnerable and low income homeowners among the 6,760 owners of back to backs in suburban and outer areas to remove hazards and risks from their homes.

Regeneration areas:

- £2.3 million a year to remove risks and hazards in 5,390 back to backs to make compliant with the decent homes standard
- £3.3 million a year for a programme of group repair to 1,000 homes with incentives to owners or landlords to take up loans to undertake internal improvements
- £1.2 million a year for 'Facelift' external improvement to 600 properties with incentives to owners or landlords to take up loans to undertake internal improvements for environmental improvements to benefit 120 properties

7.6 Over the following five years group repair and facelift improvements would be accelerated and property acquisition, clearance and redevelopment programme developed. A long term plan for fifteen to twenty years is required to improve and reshape parts of the city, which we would seek to elaborate with the Homes and Communities Agency.

8.0 Legal And Resource Implications

8.1 Leeds City Council, as a Local Housing Authority (LHA), has statutory duties which were introduced, renewed or amended by the Housing Act 2004. The overarching duty is for the LHA to regularly review all housing conditions and decide what subsequent action is required. This includes taking appropriate enforcement action where houses exhibit certain categories of hazard affecting health and safety, improving conditions in HMOs and licensing them where appropriate, abating overcrowding, providing assistance to improve conditions through loans and grants, ensuring empty properties are brought back into use and, if appropriate, taking area action through declaring renewal areas.

8.2 As referred to in this report, and more fully in the Leeds House Condition Survey 2007, there is a significant level of investment needed to address unsatisfactory conditions in the private sector housing stock in Leeds. Whilst much of this expenditure could reasonably be expected to be met from owners' own resources, for example through private landlords' business plans for privately rented accommodation, or from personal savings or private loan arrangements, substantial additional financial support from the public purse will also be needed to assist the most vulnerable residents with insufficient resources to address their housing problems, to enable the Council and partners to achieve their strategic ambitions.

9.0 Conclusions

9.1 The Leeds Private Sector House Condition Survey provides detailed and invaluable information on the current condition of private sector housing in Leeds, providing the evidence base to set priorities for future action and investment. The complementary report – 'The Challenge of Back-to-Back Housing' – provides a particular focus on a design form almost unique to this locality, in terms of concentration and numbers, with an unusual construction which makes them more prone to hazards such as fire, falls on the stairs and excess cold, as well as associated problems such as limited or no private external space or amenity.

9.2 Previous programmes of area renewal and investment have brought about improvements to some private houses, benefiting owner-occupiers and private tenants directly and communities generally, but the scale of activity is small in the context of unmet housing need identified in the above surveys. To make a real and lasting difference to private housing, and contribute in so doing to the wider regeneration of whole communities, will require a far greater level of focused activity and investment.

9.3 The establishment of the new national Homes and Communities Agency, and the proposals for closer alignment of relevant national and regional policies and strategies, provides an opportunity to open meaningful discussions on a way forward with a wide range of partners.

10.0 Recommendations

10.1 Members of Executive Board are asked to:

- note the findings of the report and the actions undertaken by the Council to improve the private rented sector stock;
- to call for a further report on an urgent action to tackle poor quality private housing;
- request a detailed submission to be made to the Homes and Communities Agency setting out a costed programme of investment over the next five years;
- to report back on the outcome of discussions as part of a comprehensive plan to improve private sector housing in Leeds, with a focus on back to backs.

BACKGROUND PAPERS

The Challenge of Back to Back Housing www.leadhousingpartnership.co.uk
Private Sector House Condition Survey copy available from Mark.dolman@leeds.gov.uk