

Addressing the Problems of Poor Housing Conditions in the Private Sector in South-East England

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SUMMARY

Introduction

The Centre for Urban and Regional Studies was commissioned by the Regional Housing Board of the South-east region in December 2005 to undertake a study into the location, nature and extent of poor housing conditions in the private sector in order to inform decisions on resource allocations in the future.

Section 1: The location, extent and distribution of poor housing conditions

This part of the report outlines the location and distribution of poor housing conditions across the region utilising mapping techniques. Figure 1 demonstrates that the notable 'hotspots' of poor condition properties in the private sector are located in coastal towns and cities, such as Brighton and Hove, Portsmouth and Southampton. Local authorities in the east of the region also demonstrate a significant incidence of properties in poor condition including Dover, Shepway, Thanet and Swale. Problems of a smaller magnitude are found in Slough, Hastings, Reading and Oxford.

There is also a problem of houses in poor condition in the rural areas of the region. This occurs most notably in the southern and eastern parts of the region. This is shown in Figure 2.

Section 2: The nature and extent of poor housing conditions in the private sector in the South-east region

This section of the report provides a detailed analysis of the housing conditions in the region. The information is derived from the English House Condition Survey 2003 made available to us by ODPM. The main findings derived from the analysis are as follows

- The South-east region has a higher proportion of private sector dwellings than other regions in the country – this amounts to 2.981m dwellings or 17% of the national housing stock
- 29% of this stock (853,779 dwellings) fails the Decent Homes standard – a lower than average proportion (England - 30%) but a relatively high number of properties
- 28% of households are living in non decent homes (819,264 households) – the difference is accounted for by empty properties
- The South-east region has a significantly higher percentage of non decent properties in rural locations than in England as a whole (30% compared to 21%)
- The vast majority of non decent dwellings in the region failed on thermal comfort considerations (75%) and representation was disproportionately high in rural locations (32%)

- 29% of dwellings failed on the basis of poor repair – again disproportionately high in rural locations (31%)
- 82% of dwellings failing on the grounds of thermal comfort did so for reasons of poor insulation – 35% in rural locations
- 61% of dwellings failed on thermal comfort alone (32% rural)
- In terms of tenure – 19% of properties in the private rented sector failed the Decent Homes standard and since the PRS represents only 12% of the total private sector stock, this demonstrates a disproportionate problem of condition in this sector. These properties were less likely to be found in rural locations however, (75% urban)
- 36% of vulnerable households live in non decent accommodation. This implies the region still has some way to go in order to reach the PSA targets (35% by 2005 and 30% by 2010). 77% of these households were living in urban locations – 23% in rural locations
- 17% of non decent accommodation is occupied by vulnerable households.
- 33% of vulnerable households in non decent properties failed on grounds of poor repair – a higher percentage than for households living in non decent properties as a whole (see above – 29%) but a low percentage in rural areas (14%)
- 34% of vulnerable households in non decent properties lived in the PRS – a much higher proportion than the percentage of stock overall (12%)
- 74% of vulnerable households in non decent homes failed on thermal comfort criteria – the vast majority of those on insulation (76%); (14% on heating and 10% on both) – a high percentage of those failing on both were in rural areas – 46%
- Only 17% of vulnerable households living in non decent homes failed on grounds of fitness and again, this proportion was low in rural areas (20%); 12% on grounds of modernisation (24% - rural)
- Over 90% of vulnerable households in non decent homes were likely to be living in fuel poverty (ca. 129,900 households) according to the Defra definitions – these were split 76:24 between urban and rural locations.
- Over half of all vulnerable households were single people or couples over 60 years (51%) + 11% lone parents

Section 3: Financial implications of poor stock conditions

This section of the report analyses the financial implications of property condition in the private sector. It demonstrates the following indicative costs (at 2003 prices)

- Raising all private properties in the South-east to the Decent Homes standard would be approximately £6.7bn
- Improving the standard of all vulnerable households in non decent homes in the private sector would be about £1.1bn
- The indicative costs of meeting the PSA 7 targets in the region are £42.6m by 2005 and a further £289.8 by 2010 – a total of £332.4m – an average expenditure per year of £47.5m

- The indicative cost of ending fuel poverty amongst vulnerable households by 2010, around £255m
- The indicative costs of modernising and repairing the stock for vulnerable households in non decent homes is estimated at £1.051bn
- Improving 1% of the properties for households living in non decent homes will cost an average of £11m

The Section also highlights the importance of the loans agenda in seeking to increase resources available.

In view of the analysis, the report highlights a number of key challenges and opportunities for the RHB in the South-east. These include

- At 36.4% the proportion of vulnerable households in non decent homes slightly exceeds the government's PSA 7 target for 2005 and will need to be reduced to 30% by 2010. If market circumstances were to remain constant this would imply the improvement of around 42,000 dwellings
- The principal 'hotspots' of poor condition appear to be in coastal towns and cities in the south and east of the region – but there is also a significant rural dimension to the problem
- Three-quarters of properties failing the Decent Homes standard do so on the grounds of thermal comfort
- When one looks specifically at the problems of vulnerable households in non decent homes, 77% of these households are living in urban areas and over a third (34%) are in the PRS
- Over ninety per cent (92.3%) of vulnerable households in non decent homes are experiencing 'fuel poverty', but these households also experience greater problems of poor housing conditions, i.e. fitness, poor repair and the absence of modern amenities than other households living in non decent homes.

Section 4: Delivering the service – private sector housing renewal strategies

This section of the report is concerned with the private sector housing renewal strategies which local authorities are required to produce under the Regulatory Reform Order provisions of 2002. Various methodologies were employed as part of this survey, including six face-to-face interviews, desk research reviewing strategies and telephone interviews.

The survey has revealed a diverse set of strategies with some evidence of some cross boundary collaboration, but information relating to house condition is very variable and few authorities were referring to vulnerable households in non decent homes or to PSA targets.

Areas of specific coverage include finance and the use of 'housing assistance', where little progress has been made with regard to loans; preventive approaches, where there is some evidence that local authorities are responding to this agenda; energy efficiency and fuel poverty; involving most authorities in some form of partnership

working; approaches to the privately rented sector, where there also appears to be some activity; Area based policies, where there is limited experience; Empty properties initiatives, where authorities in the region are quite active and Aids and adaptations, where there appears to be a shortage of resources relative to demand.

Generally, however, the impression given is that very few strategies have adopted an imaginative approach that fully utilises the discretion now available to local authorities under the RRO to mount effective programmes of private sector housing renewal within the region.

Section 5: Conclusions

The following conclusions are made by the report

- Given the need to meet PSA 7 targets by 2010, the RHB might consider increasing the allocation of resources on a year by year basis for private sector housing renewal
- There is a need to build capacity within the region in order to make serious inroads into the problem of poor conditions in the private sector
- To deliver greater capacity there is a need for greater collaboration between local authorities in the region with a particular onus on the larger authorities
- There is a need for closer partnership working between the RHB and the EAGA Partnership in ensuring more effective collaboration between local authorities and energy efficiency installers at the local level
- In responding to the problems of poor condition in dispersed properties in rural locations there is a need for a specific initiative to encourage the development of a small number of sub-regional agencies
- There are good opportunities to bring about the introduction of a significant loans programme in the South-east region
- Three other specific recommendations are also recommended
 - more concerted efforts are needed to engage with the PRS in the region
 - there is a need to scale-up programmes which are targeted on the elderly
 - there is an opportunity to promote preventive strategies much more actively in the region
- Finally, there is a continuing need to obtain reliable data

Appendices

Further information regarding the methodology used in the mapping process and additional material, including more detailed maps, is provided in the Appendices.

INTRODUCTION

The Centre for Urban and Regional Studies at the University of Birmingham was commissioned by the Regional Housing Board (RHB) in December 2005 to undertake a short study, which would assist the RHB in the South-east of England to take informed decisions about investment in private sector housing renewal programmes. In particular, the requirements of the brief were to

- i. identify the location, nature and extent of poor housing conditions in the South-east of England
- ii. ascertain the principal reasons for poor conditions in the private sector housing stock and why properties have fallen into disrepair
- iii. review information relating to the occupancy of these dwellings in poor condition including where possible, the proportion of vulnerable households; the tenure breakdown and information about other groups residing in poor conditions
- iv. review a sample of 25 local authority private sector housing renewal strategies and identify the main ways in which local authorities in the region are tackling poor conditions in the private sector
- v. identify the likely level of investment necessary to tackle current levels of poor housing including the potential for private sector investment
- vi. make recommendations for improving the availability of data on poor house conditions in the region.

The current report presents the findings of the study and is set out in the following way.

Section 1 reports on the spatial distribution of properties in poor repair in the region using surrogate indicators. It not only provides maps of the region showing where the concentrations of property in poor condition are located, but Appendix 1 also provides more detailed maps of the major 'hotspots' in towns and cities throughout the region.

Section 2 provides a detailed analysis of regional data from the 2003 English House Condition Survey (EHCS 2003). It shows the numbers of properties failing the Decent Homes standard and the reasons for failure; it provides an analysis of the number of vulnerable households living in non decent homes as well as those living in fuel poverty.

Section 3 analyses the financial implications of these figures. It assesses the investment requirements for improving the quality of the stock, the likely levels of subsidy available, the opportunity to introduce low-cost loan finance and then concludes with an outline of the key strategic issues facing the RHB in allocating resources in the future.

Section 4 reviews the private sector strategies of a number of local authorities in the region identifying the strengths and weaknesses of these strategies and the final section of the report sets out a series of conclusions for the RHB to consider regarding the strategic allocation of resources for future private sector housing renewal programmes.

