

Norwich City Council
SCRUTINY COMMITTEE
ITEM 6

REPORT for meeting to be held on 30 September 2014

Private rented housing market

Summary: This scrutiny session is to consider and look at ways in which the council is able to safeguard tenants in the private rented sector in its work.

Members will be able to use this as an opportunity to gain further overview and understanding of the topic area. The committee will also receive a short presentation at the meeting on the work that is being carried out by the private sector housing team.

Conclusions: Various issues for tenants in the private rented housing sector are raised in this overview report for further discussion at the meeting. To assist the committee the Strategic housing manager and the Housing strategy officer will be at the meeting to take questions and explain the approaches that are being taken in Norwich with regard to safeguarding tenants in private sector housing.

Recommendation: Members are requested to comment and make recommendations to the officers and/or the cabinet that they think should be considered or acted upon.

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1. Key issues

- 1.1 Some of the key issues that have been highlighted by members centre on those who live in houses of multi occupancy and their health and wellbeing. Also single young people, however the experiences of other groups should also be considered.

2. National picture

- 2.1 With the current housing shortage, private renting is a growing part of the housing picture and has meant that the number of different types of landlords has also grown. This year's English Housing Survey revealed that nationally more people were private tenants than living in social housing. In Norwich the size of the private rented sector increased significantly between the Census 2001 and Census 2011 and is now not significantly smaller than the size of the broader social rented sector
- 2.2 Although voluntary accreditation schemes exist, uptake is small. However, some kind of a register of landlords is something that members have decided to consider (Council 2014 - Appendix A). This meeting is an opportunity to gain further understanding of this particular issue. **Please see appendix A to this report.**

3. Issues faced by some tenants

- 3.1 Some of the issues tenants might face include security of tenure with short term contracts not being unusual and guaranteed possession at the end of a letting period means that there may be reduced long term stability
- 3.2 The Government's official English Housing Survey (source LGIU) reveals that despite the extra cost in terms of rent, private tenants were most likely to live in the poorest quality housing with a third of homes being in poor condition, compared with one in five of owner occupied homes and 15% of social rented homes.
- 3.3 Affordability is now also an emerging issue for people. Figures from the English Housing Survey suggest that private sector rents typically take up 40% of tenants' gross income. This is compared to 20% for owner occupiers and 30% for tenants in social housing.

4. Questions for gaining an overview

- 4.2 Members may wish to ask what the figures for Norwich look like in comparison to the above national data, also:
- **How do SAP ratings of privately rented properties in Norwich compare to new build and council owned housing? (SAP stands**

for, standard assessment procedure which is the methodology used to assess and compare the energy and environmental performance of dwellings. Its purpose is to provide accurate and reliable assessments of dwelling energy performances that are needed to underpin energy and environmental policy initiatives.) See tables below (para 4.3).

- **Have we any data on the age profile regarding access to heat for those in privately rented accommodation as opposed to the owner occupier sector and those in council housing?** There has been no data released from Census 2011 that contains data for the three variables combined (tenure by age by central heating). However, data from the Census shows that:
 - a) people living in private rented housing are more likely to have no central heating (3.8% of private rented households compared with 2.3% for all other tenures); and
 - b) older people are more likely to be living in housing with no central heating than younger people (3.4% of those aged 65 and over living in housing without central heating compared with 1.7% of under 65 year olds). Older people do however make up a relatively small proportion of private renters (just 3.6% of “household reference persons” (HRP) in private rented accommodation were aged 65 plus).
- **What is the average percentage of private tenants’ gross income that is taken up by rent in Norwich?** Extract from the council’s Housing Strategy 2013-2018: In terms of affordability, the average (mean) private sector rent for a two bedroom property represents 28 per cent of gross average earnings (£27,556) for full-time workers. On a three-bedroom property, the rent accounts for 33 per cent.
- **Has the impact of local housing allowance restrictions on tenants in privately rented accommodation, meant that all those that are in need have been enabled access to the hardship fund?** The local housing allowance is set against a figure for rents based upon rental data collected by the local valuation office on an annual basis and does not look at the rent charged, only the rent eligible in which one of a number of circumstances relates to the rooms needed for the household (Please also see table below at 4.2.1). As with all housing benefit claims applications can be received for the cash limited Discretionary Housing Payments budget

4.2.1 Local Housing Allowance (LHA) - rent levels

Norwich City Council area: 1 April 2014 to 31 March 2015

Number of bedrooms	Category	Weekly amount
1 bedroom (shared accommodation)	S1	£59.09

1 bedroom (self-contained accommodation)	B1	£92.06
2 bedrooms	C2	£115.37
3 bedrooms	D3	£134.02
4 bedrooms	E4	£184.62

4.3 Energy efficiency and SAP ratings for Norwich

Under Part L of the Building Regulations, all new build dwellings must obtain a SAP rating for the dwelling to demonstrate compliance with energy performance requirements. Dwellings must achieve a 'pass' status and new dwellings must have a minimum SAP rating of C

In May 2013, DCLG released data on the energy efficiency of new homes in England, and the average energy efficiency (SAP rating) of new homes was 79.2, which is the upper end of category C.