SECTION 1**THE LOCATION, EXTENT AND DISTRIBUTION OF POOR HOUSING CONDITIONS IN THE PRIVATE SECTOR STOCK IN SOUTH-EAST ENGLAND****Introduction**

- 1.1 This section of the report provides an overview of the location, extent and distribution of private sector properties in poor condition in the South-east region. One of the main challenges facing local authorities regarding the monitoring of poor condition properties in the private sector is the reliance placed on survey work to inform them of the scale and nature of the issue. Such surveys are essential to enable the formulation of policy. Owing to the numerical size of the private sector in all local authorities, however, there is an inherent dependence on stock sampling to achieve an aggregate picture within the area. Whilst such a process can provide invaluable information on the nature of the problems, the critical flaw in it is that inherent spatial information (i.e. where the properties are located) is lost. Local housing practitioners can reintroduce such information at the local authority level using 'on the patch knowledge' and intuition, however such knowledge is difficult to reproduce consistently at a regional level.
- 1.2 The key resource used for the continued monitoring of private sector stock condition at the regional and sub-regional levels are the annual Housing Investment Programme (HIP) returns that contain information on overall numbers of properties in poor condition. Updated information is usually derived from existing survey information related to the number of properties that have received funded assistance during the preceding year, although in some cases estimates may be derived from 'Ready Reckoner' calculations (taking into account property age and location within deprived areas). Again, such returns are available only at the local authority level and thus cannot begin to illustrate potential cross boundary issues (or indeed shared 'hotspots'). Methodologies such as those utilised in 'Ready Reckoner' calculations can be applied to allow the dis-aggregation of the overall numbers but not to a more localised geography.
- 1.3 Hence, in seeking to highlight areas of private sector property in poor condition in the region we have chosen to use mapping techniques using surrogate information to provide a strong visual overview of the location and extent of the problem. The detailed methodology used to provide the mapping data is provided in Appendix I.

The spatial distribution of properties in poor condition in the South-east region

- 1.4 Figure 1.1 represents locations across the South-east region where indicative levels of private sector properties in poor condition exist above the regional average level of 2 properties per 1500, defined by Census 2001 Super Output Areas (SOAs).

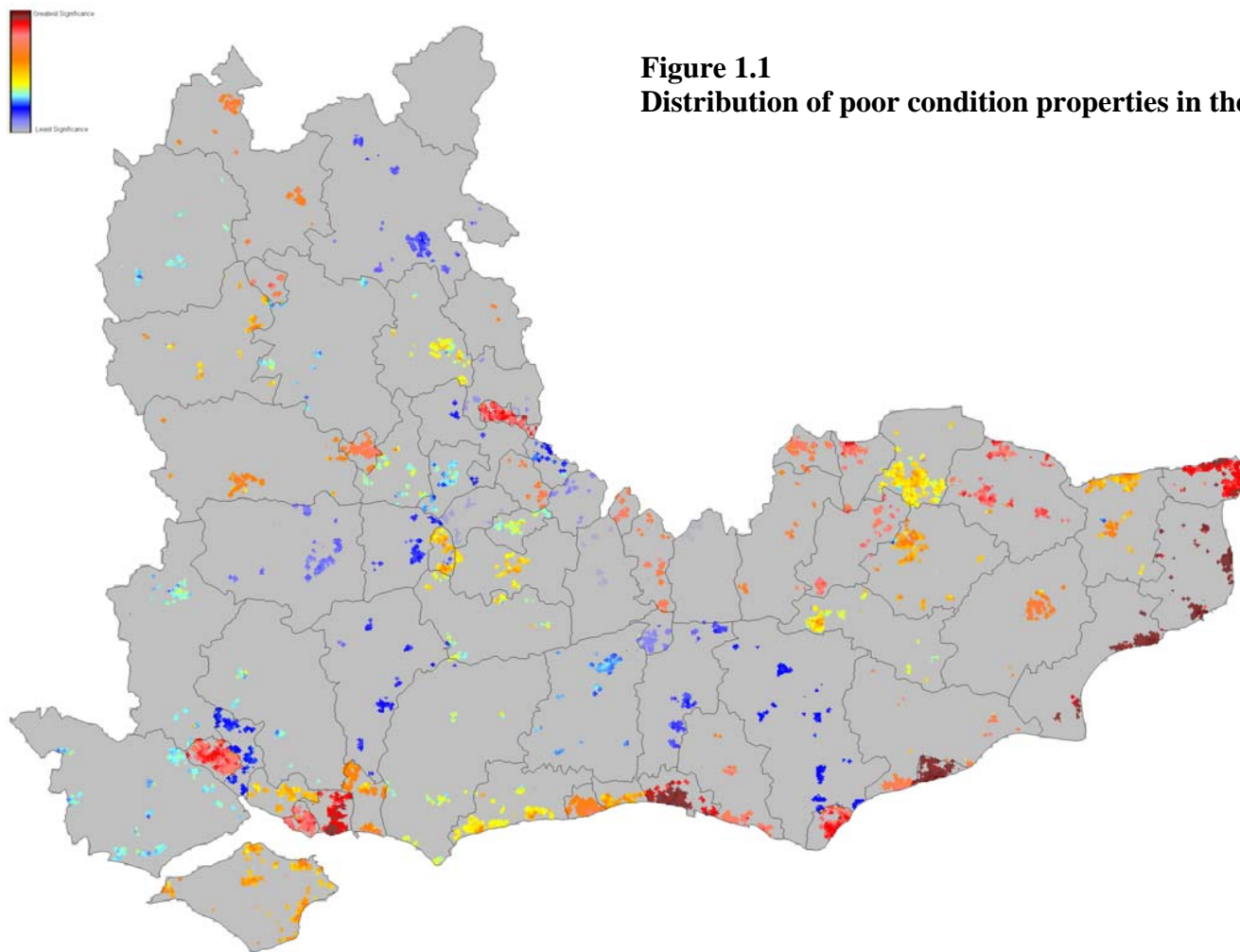


Figure 1.1
Distribution of poor condition properties in the private sector: South East Region

1.5 Local authorities that reported high levels of poor condition stock in the HIP are dominant (see also Table 1.1). Notable hotspots include Dover, Hastings, Shepway and Brighton and Hove. This in itself is not surprising, however when local authorities that return lower levels of poor stock condition are taken into consideration a subtler pattern begins to emerge, as the exercise enables the effect of localised sub-markets to be compared:

- Both Thanet and Portsmouth contain locales where poor stock condition magnitude is similar to that found in the five worst Local Authorities in the region;
- Whilst Slough returns a Local Authority value similar to Thanet and Portsmouth the overall spread of the effect is wider and of a lesser magnitude, a similar pattern is found in Southampton;
- Oxford contains pockets of poor stock condition of an equivalent magnitude to the, more widely spread, incidences found in Reading;
- Medway, Arun and Rushmoor contain noticeable hotspots within their boundaries – indicating a potential spread of property condition issues across the stock. A similar effect is found in Woking and Wycombe, all be it at a lower magnitude then compared to the regional picture

1.6 A further noticeable issue is the identified distribution of, low level, stock condition problems in the more rural Local Authorities (across the Weald and Mid Sussex for example) – an issue that appears to have an extensive geographic spread.

Table 1.1: Properties failing the fitness standard as a proportion of all properties in the private sector: principal towns and cities in the South-east region

Local Authority	Private	Private Stock	Percentage	Rank on Numbers	Rank on %
Brighton and Hove	10,200	101,614	10.0%	1	4
Portsmouth	6,400	67,104	9.5%	2	5
Dover	5,260	41,152	12.8%	3	1
Southampton	5,200	73,026	7.1%	4	10
Shepway	4,705	40,945	11.5%	5	3
Thanet	4,660	53,082	8.8%	6	6
Hastings	4,229	34,808	12.1%	7	2
Swale	3,500	48,205	7.3%	8	9
Eastbourne	2,955	38,345	7.7%	9	7
Slough	2,777	36,928	7.5%	10	8
	49,886	535,209			
<i>South-east</i>	<i>120,766</i>	<i>2,968,288</i>	<i>4.1%</i>		
Top 10 as %	41.3%	18.0%			

More detailed maps of the location of poor condition stock in the major towns and cities are provided in Appendix II.

The distribution of properties in poor condition in rural areas in the South-east region

- 1.8 Figure 1.2 seeks to highlight the distribution of properties in the more rural parts of the region. It demonstrates that there is an evident east-west axis to the distribution, although pockets of significance are also present in the extreme west (New Forest and Test Valley) and also on the Isle of Wight. Alongside this is a belt of lesser significance running north from Arun, through Chichester, Horsham and to Waverley. This said the levels of significance in the east of the region would imply that these locations are potentially more exposed to stock condition failings in the future.

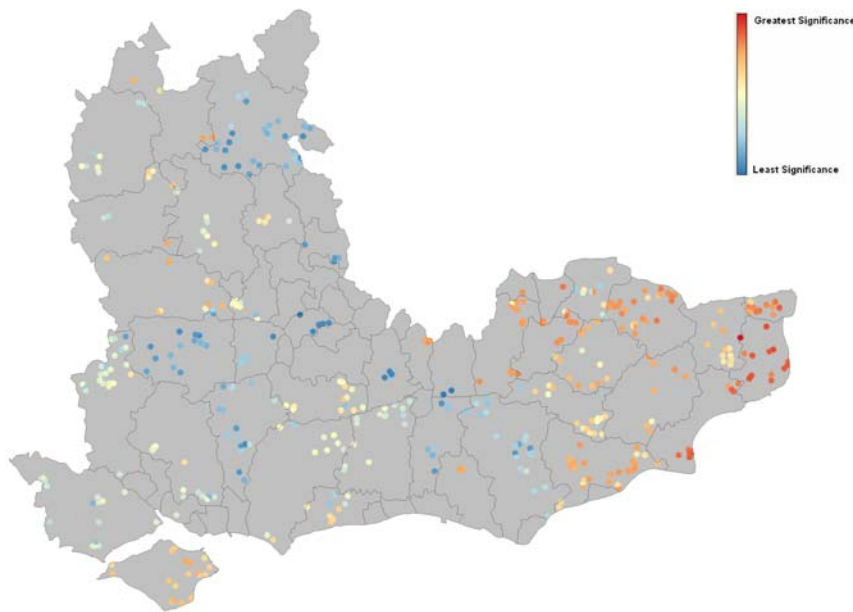


Figure 1.2: Distribution of poor condition properties in the private sector in rural locations: South East Region

- 1.9 In consideration of the groupings of local authorities that arise from this analysis an apparent hierarchy could be suggested. In the east of the region a primary area centred on the coastal districts. A secondary magnitude grouping centred around Tonbridge and Malling. Two comparable lesser magnitude groupings centred on the south coast, and a final grouping in the areas of Oxfordshire and Berkshire.
- 1.10 Whilst any form of grouping for explicit targeting of poor condition issues in rural areas will need a more evidenced analysis of the distributional effects it is apparent that the overall picture is one of high dispersal. Indeed, the information used in producing Figure 1.2 suggests that, across the whole of the South-east, the distribution of potential properties failing to meet the decent homes standard appears to be split between two-thirds in Village type environments and one-third in the more dispersed hamlets and isolated dwellings. This in itself could be taken as an indicative starting point from which to develop an appropriate strategy.

SECTION 2: THE NATURE AND EXTENT OF POOR HOUSING CONDITIONS IN THE PRIVATE SECTOR IN THE SOUTH-EAST REGION.

Introduction

2.1 This section of the report provides an analysis of poor housing conditions in the private sector stock in the South-east region. The source of this analysis was the English House Condition Survey 2003 (EHCS 2003). The analysis was undertaken prior to the release of the full ODPM report (including the technical aspects of the survey). As a result, the findings presented here may provide a subtly different range of values than those presented in the ODPM report.¹ This section provides

- a summary of the some of the key statistics emerging from the survey
- the characteristics of dwellings failing the Decent Homes standard
- a profile of all households in non decent homes
- a review of vulnerable households in non decent homes
- information relating to Houses in Multiple Occupation (HMOs), and
- the incidence of fuel poverty in the region.

A summary of key private sector statistics for the South-east region

2.2 Table 2.1 presents a summary of some of the key statistics emerging from the survey. It shows that there are 2,981,040 private sector dwellings in the South-east. This amounts to 17% of the total private sector stock in England (17,405,948 dwellings). This is a far higher proportion than any other region, where the range is from just under 5% of the country's stock in the North-east, to nearly 14% in both London and the North-west.

2.3 Of these 2.981m dwellings in the region, 853,779 fail the Decent Homes standard. This amounts to 29% of the private sector stock in the region and 5% of the national private sector stock. It compares marginally favourably with 30% of the private sector stock failing the Decent Homes standard at national level (5,256,596 dwellings). Although the proportion of non decent homes in the South-east is marginally lower than the average for the country as a whole, the numbers of properties failing the standard are high compared

¹ Whilst every effort was made to ensure the statistical robustness of the analysis, owing to the large scale of the survey and the use of weightings to ensure the findings are more representative of the national picture, some variance in the statistics has been unavoidable. Nonetheless, overall magnitudes of issues relating to stock condition will be comparable, within a reasonable level of tolerance, to the findings presented by ODPM. Within the analysis there is a difference between the total number of dwellings and the number of households. While this is to be expected because some dwellings will have been vacant, other dwellings accommodated more than one household (HMOs). There is a discrepancy of 69,929 (2%) more dwellings than households, some of which will be accounted for by vacant dwellings.

to other regions because of the high proportion of private sector houses in the South-east.

Table 2.1: Summary table - key private sector statistics in the South-east

Private sector	Totals		Totals	%
Total number of dwelling s in private sector	2,981,040	Of which not decent	853,779	28.6
Total number of households in private sector	2,911,111	Of which numbers living in non decent accommodation	819,264	28.1
Total number of non decent dwelling s occupied by all households	819,264	Of which vulnerable households	140,791	17.2%
Total number of vulnerable households	386,804	Of which those living in non decent accommodation (PSA7)	140,791	36.4%

2.4 Table 2.1 also provides information regarding households. There are 2,911,111 households in the private sector in the South-east, and 28% of these are living in non decent properties (819,264).

2.5 A key statistic as far as private sector housing renewal targets are concerned is the number of vulnerable households living in non decent homes as a proportion of all vulnerable households in the private sector. Table 2.1 shows that there are a total of 386,804 vulnerable households in the region and 140,791 of these are living in non decent homes. This amounts to 36.4% of the total.

1. Non decent dwellings in the private sector

2.6 Table 2.2 below demonstrates the non decent stock by tenure. Of 853,779 dwellings 81% is in the owner occupied sector, and the remainder (19%) is privately rented (PRS). Given that the PRS represents only 9% of the stock this implies a disproportionate problem in the rented sector. Non-decency in the PRS stock also appears greater in urban areas at around 75% than the owner occupied sector (68%).²

2.7 The table also shows that almost 70% of non decent homes in the South-east are in urban areas. This means that there is a far higher incidence of non-decency in rural areas in the South-east region than nationally (30% compared to 21%).

² It may be seen from the tables that the EHCS defines six area codes – city centre, urban, suburban residential, rural residential, village centre, and rural. To simplify the analysis throughout this section, the first three of these have been analysed as ‘urban’ and the second three as ‘rural’. A full definition of these area assessments is presented in the Glossary.

Table 2.2: Non decent private sector dwellings by tenure

Area	Tenure								
	Owner occupiers			Private rented			Total		England totals
	Count	% within each area	As % within this tenure	Count	% within each area	As % within this tenure	Count	As % within all tenure	As % within both tenures in England
City centre	16,075	71.9	2.3	6,284	28.1	3.8	22,359	2.62	3.2
Urban	122,186	72.7	17.8	45,861	27.3	27.5	168,047	19.68	27.5
Suburban residential	331,481	82.0	48.2	72,524	18.0	43.6	404,005	47.32	48.0
Rural residential	144,655	91.7	21.0	13,095	8.3	7.9	157,750	18.48	11.5
Village centre	38,727	82.5	5.6	8,240	17.5	4.9	46,967	5.50	5.1
Rural	34,190	62.6	5.0	20,461	37.4	12.3	54,651	6.40	4.7
Total	687,314	80.5	100.0	166,465	19.5	100.0	853,779	100.0	4,401,318 (100%)

Household composition

2.8 In terms of household composition according to tenure, there is remarkably little deviation in household type from overall averages (see Table 2.3 below). The exception to this, as might be expected, is amongst the category of “other multiple households”. In the PRS this accounts for 28% of the total private non decent stock, which is far higher than the average of 20%. Nearly a quarter of all private sector non decent stock is occupied by couples with dependent children - over four fifths of whom (82%) are owner occupiers.

2.9 The Table also illustrates the problem of variable figures in the Survey data. Footnote 1 above states that there is a discrepancy of nearly 70,000 dwellings as opposed to households when looking at all private sector stock, (2.98m dwellings as opposed to 2.91m households) and that this discrepancy is accounted for by vacant or multi household dwellings. Table 2.3 below, however, shows that by utilizing figures for non decent dwellings and households, (which by their nature cannot be vacant), there are 823,585 non decent private sector dwellings by household composition, (as opposed to 853,779 dwellings) which implies that only 30,194 dwellings are vacant.

Table 2.3: Non decent private sector dwelling stock by household composition.

Household composition	Tenure							
	Owner occupied			Private rented			Total	
	Count	% within type of household composition	As % within this tenure	Count	% within type of household composition	As % within this tenure	Count	Total % within both tenures
Couple, no dependent child(ren) under 60	118,290	81.4	17.9	26,964	18.6	16.7	145,254	17.6
Couple, no dependent child(ren) aged 60 or over	107,819	81.1	16.3	25,107	18.9	15.6	132,926	16.1
Couple with dependent child(ren)	162,683	82.0	24.6	35,605	18.0	22.1	198,288	24.1
Lone parent with dependent child(ren)	53,228	78.2	8.0	14,870	21.8	9.2	68,098	8.3
Other multi-person households	32,442	71.8	4.9	12,769	28.2	7.9	45,211	5.5
One person under 60	77,918	79.0	11.8	20,694	21.0	12.8	98,612	12.0
One person aged 60 or over	110,140	81.5	16.6	25,056	18.5	15.6	135,196	16.4
Total	662,520	80.4	100.0	161,065	19.6	100.0	823,585	100.0

Reasons for failing decent homes

2.10 The EHCS allows information to be analysed according to the reasons for failure of the Decent Homes standard. This information is expressed as a discrete pass or fail for the following conditions – thermal comfort, repair, fitness, modernisation³ and takes into account every single action of failure. These figures as expressed in the following tables numbered 2.4-2.7.

2.11 Three quarters of non decent homes (75%) failed on the thermal comfort criteria, nearly thirty percent (29%) on repair, just over ten percent (12%) on fitness, and just under 5% on modernisation grounds. It is interesting to note, however, that although failure is much higher overall in urban than in rural areas, there are some different geographical associations with reasons for failure. Failure on account of fitness, thermal comfort and repair are all higher than expected in rural areas when compared to the overall proportion of properties in these areas.

Dwellings failing decent homes on grounds of repair

2.12 Table 2.4 shows that there are just 2 percent points difference between those properties failing on the grounds of repair in urban areas (68%) and the total proportion of stock in urban areas (70%). But, nearly 70% of all properties within the ‘rural’ category of rural areas fail on repair grounds, which is ten times the proportion of stock in such areas.

³ For a discussion of these concepts please see the Glossary.