Norwich figures

Tenure	Approximate number of properties - average SimpleSAP							
	A	B	C	D	E	F	G	Avg.
All stock	0	475	12,894	24,010	22,316	4,368	504	D (57)
Owner occupiers	0	99	3,702	10,454	12,105	2,558	236	E (54)
Private rented	0	211	3,097	4,423	5,133	1,035	157	D (57)
All social housing	0	165	6,095	9,133	5,078	775	111	D (61)
Norwich City Council stock	0	49	11,090	3,629	428	218*	5*	C (71)

*The current tenants do not want their property improved; therefore the heating system will be upgraded at tenancy turnover.

Accreditation of the private rented sector and additional licensing of HMOs

Background

1. On 18 March 2014 council resolved to¹:
 - a. acknowledge the housing strategy's commitment to "explore options for increasing the size of the private rented sector and to substantially reduce the number of hazardous, poorly managed and sub-standard privately rented homes through enforcement";
2. Council also asked cabinet to:
 - a. examine the case for using a system of accreditation and licensing as a way of setting of standards and incentivising landlords to manage their properties in an acceptable manner thereby offering the opportunity for prospective tenants to make informed choices;
 - b. continue to use enforcement paths when appropriate to act against landlords who have failed to meet acceptable standards.

Background

3. Research carried out by the Building Research Establishment (BRE) shows that approximately 14,000 (22%) of households in the city rent from a private landlord which is one of the highest levels in the east of England. Of these, 33% are likely to be on low income, 21% live in fuel poverty and 20% are experiencing conditions posing a significant threat to the health and safety of the occupants (known as a category 1 hazard).
4. Hazards include hard to heat homes, the presence of damp and mould, trip and fall hazards and a lack of fire precautions. BRE estimates that of the 3,000 or so houses in multiple occupation (HMOs) in Norwich, 25% are likely to have a category 1 hazard.

Project progress

5. A further report is due to go to Cabinet in November in which more detail and progress made will be spelt out
6. In line with Council motion it will look at how to introduce a system of property accreditation followed by the introduction of additional HMO licensing as a way of setting of standards and incentivising landlords to manage their properties in an acceptable manner thereby offering the opportunity for prospective tenants to make informed choices.
7. This approach is supported by the Department for Communities and Local Government, and key stakeholders operating within the private rental market in Norwich.

¹<http://www.norwich.gov.uk/CommitteeMeetings/Council/Document%20Library/112/MINCouncil20140318.pdf>

SUPPORTING INFORMATION

Private sector housing stock modelling 2014

Introduction

8. The council has recently commissioned Building Research Establishment Ltd (BRE) to provide information on key housing and domestic energy variables, with a focus on private sector housing.
9. The following key housing variables can be reviewed either at dwelling level, census output area, by ward, or local authority level:
 - a. Housing Health and Safety Rating System (HHSRS)² Category 1 hazards
 - b. Category 1 hazard for excess cold
 - c. Category 1 hazard for falls
 - d. Disrepair
 - e. Fuel poverty
 - f. Low income
 - g. Energy rating
 - h. Identification of Houses in Multiple Occupation (HMOs)
 - i. Tenure data
10. The stock modelling methodology provides detailed information on the likely condition of stock and the geographical distribution of properties, allowing officers to identify properties of interest for targeted work, for example energy efficiency improvements, or other forms of intervention. Further analysis of the data identifies areas where a collaborative approach may be beneficial, for example working with health partners.

Background

Housing Act 2004

11. The Housing Act 2004 places a duty on local housing authorities to review housing conditions in their districts. This is a wide ranging requirement which refers to other parts of the Act as well as other legislation. However, the requirement does not give detailed requirements of what information should be collected when an authority reviews its housing.

Government policy

12. Two chapters of the government's main housing strategy 'Laying the Foundations: A Housing Strategy for England' (2011)³ focus on the private rented sector and empty homes. It recognises the growth of the private rented sector in recent years and the need to deal with poor landlords and improve dangerous and poorly maintained homes, as well as providing financial incentives to bring long term empty properties back into use.

² Housing Health and Safety Rating System

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7532/2033676.pdf

13. The strategy also focuses on the Green Deal which enables all consumers to install energy efficiency measures at no up front cost. Householders will repay the cost of the measures through their energy bill savings.
14. From 2016 reasonable requests by tenants for such improvements will not be able to be refused and from 2018 it will be unlawful for landlords to rent out properties that do not reach a minimum standard of efficiency, subject to total cost and benefit conditions. The Department for Energy and Climate Change has indicated the minimum standard is likely to be at Energy Performance Band E⁴.