Table 2.4: Non decent dwellings in the private sector in the South-east stock failing on repair

Area	Failing on repair				
	Fail on repair			Total	
	Count	% within area	As % of those failing on repair	Count	Total % of all non decent dwellings in the private sector
City centre	7,092	31.7	2.8	22,359	2.6
Urban	71,625	42.6	28.5	168,047	19.7
Suburban residential	94,295	26.3	37.6	404,005	47.3
Rural residential	40,128	25.4	16.0	157,750	18.5
Village centre	16,615	35.4	6.6	319,967	37.5
Rural	21,260	68.9	8.5	54,651	6.4
Total	251,015	29.4	100.0	853,779	100.0

Dwellings failing decent homes on grounds of thermal comfort

Table 2.5: Non decent dwellings in the private sector stock in the South-east failing on thermal comfort

Area	Fail on thermal comfort				
	Fail on thermal comfort			Total	
	Count	% of area	As % of failures on thermal comfort	Count	Total % of all non decent dwellings in the private sector
City centre	15,284	68.4	2.4	22,359	2.6
Urban	116,797	69.5	18.3	168,047	19.7
Suburban residential	302,695	74.9	47.5	404,005	47.3
Rural residential	125,352	79.5	19.7	157,750	18.5
Village centre	33,352	71.0	5.2	46,967	5.5
Rural	43,725	80.0	6.9	54,651	6.4
Total	637,205	74.6	100.0	853,779	100.0

2.13 Table 2.5, above shows failure according to thermal comfort grounds. Three quarters of all private non decent dwellings fail on these grounds. Overall urban areas fare slightly better on this ground than rural areas. Within the overall designation of rural areas, properties in ‘rural residential’ and ‘rural’ areas have a high incidence of failure.

Dwellings failing decent homes on fitness grounds

2.14 Nearly twelve percent of all private sector stock fails on grounds of fitness (as shown in table 2.6 below). Overall this average is higher in urban areas (76%) than it is in rural areas and nearly 20% of ‘city centre’ dwellings fail on this ground.

Table 2.6: Non decent dwellings in the private sector stock in the South-east failing on fitness

Area	Fail on fitness				
	Fail on fitness			Total	
	Count	% of all Private non decent dwellings	As % of failures on fitness grounds	Count	Total % of all non decent dwellings in the private sector
City centre	4,135	18.5	4.1	22,359	2.6
Urban	18,709	11.1	18.6	168,047	19.7
Suburban residential	53,869	13.3	53.6	404,005	47.3
Rural residential	12,726	8.1	12.7	157,750	18.5
Village centre	2,942	6.3	2.9	46,967	5.5
Rural	8,055	14.7	8.0	54,651	6.4
Total	100,436	11.8	100.0	853,779	100.0

Dwellings failing decent homes on modernisation grounds

Table 2.7: Non decent dwellings in the private sector in the South-east stock failing because of a lack of modernisation

Area	Fail on modernisation				
	Failing modernisation grounds			Total	
	Count	% within area	As % of failures on modernisation grounds	Count	Total % of all non decent dwellings in the private sector
City centre	2,297	10.3	5.5	22,359	2.6
Urban	13,015	7.7	31.3	168,047	19.7
Suburban residential	16,902	4.2	40.6	404,005	47.3
Rural residential	4,871	3.1	11.7	157,750	18.5
Village centre	2,400	5.1	5.8	46,967	5.5
Rural	2,131	3.9	5.1	54,651	6.4
Total	41,617	4.9	100.0	853,779	100.0

2.15 Just under 5% of all private sector non decent properties fail on modernisation grounds. Again this appears to be a much more of an urban (78%) than rural phenomenon, and a tenth of all city centre properties fail on this ground.

Dwellings failing decent homes on thermal comfort grounds (includes heating, insulation, insulation and heating)

2.16 Table 2.8 (below) shows in more detail the reasons for failure as a result of thermal comfort. These can be the result of failure on the grounds of heating or insulation, or on both grounds.

Table 2.8: Non decent dwellings in the private sector in the Southeast failing on thermal comfort – various criteria

Area	Failure due to aspects of thermal comfort										
	Fails on heating			Fails on insulation			Fails on insulation and heating			Total	
	Count	% within each area	As % failing on heating	Count	% within each area	As % failing on insulation	Count	% within each area	As % failing on insulation and heating	Count	As % failing any aspect of thermal comfort.
City centre	3,369	22.0	5.3	6,513	42.6	1.2	5,402	35.3	10.9	15,284	2.4
Urban	20,230	17.3	32.1	85,261	73.0	16.3	11,306	9.7	22.8	116,797	18.3
Suburban residential	37,045	12.2	58.7	248,928	82.2	47.5	16,722	5.5	33.7	302,695	47.5
Rural residential	785	0.6	1.2	116,848	93.2	22.3	7,719	6.2	15.6	125,352	19.7
Village centre	882	2.6	1.4	30,540	91.6	5.8	1,930	5.8	3.9	33,352	5.2
Rural	770	1.8	1.2	35,403	83.3	6.9	6,552	15.0	13.2	43,725	6.9
Total	63,081	9.9	100.0	524,493	82.3	100.0	49,631	7.8	100.0	637,205	100.0

2.17 Overall, four fifths of properties (82%) failing on thermal comfort did so on grounds of inadequate insulation, 10% on heating grounds, and 8% of properties failed on both heating and insulation grounds. A striking 96% of those failing solely on the grounds of heating did so in urban areas.

Dwellings failing decent homes on all key criteria for non decency

2.18 Table 2.9 illustrates the split between those properties failing the Decent Homes standard according to thermal comfort as opposed to the other three key criteria. This shows nearly 61% of the non decent stock fails solely on thermal comfort criteria. The incidence of properties failing on grounds other than thermal comfort shows a higher tendency in urban rather than rural areas.

Table 2.9: Non decent private sector Southeast stock criteria for non-decency

Area	Decent homes fail on criterion for non decency							
	Fitness, repair or modernisation			Thermal comfort only			Total	Total % of all failures on these two counts of non decency
	Count	% failing within each area	As % failing on fitness, repair or modernisation	Count	% failing within each area	As % failing on thermal comfort grounds	Count	
City centre	11,406	51.0	3.4	10,953	49.0	2.1	22,359	2.6
Urban	88,017	52.4	26.3	80,030	47.6	15.4	168,047	19.7
Suburban residential	142,177	35.2	42.5	261,828	64.8	50.4	404,005	47.3
Rural residential	50,200	31.8	15.0	107,550	68.2	20.7	157,750	18.5
Village centre	19,330	41.2	5.8	27,637	58.8	5.3	46,967	5.5
Rural	23,549	43.1	7.0	31,102	56.9	6.0	54,651	6.4
Total	334,679	39.2	100.0	519,100	60.8	100.0	853,779	100.0

Failure on one or more criteria

- 2.19 When looking at the total number of failures as per table 2.10 below – 84% of properties failing the Decent Homes standard do so on account of one criterion only, 13% on two criteria, 3% fail on three factors, and less than 1% fail on four factors. With the exception of properties failing on two criteria, the distribution of failure between urban and rural areas, where there is an increased preponderance of failure in urban locations, does not deviate greatly from the urban and rural averages.

Table 2.10: Non decent homes in the private sector: stock failure on multiple criteria

Failure on multiple criterion		Area						Total
		City centre	Urban	Suburban residential	Rural residential	Village centre	Rural	
Fail on one criterion	Count	18,028	123,798	351,481	137,075	40,406	40,864	711,652
	% within area	80.6	73.7	87.0	86.9	86.0	74.8	83.4
	As % failing on one criterion only	2.5	17.4	49.4	19.3	5.7	5.7	100.0
Fail on two	Count	2,915	37,732	41,292	17,559	4,780	7,800	11,2078
	% within area	13.0	22.5	10.2	11.1	10.2	14.3	13.1
	As % failing on two criterion	2.6	33.7	36.8	15.7	4.3	7.0	100.0
Fail on three	Count	714	5,184	11,232	1,579	1,781	5,241	25,731
	% within area	3.2	3.1	2.8	1.0	3.8	9.6	3.0
	As % failing on three criterion	2.8	20.1	43.7	6.1	6.9	20.4	100.0
Fail on four	Count	702	1,333		1,537		746	4,318
	% within area	3.1	0.8		1.0		1.4	0.5
	As % failing on four criterion	16.3	30.9		35.6		17.3	100.0
Absolute count		22,359	168,047	404,005	157,750	46,967	54,651	853,779
Total		2.6	19.7	47.3	18.5	5.5	6.4	100.0

2. Households living in the South-east in non decent homes

- 2.20 Hitherto, the analysis has concentrated on *properties* in the South-east private sector failing the Decent Homes standard. The emphasis of government policy in private sector housing renewal however, is on *vulnerable households* living in non decent dwellings. Hence our concern turns now to *'households'* rather than dwellings.
- 2.21 Whilst there are 2,981,040 private sector dwellings in the Southeast, and 853,779 (29%) of those are not decent (see Table 2.1). There are also 2,911,111 private sector households in the South-east of which 28% are living in non decent homes (819,264).
- 2.22 As previously stated, households are calculated by discounting vacant dwellings. Table 2.11 below, shows the breakdown of tenure according to

households in non decent private sector property in the South-east by area. This shows that nearly a fifth of all households living in non decent homes are living in the private rented sector even though this sector accounts for only 12% of the private sector stock. It also shows that a disproportionate amount of that stock was located in urban areas (75%)

Table 2.11: Tenure of all households in the private sector in the Southeast living in non decent properties.

Area	Tenure							
	Owner occupied			Private rented			Total	
	Count	% within area	As % within this tenure	Count	% within area	As % within this tenure	Col %	Total % of all households
City centre	13,593	68.0	2.0	6,394	32.0	4.2	19,987	2.4
Urban	116,920	74.1	17.5	40,854	25.9	27.1	157,774	19.3
Suburban residential	322,378	83.4	48.2	64,394	16.6	42.8	386,772	47.2
Rural residential	142,791	91.5	21.	13,308	8.5%	8.8	156,099	19.1
Village centre	38,758	82.2	5.8	8,382	17.8%	5.6	47,140	5.8
Rural	34,218	66.5	5.1	17,274	33.5%	11.5	51,492	6.3
Total	668,658	81.6	100.0	150,606	18.4	100.0	819,264	100.0

3. Vulnerable households in the South-east in non decent homes

- 2.22 The EHCS also enables us to look more closely at the number of ‘vulnerable’ households. The Survey classifies vulnerable households as those in receipt of means tested or disability related benefits and a weighting is applied to discount the vacant dwellings as per Table 2.12.
- 2.23 Of the total 2.9 million private sector households in the South-east, 28% are living in non decent homes (819,264 households). Of the 2.9 million households 13% are deemed to be vulnerable (386,804). Ultimately, however, there are 140,791 households which are both vulnerable and living in non decent homes.
- 2.24 Whilst 17.2% of non decent properties are occupied by vulnerable households (140,791 out of 819,264 households), the government target is to reduce the proportion of vulnerable households as a whole occupying non decent accommodation. Hence, the critical target for the region is the proportion of all vulnerable households living in non decent accommodation, (140,791 out of 386,804 households) – currently 36.4%.
- 2.25 In analysing these households according to location a striking proportion (77%) of all vulnerable households living in non decent properties are located in urban areas.

Table 2.12: Vulnerable households in non decent homes in the private sector stock in the Southeast

Area	Vulnerable households							
	All vulnerable and non decent		All non decent homes count (and %)		Non decent homes occupied by vulnerable households	All vulnerable households (and %)		Vulnerable households in non decent homes
	Vulnerable Count (and %) by area				Vulnerable count as % of total of all non decent homes count by area	Total		Vulnerable count as % of total of all vulnerable households living in non decent homes by area
	Count A	%	Count B	%	% A/B*100	Count C	%	% A/C*100
City Centre	2,940	2.1%	19,987	2.4	14.7	10,031	2.6	29.3
Urban	48,643	34.5	157,774	19.3	30.8	82,671	21.4	58.8
Suburban Residential	57,248	40.7	386,772	47.2	14.8	208,192	53.8	27.5
Rural residential	21,962	15.6	156,099	19.1	14.1	57,648	14.9	38.1
Village centre	859	0.6	47,140	5.8	1.8	10,603	2.7	8.1
Rural	9,139	6.5	51,492	6.3	17.7	17,659	4.6	51.8
Total	140,791	100.0	819,264	100.0	17.2	386,804	100.0	36.4
					Base 140,791 out of 819,264			Base 140,791 out of 386,804

Vulnerable households failing decent homes by tenure

2.26 Moreover, when one analyses the tenure distribution of vulnerable households in non decent homes it is apparent that almost 34% (33.9%) are living in the PRS and again that a disproportionate number of these properties are located in urban areas (73%). As Table 2.13 shows, an even higher proportion of vulnerable households living in non decent homes as owner occupiers are also living in urban areas (80%).

Table 2.13: Vulnerable households by tenure in private sector non decent South-east properties.

Area	Vulnerable households by tenure							
	Owner occupied			Private rented			Total	
	Count	% within area	As % within this tenure	Count	% within area	As % within this tenure	Count	As % within both tenures
City center	2,007	68.3	2.2	933	31.7	2.0	2,940	2.1
Urban	32,332	66.5	34.7	16,311	33.5	34.2	48,643	34.5
Suburban residential	39,814	69.5	42.8	17,434	30.5	36.5	57,248	40.7
Rural residential	16,163	73.6	17.4	5,799	26.4	12.2	21,962	15.6
Village center				859	100.0	1.8	859	0.6
Rural	2,772	30.3	3.0	6,367	69.7	13.3	9,139	6.5
Total	93,088	66.1	100.0	47,703	33.9	100.0	140,791	100.0

All households in non decent homes by household composition

2.27 Table 2.14 below shows the household composition of all households living in non decent homes. Almost a third of households included one person or a couple over the age of 60 years (32%). But the single largest grouping amongst households in non decent homes was a couple with dependent child(ren) (20%). Lone parents accounted for a further 5% of households. A further notable feature of all households in non decent homes was the relative absence of households with dependent children (65%). Surprisingly the proportion of such households was higher in the owner occupied sector (66%) than it was amongst rented households (63%). Over 90% of all couples aged 60 or over and with no dependent children were owner occupiers, compared to just under 90% of couples with dependent children. The incidence of lone parents, multi person households and households with one person under 60 was higher amongst households who were renting as opposed to owning non decent homes.

Table 2.14: Household composition in non decent homes by tenure

Household composition	Tenure							
	Owner occupied			Private rented			Total	
	Count	% of households composition	As % of this tenure	Count	% of households composition	As % of this tenure	Count	Total % of all households
Couple, no dependent child(ren) under 60	129,936	81.1	19.4	30,230	18.9	20.1	160,166	19.5
Couple, no dependent child(ren) aged 60 or over	124,607	93.1	18.6	9,265	6.9	6.2	133,872	16.3
Couple with dependent (child)ren	146,115	87.9	21.9	20,128	12.1	13.4	166,243	20.3
Lone parent with dependent child(ren)	29,680	67.5	4.4	14,281	32.5	9.5	43,961	5.4
Other multi-person households	47,967	68.7	7.2	21,866	31.3	14.5	69,833	8.5
One person under 60	81,755	69.8	12.2	35,416	30.2	23.5	117,171	14.3
One person aged 60 or over	108,598	84.8	16.2	19,420	15.2	12.9	128,018	15.6
Total	668,658	81.6	100.0	150,606	18.4	100.0	819,264	100.0

Vulnerable households in non decent homes

2.28 Whilst the majority of those households in Table 2.14 were not vulnerable according to the definition of the government, (140,791) 17% of them were. Table 2.15 focuses on the household composition and tenure distribution of those households who were deemed to be vulnerable and living in non decent homes. This shows, in contrast with Table 2.14,

- A much higher proportion of elderly households (50% with one or more person over the age of 60 years), the vast majority of whom live in the owner occupied sector
- More than double the proportion of lone parent families (11% compared to 5% above), over 60% of whom live in the rented sector
- A much higher proportion of single elderly households (29%) compared to (16%), over 70% of whom live in the owner occupied sector
- A greater concentration of vulnerable households in non decent homes living in the PRS (34% compared to 18%)

Table 2.15: Vulnerable household composition in non decent homes by tenure

Household composition	Tenure							
	Owner occupied			Private rented			Total	
	Count	% of households composition	As % of this tenure	Count	% of households composition	As % of this tenure	Count	Total % of all vulnerable households
Couple, no dependent child(ren) under 60	3,081	68.7	3.3	1,403	31.3	2.9	4,484	3.2
Couple, no dependent child(ren) aged 60 or over	26,188	84.8	28.1	4,676	15.2	9.8	30,864	21.9
Couple with dependent (child)ren	14,594	65.9	15.7	7,568	34.1	15.9	22,162	15.7
Lone parent with dependent child(ren)	6,200	39.2	6.7	9,620	60.8	20.2	15,820	11.2
Other multi-person households	7,657	52.2	8.2	7,006	47.8	14.7	14,663	10.4
One person under 60	6,859	54.7	7.4	5,678	45.3	11.9	12,537	8.9
One person aged 60 or over	28,509	70.8	30.6	11,752	29.2	24.6	40,261	28.6
Total	93,088	66.1	100.0	47,703	33.9	100.0	140,791	100.0

Vulnerable Households in dwellings failing decent homes by repair

- 2.29 In a similar way to the assessments made regarding the condition of the dwelling stock failing the Decent Homes standard, the EHCS allows an analysis of the reasons why the properties of vulnerable households in non decent homes fail the standard, i.e. according to repair, thermal comfort, (including heating and insulation efficiency), modernisation criteria and fitness. The fitness criteria were replaced by an assessment of the potential hazards within the dwelling when the Housing Act 2004 became law on 6th April 2006.
- 2.30 A third of all properties in which vulnerable households were living failed the Decent Homes standard on repair grounds (as shown in Table 2.16). This was higher than the proportion for non decent homes as a whole (29%). Of the former, 86% were located in urban areas, with just 14% failing on repair in rural areas.
- 2.31 A higher proportion of vulnerable households living in privately rented homes fail on repair grounds at 41.1% than owner occupiers (28%). But 57% of all failures on the grounds of repair involving vulnerable households are in the owner occupied sector.

Table 2.16: Table showing vulnerable households living in non decent homes and failing the standard on the grounds of poor repair

Area	Vulnerable households failure decent homes on grounds of repair				
	Fail on repair			Total inc passes	
	Count	% within each area	As % failing on repair	Count	Total % of all vulnerable households
City Centre	2,940	100.0	6.4	2,940	2.1
Urban	21,676	44.6	47.4	48,643	34.5
Suburban Residential	14,604	25.5	31.9	57,248	40.7
Rural residential	2,245	10.2	4.9	21,962	15.6
Village centre				859	0.6
Rural	4,261	46.6	9.3	9,139	6.5
Total	45,726	32.5	100.0	140,791	100.0

Vulnerable households living in dwellings failing the Decent Homes standard due to thermal comfort criteria

3.32 Table 2.17 shows vulnerable households living in properties, which fail the Decent Homes, standard on thermal comfort grounds. Almost three-quarters of all vulnerable private sector households fail on these grounds, (74%). This is approximately the same proportion as for non decent homes as a whole, (75%). The properties of vulnerable households failing on these grounds are very much concentrated in urban areas, (74%).