Council policy

15. The availability of the housing variables data at dwelling level will be of significant value in achieving the council's corporate priorities and the underpinning strategies identified below.
16. The council's current corporate plan (2012-15) identifies key priorities and actions to enable Norwich to be a prosperous city with decent housing for all. It specifically makes a commitment to:
 - a. help private households to improve the energy efficiency at their homes
 - b. improve the standard of private sector housing through advice, grants and enforcement.
 - c. bring empty homes back into use.
17. There are a number of other council strategies and policies that will benefit from drawing on the available data provided by stock modelling including:
 - d. Housing Strategy
 - e. Houses in Multiple Occupation Licensing Policy
 - f. Private Sector Financial Assistance Policy
 - g. Environmental Strategy
 - h. Affordable Warmth Strategy

Headline results for the private rented sector in Norwich

18. In terms of housing conditions, the differences between the tenures generally reflects the position at a national level with the private rented stock being in the poorest condition, with owner occupied stock slightly better and the social rented stock in the best condition.
19. The energy efficiency indicators suggest the private sector housing stock in Norwich to be better than the 2009 national average.
20. The house condition indicators suggest the private sector stock in Norwich is slightly worse than the 2009 national average.

⁴ <https://www.gov.uk/getting-a-green-deal-information-for-householders-and-landlords>

What does the 2011 Census tell us about people living in the private rented sector in Norwich?

Introduction

In Norwich, between the 2001 and 2011 Censuses the proportion of households who were renting their housing within the private rented sector increased from 13.3% to 21.7%. Over that period, the number of households renting privately increased by 5,800.

Almost a quarter of Norwich residents in households now live in the private rented sector. This report looks at the evidence from the 2011 Census about the characteristics of those private renters and their housing.

Household composition

The four largest categories of private renters (72% in total) are:

- One person households (aged under 65) 31.3%
- Cohabiting couple, no children 15.1%
- Shared households, no children 14.9%
- All full-time students 10.4%

Around 16% of private rented households contained dependent children (living with a married or same sex civil partnership couple, co-habiting couple or lone parent). Across all tenures, almost 22% of households include dependent children.

A further 2% of private rented households contained children who were non-dependent only.

Pensioner only households make up a notably small proportion of the sector. Just 2.9% of private renter households are made up of a single person aged 65 and over or a single family all aged over 65. This compares with 18.7% of households across all tenures.

Those aged 20-29 are more likely to rent privately, perhaps as they are unable to access mortgage finance to buy on the open market.

Ethnic group and age

Data from the Census relating tenure to the ethnicity and of the “household reference person” shows that white British residents are the only ethnic group who are “under-represented” within this tenure. 22.8% of all households were classified as private renting or living rent free, for White British households the proportion was 19.3%.

Conversely, all other ethnic groups are relatively over-represented in private sector rented properties.

Residents aged over 65 are much less likely to be living in the private rented sector. Residents in this age group are also far more likely to be White British.

Economic activity

A high proportion of residents living in the private rented sector are of working age. Looking at the economic activity of people of working age living in private rented accommodation shows that almost three quarters (74.3%) of HRPs were classified as working (as an employee or self employed). A further 9% of HRPs were full time

students who also had a job.

Only 5.1% of HRPs in the private rented sector were unemployed. This was higher than amongst owner occupiers (1.4%) but notably lower than in council rented households (12%) or other social landlords (11%).

6% of private sector tenants were full time students not working.

Average household size, number of rooms and bedrooms

The average household size for people living in private rented accommodation is 2.22, slightly above the all tenures average of 2.12.

A slightly higher proportion of private rented households have 5 or more residents (5.8%) than the average across all sectors (4.9%).

Private rented accommodation is on average smaller than housing in other tenures. The average number of rooms is 4.60 compared with 4.95 across all tenures. Similarly the average number of bedrooms is 2.37 in private rented accommodation compared with 2.52.

25.8% of private rented housing has 3 rooms or fewer compared with 17.6% of accommodation from all tenures.

59.1% of private rented households live in accommodation with 1 or 2 bedrooms compared with 46.8% of all households.

Accommodation with 5 or more bedrooms is also “over represented” within the sector making up 4.7% of households compared with 3.2% for all tenure types. However, whilst there may be more accommodation with a large number of bedrooms this is not the case for rooms of all types. 10.8% of private sector households had 7 or more rooms whereas 14.6% of all households had 7 or more rooms.

Central Heating

In 2011, private rented accommodation (3.8% of households) was more likely than other tenures to not have central heating (2.6% all tenures). About a third of all accommodation without central heating was private rented (33.3%), whereas private rentals make up 21.7% of all households.

However, this was not the case across all accommodation types with private rented “flats” being the main source. 6.5% of all flats, maisonettes or apartments in the private rented sector had no central heating. This includes purpose built flats, those in converted buildings, including bedsits, and flats in commercial buildings. More than 10% of flats, maisonettes or apartments in converted or shared houses (including bed-sits) had no central heating.

For terraced houses, owner occupiers (3.6% of households) were more likely to have no central heating than private renters (2.1%).