Table 2.17: Vulnerable households failing the decent homes standard on thermal comfort criteria

Area	Vulnerable households failing decent homes on thermal comfort grounds				
	Fail on thermal comfort			Total inc passes	
	Count	% within each area	As % failing on thermal comfort	Count	Total % of all vulnerable households
City Centre	-	-	-	2,940	2.1
Urban	31,716	65.2	30.6	48,643	34.5
Suburban Residential	44,709	78.1	43.1	57,248	40.7
Rural residential	19,626	89.4	18.9	21,962	15.6
Village centre	-	-	-	859	0.6
Rural	7,683	84.1	7.4	9,139	6.5
Total	103,734	73.7	100.0	140,791	100.0

Vulnerable households in dwellings failing decent homes on grounds of fitness

- 2.33 Table 2.18 shows that 17% of the properties of vulnerable households fail on fitness criteria. Again this is a higher proportion than for non decent homes as a whole (12%). The incidence is highest in urban areas at over 80% overall.
- 2.34 Two thirds of all fitness failures are in the privately rented sector. A third of all private rented properties fail on fitness, which is far higher than just under 9% of owner occupied properties.

Table 2.18: vulnerable households failing decent homes on fitness

Area	Vulnerable households failing decent homes on the grounds of fitness				
	Fail on fitness			Total inc passes	
	Count	% within each area	As % failing on fitness	Count	Total % of all vulnerable households
City Centre	-	-	-	2,940	2.1
Urban	7,664	15.8	32.5	48,643	34.5
Suburban Residential	11,236	19.6	47.6	57,248	40.7
Rural residential	2,338	10.6	9.9	21,962	15.6
Village centre	859	100.0	3.6	859	0.6
Rural	1,496	16.4	6.3	9,139	6.5
Total	23,593	16.8	100.0	140,791	100.0

Vulnerable households in dwellings failing the Decent Homes standard on modernisation grounds

- 2.35 Nearly 12% of all the non decent properties inhabited by vulnerable households fail on modernisation criteria. This compares with just 5% for non decent homes as a whole. 76% of all the failures involving vulnerable households occur in urban areas.
- 2.36 16% of all privately rented properties fail on modernisation grounds, compared to 9% of all owner occupied properties. Of all failures, however, 53% occur in the owner occupied stock.

Table 2.19: Vulnerable households failing the Decent Homes standard on the grounds of modernisation

Area	Vulnerable households failing decent homes on the grounds of modernisation				
	Fail			Total inc passes	
	Count	% within each area	As % failing on modernisation	Count	Total % of all vulnerable households
City Centre	-	-	-	2,940	2.1
Urban	8,232	16.9	50.0	48,643	34.5
Suburban Residential	4,079	7.1	25.1	57,248	40.7
Rural residential	922	4.2	5.7	21,962	15.6
Village centre	859	100.0	5.3	859	0.6
Rural	2,144	23.5	13.2	9,139	6.5
Total	16,236	11.5	100.0	140,791	100.0

Vulnerable households living in dwellings failing the Decent Homes standard on thermal comfort grounds (includes heating, insulation, insulation and heating)

2.37 Table 2.20 shows that over three-quarters (76%) of all property failures for thermal comfort amongst vulnerable households occur as a result of problems with insulation, 14% fail due to heating problems and 10% fail due to heating and insulation problems. Failure on heating appears to be almost entirely an urban problem (95%), whereas failure on insulation involves a significant rural element (28%), as does failure on both grounds (46%).

Table 2.20: All Vulnerable households failing decent homes on thermal comfort grounds, not including passes (i.e. non failures)

Area	Vulnerable households failing decent homes due to thermal comfort grounds										
	Fails on heating			Fails on insulation			Fails on insulation and heating			Total	
	Count	% within area	As % failing on heating	Count	% within area	As % failing on insulation	Count	% within area	As % failing on insulation and heating	Count	% of all failures on thermal comfort grounds
Urban	4,967	15.7	34	23,435	73.9	29.6	3,314	10.4	33.3	31,716	30.6
Suburban residential	8,838	19.8	60.5	33,846	75.7	42.7	2,025	4.5	20.3	44,709	43.1
Rural residential	797	4.1	5.5	17,782	90.6	22.5	1,047	5.30	10.5	19,626	18.9
Rural	-	-	-	4,118	53.6	5.2	3,565	46.4	35.8	7,683	7.4
Total	14,602	14.1	100.0	79,181	76.3	100.0	9,951	9.6	100.0	103,734	100.0

2.38 Just over 70% of all failures involving the homes of vulnerable households according to the thermal comfort criteria were amongst owner occupiers. Vulnerable owner occupiers accounted for 84% of all failures on insulation grounds, 12% of heating grounds and under 4% failed on both insulation and

heating. A fifth of all privately rented properties failed on heating, over half failed on insulation and a quarter failed on both heating and insulation measures. Whilst a larger number of owner occupied properties failed on most counts, 73% of the properties failing on both heating and insulation were private rented.

Vulnerable households in dwellings failing the Decent Homes standard on key criteria.

2.39 When attributing failure in the homes of vulnerable households according to fitness, repair and modernisation as opposed to failure on thermal comfort grounds only, Table 2.21 below shows that 53% of all stock fails solely on thermal comfort criteria. These problems occur principally in urban areas (72%) although they are not evident in city centre dwellings. A much higher proportion of vulnerable households in non decent homes fail on fitness, repair or modernisation grounds (47%) than households living in non decent homes as a whole (39%). Of the former, this appears to be highly concentrated in urban areas (83%)

Table 2.21: Vulnerable households in non decent stock failing according to key criteria for non decency (fitness, repair or modernisation or thermal comfort only)

Area	Vulnerable households failing decent homes - criterion for non decency							
	Fitness, repair or modernisation			Thermal comfort only			Total	
	Count	% within area	As % failing on fitness repair or modernisation	Count	% within area	As % failing on thermal comfort only	Count	Total % of both failure types
City centre	2,940	100.0	4.4				2,940	2.1
Urban	29,401	60.4	44.4	19,242	39.6	25.8	48,643	34.5
Suburban residential	22,471	39.3	34.0	34,777	60.7	46.6	57,248	40.7
Rural residential	5,505	25.1	8.3	16,457	74.9	22.1	21,962	15.6
Village centre	859	100.0	1.3				859	0.6
Rural	4,999	54.7	7.6	4,140	45.3	5.5	9,139	6.5
Total vulnerable	66,175	47.0	21.4	74,616	53.0	14.6	140,791	17.2

Vulnerable households in dwellings failing on one or more criteria

2.40 When considering the various grounds for failure as per Table 2.22 below – almost three-quarters of failures (73%) of the homes of vulnerable households, do so on account of one criterion only, 21% on two criteria, 5% fail on three factors, and less than 2% fail on four factors.

Table 2.22: Vulnerable households in non decent homes: stock failure on multiple criteria

Failure on multiple criterion	Area							Total
	Area	City centre	Urban	Suburban residential	Rural residential	Village centre	Rural	
Fail on one criterion	Count	2,940	32,437	43,159	18,793		5,596	102,925
	% within area	100.0	66.7	75.4	85.6		61.2	73.1
	As % failing on one criterion only	2.9	31.5	41.9	18.3		5.4	100.0
Fail on two	Count		13,101	10,798	3,169	859	1,399	29,326
	% within area		26.9	18.9	14.4	100	15.3	20.8
	As % failing on two criterion		44.7	36.8	10.8	2.9	4.8	100.0
Fail on three	Count		1,771	3,291			1,386	6,448
	% within area		3.6	5.7			15.2	4.6
	As % failing on three criterion		27.0	51.0			21.5	100.0
Fail on four	Count		1,334				758	2,092
	% within area		2.7				8.3	1.5
	As % failing on four criterion		63.8				36.2	100.0
	Absolute count all vulnerable households in non decent	2,940	48,643	57,248	21,962	859	9,139	140,791
Total %		2.1	34.5	40.7	15.6	0.6	6.5	100

3. Houses in Multiple Occupation (HMOs)

HMO indicators

- 2.41 There are 819,264 households in the private sector in the South-east living in non decent homes, of those 140,791 are vulnerable. Of all private sector households in non decent homes – 92% are single-family dwellings, but just under 2% live in shared houses/flats, 6% live in self-contained converted flats, less than half of one percent live in households with lodgers and 0.2% live in bedsits (see Table 2.23).
- 2.42 When looking specifically at the accommodation of vulnerable households in non decent homes, again the majority (just over 90%) of all vulnerable people occupy single family dwellings, leaving 10% of vulnerable households occupying non single family dwellings – 7% living in self contained converted flats, 1% in shared flats/houses, and slightly more than 1% households with lodgers. HMOs appear to be almost exclusively an urban phenomenon in the South-east region.

Table 2.23: HMO indicators

HMO indicator (type of dwelling)	Vulnerable households			Total vulnerable and non vulnerable	
	Vulnerable				
	Count	% within each HMO type	As % of vulnerable households	Count	Total % of all households
Single family dwelling	127,316	16.9	90.4	754,941	92.1
Shared house/flat	1,503	10.7	1.1	14,111	1.7
Hhld with lodgers	1,824	59.1	1.3	3,087	0.4
Bedsit	-	-	-	1,681	0.2
S/c converted flat	10,148	22.3	7.2	45,444	5.5
Total	140,791	17.2	100.0	819,264	100.0

Those living in non family dwellings in HMO's

- 2.43 Those living in non family dwellings account for just 13,475 households, less than a tenth of the overall number of vulnerable households in non decent accommodation in the private sector in the South-east. 11% of these households live in shared houses/flats, 14% are households with lodgers and the remaining 75% are living in self contained converted flats.
- 2.44 Again, excluding single family dwellings - 39% of accommodation is occupied by 2 people, 32% by one person, 22% by three people and 8% by four people.
- 2.45 80% of lone parents with children live in self contained converted flats, whilst 20% live as lodgers.
- 2.46 Shared houses/flats are occupied exclusively by other multi person households.
- 2.47 Unsurprisingly, three quarters of all HMO type households are privately rented – but interestingly all couples aged 60 or over with no dependent children living in HMO type accommodation, own their property with a mortgage. (They also live in self contained converted flats accounting for 17% of all such occupants). All one person households aged 60 or more own their properties outright.
- 2.48 44% of all HMO type accommodation failed the Decent Homes standard on thermal comfort grounds, (of which 25% failed on heating and 75% failed on insulation); 42% failed on repair grounds, 32% failed on fitness and 24% failed on the ground of modernisation.
- 2.49 When looking in total at all grounds for failure of the decent homes standard, 70% failed on fitness, repair or modernisation, as opposed to 30% failing on thermal comfort only. Two thirds of HMO type accommodations failed on

one criterion only, just over a quarter failed on two grounds and 7% failed on three grounds.

- 2.50 60% of households with lodgers are vulnerable, compared to an average of 17% across all dwelling types.

4. Fuel poverty

- 2.51 A household is deemed to be in fuel poverty if it would be required to spend more than 10% of its net income on normal fuel costs, in order to maintain a satisfactory heating regime. Households are considered to be in severe fuel poverty if their fuel costs are more than 20% of their income.
- 2.52 Definitions of household income for the purposes of assessing fuel poverty are contentious, however – there is no consensus as to how household income should be defined. The debate rests around the inclusion or not of housing benefit as a determinant of income although the government favours the full income definition.
- Full income definition – includes housing benefit
 - Basic income definition – excludes housing benefit.
- 2.53 The government is committed to eradicating fuel poverty as far as possible amongst vulnerable households by 2010 and ending fuel poverty in all households by 2016. Several mechanisms are in use to support this aim – not least is the WarmFront programme of grants (administered by the EAGA Partnership on behalf of DEFRA), as well as the Energy Efficiency Commitment II (EEC II) and the Decent Homes standard. EEC II imposes energy saving targets on domestic electricity and gas suppliers. A further requirement of the programme is that 50% of energy savings should be achieved through improvements to dwellings occupied by members of a priority group (householders in receipt of a means-tested or disability-related benefit).
- 2.54 Essentially, therefore, eradicating fuel poverty is a key objective in private sector improvement programmes as demonstrated by the preceding tables and information on the reasons for failing decent homes. Improving thermal comfort and insulation measures are both key issues in the eradication of fuel poverty alongside income maximisation.
- 2.55 An analysis of the EHCS 2003 indicates there are 1.2 million households in England living in fuel poverty, and of those 1 million households are vulnerable. The EHCS identifies fuel poverty by both the basic income definition, as well as the full income definition.

Fuel poverty – full income definition

- 2.56 When looking at the full income definition (Table 2.24), 10% of all households in non decent homes are in fuel poverty. Of those in fuel poverty – some 48% occur within the urban areas, and roughly 52% in the rural areas.

Table 2.24: All private sector households in non decent accommodation in fuel poverty (full income definition)

Area	Fuel poverty -full income definition			Total of all households	
	In FP - full income definition			Count	Total % of all households
	Count	Row %	Col %		
City centre				19,987	2.4
Urban	14,192	9.0	17.4	157,774	19.3
Suburban residential	25,220	6.5	30.8	386,772	47.2
Rural residential	22,497	14.4	27.5	156,099	19.1
Village centre	2,550	5.4	3.1	47,140	5.8
Rural	17,309	33.6	21.2	51,492	6.3
Total	81,768	10.0	100.0	819,264	100.0

2.57 Table 2.25 indicates that nearly a third (31%) of all vulnerable households in non decent homes are experiencing fuel poverty. Again there is a broad split between urban (57%) and rural areas (43%). Interestingly, 5% of non-vulnerable households in all non decent property in the private sector are also experiencing fuel poverty.

Table 2.25: Vulnerable households in non decent accommodation in fuel poverty (full income definition)

Area	Fuel poverty flag - full income definition			Total of all vulnerable households	
	In FP - full income definition			Count	Total % of all vulnerable households
	Count	Row %	Col %		
City centre				2,940	2.1
Urban	10,191	21.0	23.0	48,643	34.5
Suburban residential	14,928	26.1	33.7	57,248	40.7
Rural residential	12,867	58.6	29.1	21,962	15.6
Village centre				859	0.6
Rural	6,264	68.5	14.2	9,139	6.5
Total	44,250	31.4	100.0	140,791	100.0

Vulnerable households in non decent homes living in fuel poverty

2.58 The EHCS as previously stated is used to analyse the number of households in non decent homes in the Southeast region, weighted by household. The vulnerable flag - fuel poverty program definition, is the definition applied by DEFRA/DTI, which picks up any households with an older or younger occupant, which could potentially be at risk. It does not correspond to the Warmfront definition for vulnerable households in fuel poverty, nor does it equate to the government's definition of 'vulnerable households'. It is a proxy indicator for those households likely to be experiencing fuel poverty on account of their age. Due to the household weighting being applied, the figures supplied for vulnerability do not include vacant households, therefore

the totals for private sector stock in the South-east are as follows – 819,264 of which 67% are classified as potentially vulnerable to fuel poverty – see below Table 2.26.

Table 2.26: All non decent dwellings likely to accommodate a household vulnerable to fuel poverty according to the fuel poverty program definition (DTI/DEFRA)

Area	Vulnerable flag - fuel poverty program definition			Total of all households	
	In vulnerable group			Count	Total % of all households
	Count	Row %	Col %		
City centre	16,197	81.0	3.0	19,987	2.4
Urban	90,062	57.1	16.5	157,774	19.3
Suburban residential	255,219	66.0	46.6	386,772	47.2
Rural residential	115,247	73.8	21.1	156,099	19.1
Village centre	34,550	73.3	6.3	47,140	5.8
Rural	36,140	70.2	6.6	51,492	6.3
Total	547,415	66.8	100.0	819,264	100.0

2.59 Table 2.26 shows that two thirds of all households in non decent dwellings are classed as vulnerable according to the DEFRA/DTI definition where households contain either elderly or younger children. It shows a potential two-thirds and one-third split between urban and rural areas.

2.60 Applying the same methodology to those classed as vulnerable by virtue of being in receipt of means tested or disability related benefits, and utilising the vulnerable (DEFRA/DTI definition), we may see in Table 2.27 that over 90% of vulnerable households living in non decent homes are classed as being in fuel poverty according to this variable. Over three-quarters of these households (76%) are located in urban areas

Table 2.27: The proportion of vulnerable households living in non decent private sector dwellings likely to be experiencing fuel poverty according to the fuel poverty programme definition (DTI/DEFRA)

Area	Vulnerable flag - fuel poverty program definition			Total of all vulnerable households	
	In vulnerable group			Count	Total % of all vulnerable households
	Count	Row %	Col %		
City centre	2,940	100.0	2.3	2,940	2.1
Urban	44,175	90.8	34.0	48,643	34.5
Suburban residential	51,588	90.1	39.7	57,248	40.7
Rural residential	21,962	100.0	16.9	21,962	15.6
Village centre	859	100.0	0.7	859	0.6
Rural	8,408	92.0	6.5	9,139	6.5
Total	129,932	92.3	100.0	140,791	100.0

SECTION 3: PRIVATE SECTOR HOUSE CONDITION IN THE SOUTH-EAST OF ENGLAND – FINANCIAL IMPLICATIONS

Introduction

3.1 This section of the report has four objectives

- (i) to translate the previous profile of stock condition in the private sector into indicative repair and improvement costs over the foreseeable future
- (ii) to estimate the potential costs associated with government targets – the proportion of all vulnerable households in non decent homes in the region in 2003 was 36.4%. This was slightly higher than the standard set by the government in its Decent Homes Target Implementation Plan (ODPM, 2003) for 35% by 2005 and 30% by 2010. Estimates will also be provided of the level of investment necessary to reduce the proportion of vulnerable households in non decent homes by 1 per cent per annum and of the investment necessary to eliminate fuel poverty amongst vulnerable households by 2010
- (iii) to estimate current levels of public sector resources being invested in private sector housing renewal in the region and given the modest levels of investment relative to the scale of the problem, to consider the implications of the loans agenda for the region
- (iv) to suggest ways in which the regional allocation of resources may be used most effectively to redress the problems of stock condition in the private sector

Identifying investment needs for the repair and improvement of the private sector stock

3.2 Attempting an assessment of the likely costs associated with improving the private sector stock in the South-east region is to provide a snapshot of likely current costs within a dynamic market environment. These costs are likely to change as houses deteriorate, as local economies change and also for demographic reasons. Hence they are an indication only of the likely future costs of making good. Four estimates of indicative costs are set out below

- (i) the likely current costs of bringing all non decent homes in the private sector in the region up to standard
- (ii) the likely costs of bringing all vulnerable households in non decent homes up to standard, and
- (iii) the likely costs of meeting the government's PSA 7 targets for the South-east region
- (iv) the likely costs of eradicating fuel poverty amongst vulnerable households by 2010

3.3 In order to undertake these estimates two approaches will be used. Firstly, the average costs for undertaking repairs and improvements to make properties decent were published recently in the EHCS report for 2003, (Market

conditions, Table C iii, p33). These costs will be aggregated to illustrate the likely future costs of improving properties to the Decent Homes standard.

- 3.4 As we go to press with this report the form of assessment of property condition is changing from the use of the Fitness Standard to the new Housing, Health and Safety Rating System (HHSRS). This is not a simple pass/fail mechanism and there is now no longer an obligation on a local authority to require works to be undertaken to the entire property as there was in order to comply with the Fitness Standard. The implication of the introduction of the HHSRS, however, is that the way local authorities will respond to the building implications of the new legislation is currently uncertain. In order to identify how local authorities in the region are responding, however, and to ascertain the financial implications of this, the second method of identifying costs will be to work with the average costs of work and rates of assistance provided by three of the largest local authorities in the region over the last financial year (2004/'05).

Indicative costs of improving private sector homes in the South-east: Method I

- 3.5 According to the EHCS 2003, the average cost of improving an owner occupied house to the decent homes standard was estimated at £7,560 and for a private rented property £9115 (See Table C iii, p 33). The EHCS 2003 identified 687,314 non decent owner occupied dwellings in the South-east and 166,465 non decent private rented dwellings. Hence, the overall indicative cost of improving private sector dwellings in the South-east to comply with the Decent Homes standard at that time was £6.7bn (£5.2bn + £1.5bn). Relative to levels of housing assistance available through local authorities this appears a daunting figure, but, as ODPM argues, this is a market-led programme in which the vast majority of resources are expected to be invested by owners. Moreover, the government's commitment under PSA 7 targets is to encourage local authorities to provide assistance to vulnerable households living in non decent homes. The total number of vulnerable households living in a non decent home in the region in 2003 was 140,791. This amounted to a proportion of 36.4%, slightly above the government's target of 35% by 2005 and 30% by 2010. According to EHCS 2003 the average cost of repairing/improving the circumstances of a vulnerable household in a non decent home in the private sector was £7,870. Thus the overall indicative cost of improving the homes of all vulnerable households in non decent homes in the private sector was £1.1bn.
- 3.6 In order to comply with PSA 7 targets the proportion of vulnerable households living in non decent homes as a proportion of all vulnerable households should be reduced to 35% by 2005 and 30% by 2010. Using 2003 figures this implies improving the properties of an additional 5,410 households living in non decent homes by 2005 and a further 36,827 properties by 2010. The indicative costs of meeting these targets imply successfully targeted expenditure of £42.6m by 2005 and a further £289.8m by 2010 – a total of £332.4m.
- 3.7 The costs of repairing/improving individual homes for vulnerable households in non decent homes varied dramatically, however, according to whether the

property failed the decent homes standard on the basis of one or more criteria. In terms of overall costs the 2003 Survey differentiates between those properties failing on the grounds of thermal comfort alone and those failing for other reasons. The figures given are the average costs for 2003

(i) those failing on the grounds of thermal comfort only £1,964

(ii) those failing on the grounds of fitness, repair and modernisation £15,875

- 3.8 The first group contains those properties failing on the grounds of heating and/or insulation. Broadly this group includes those that may be assisted through programmes funded by Defra, (e.g. Warmfront grants) or assisted by the Energy Efficiency Commitment (EEC) of the energy providers, although local authorities have often provided top-up grants or indeed other grants to assist such groups in the past, (CURS, 2004). The 2003 EHCS recorded 74,616 households living in properties failing the Decent Homes standard on the grounds of thermal comfort alone, hence the estimated cost of making good these properties was £146.5m
- 3.9 In its Fuel Poverty Strategy, the government stated that, “..as far as reasonably practicable” it will seek “an end to fuel poverty amongst vulnerable householders by 2010”, (Defra, 2004, p7). The EHCS 2003 also provides an estimate of the number of vulnerable households in non decent homes who are experiencing fuel poverty according to the fuel poverty programme definition. This amounts to 129,932 households or 92% of all vulnerable households living in non decent homes. If the above figures are extrapolated on a pro rata basis, making good the energy efficiency component of the Decent Homes standard for these households this would represent expenditure of approximately £255m over this period. This would amount to consistent annual expenditure of the equivalent of around £36m (at 2003 prices) every year up to 2010. These estimates, however, provide perhaps the most obvious illustration of the way market movements can change circumstances. It has been claimed, for example, that the recently announced increases in gas prices of over 20%, may bring a further 1 million households in England into fuel poverty.
- 3.10 In addition to these projected costs to improve thermal comfort are those associated with the renewal of the stock. The EHCS 2003 identifies 66,175 vulnerable households living in properties that fail the decent homes standard on the grounds of repair, fitness or modernisation. At the average cost outlined in EHCS 2003 (£15,875), this amounts to a total cost of £1.051bn.
- 3.11 Both the fuel poverty target and the PSA targets are not only subject to the dynamics of the market, however, they are further complicated because they overlap, (the above figures, for example, may include an element of cost for improving the thermal efficiency of dwellings failing on more than energy efficiency grounds alone). If energy efficiency partnerships in the South-east region are successful in delivering heating and insulation improvements on the scale mentioned above then this would also make a very substantial impact in

further reducing the proportion of vulnerable households living in non decent homes. This is, moreover, a relatively cheap option for local authorities because often the programme is delivered by other agencies and is largely funded through Warmfront grants or other initiatives. There is some evidence nationally that this is precisely what many local authorities have been tending to do. The Key Findings report of the EHCS 2003 (ODPM, 2005, p12) states, “Significant progress has been made since 2001 in reducing the number of vulnerable private sector households living in homes with poor thermal comfort. However this has not been matched by similar progress regarding the other components of decent homes ...”. There are several shortcomings with such a strategy, especially in the South-east, and these are

- (i) that the targeting of energy efficiency and fuel poverty measures hitherto has not always been as effectively focused as it might have been, especially in areas of rural housing and in the private rented sector (Defra, 2004, Annex B)
- (ii) under these programmes there tends to be very limited investment in the structure of the older housing stock
- (iii) this raises the question as to whether interim investment to improve the energy efficiency of the dwelling is likely to be cost effective in the medium or long term. It highlights the issue as to whether the installation of insulation measures and heating systems in the older housing stock, whilst not at the same time maintaining other aspects of the structure or engaging in other forms of repair and maintenance, is a wise use of resources.

3.12 Two conclusions follow from this from a financial perspective – the first is the need to establish a robust programme of maintenance, improvement and repair of the older housing stock. Secondly, it suggests that home repair and improvement programmes need to be much more effectively coordinated with affordable warmth programmes than they are at present. Current arrangements emanate largely from a lack of coordination between home improvement work undertaken by local authorities under the RRO and energy efficiency/fuel poverty programmes, which are largely the responsibility of the EAGA Partnership.

3.13 In summary, using EHCS 2003 costs, the outcome of these estimates of indicative costs are as follows

- raising all private sector properties in the south-east region to Decent Homes standard - **£6.7bn**
- improving the standard of all vulnerable households in non decent homes in the private sector - **£1.1bn**
- the indicative costs of meeting the PSA 7 targets in the South-east region are **£42.6m by 2005** and a further **£289.8m by 2010** – a total of **£332.4m** – average expenditure of around **£47.5m per year**

- the indicative cost of ending fuel poverty amongst vulnerable households by 2010 - **£255m**
- the indicative cost of modernisation, repair and improvement of the stock for vulnerable households in non decent homes is estimated at - **£1.051bn**
- total costs of bringing all the dwellings of vulnerable households living in non decent homes in the region (£255m + £1,051bn) = **£1.306bn**

Using local outturn figures to estimate likely future costs: Method II

3.14 In order to ascertain indicative costs using more recent outturn figures local to the region and preliminary local authority building responses to the HHSRS, average costs have been derived from the recent private sector housing assistance programmes of three of the largest local authorities in the region, Brighton and Hove, Southampton and Portsmouth, (see Table 3.1). These figures are intended as a crosscheck on those quoted above. Whilst they include diverse programmes of housing assistance, they do not include DFGs, nor do the levels of assistance always ensure that properties have been improved up to the Decent Homes standard.

Table 3.1: Local authority outturn costs 2004/'05 – South-east region

	Total cost of works (04/05) (£m)	Number of assistance packages	Average cost (£m)
Southampton CC	1,896,752	208	9,119
Portsmouth	4,027,375	307	11,148
Brighton and Hove	1,379,716	245	5,631
Totals	7,303,843	760	9,610

3.15 Using these average costs as a very crude indicator of likely future investment requirements one arrives at an overall average cost of works of ca. £9,600 per dwelling. Simply multiplying these average costs by the number of vulnerable households in non decent homes one arrives at a figure of £1.353bn for bringing this group up to the Decent Homes standard. This compares with a figure of £1.306bn using the EHCS 2003 figures (£255m + £1,051bn) - a reasonable similarity!

Sources of financial subsidy towards these investment requirements

3.16 There are several sources of subsidy towards these overall indicative costs in the region. These are outlined as follows.

1. HIP subsidy through the Regional Housing Boards: the private sector element of this capital funding is earmarked specifically for authorities with published private sector housing renewal programmes under the RRO. As local authorities now have wide discretionary powers, the funds are made available as a single sum allocated to each authority to dispense in accordance with its local strategy. Recent and future allocations for the

South-east region appear to be around £20m per annum. Local authorities may make additional capital contributions from their own local revenues, which means that it has been, and remains, difficult to assess precisely what these levels of investment have been. It seems reasonable to suggest that in recent years, however, they have not exceeded a total of £25m per year.

2. Funding for DFGs is usually allocated separately from the general funds for private sector housing renewal. The regional allocation over recent years appears to have been steadily increasing and if those trends continue may well add a further £20m to annual budgets in the immediate future. A review of DFGs is currently underway, however.
3. A third source of funds contributing to private sector work is the Aids and Adaptations budget of local authorities. This usually comes from Social Services Departments. These funds are invariably used to pay for aids and adaptations for the elderly and disabled, to improve the quality of life for these groups by undertaking minor works to their homes and to enable them to remain in their own homes rather than to seek institutional care. It is not known how much money is used annually for these purposes by local authorities in the region but, until recently, it may not have been a significant resource. The Community Care (Delayed Discharges, etc.) Act 2003, however, introduced two grants specifically to give greater emphasis to policies to support people to remain independent within their own homes. These were the Access and Systems Capacity Grant and the Delayed Discharges Grant, which together are expected to amount to almost £650m nationally in England during 2006/7 and 2007/8 and over £70m in the South-east region, (DH, 2006). Clearly not all these resources will be spent on adaptations and repairs to residential accommodation, but a proportion undoubtedly will.
4. There are additional sources of subsidy largely directed at improving the energy efficiency of private sector homes and to assist with the eradication of fuel poverty. These funds are available from Defra and take a variety of forms. The main tool for improving energy efficiency and tackling fuel poverty is the Warmfront grant, allocated through EAGA, an agency charged with the delivery of Warmfront grants nationally. Given the commitment of the Government to eradicate fuel poverty by 2010 this is a significant resource for private sector housing renewal in the region. According to the EAGA website, it has provided assistance with Warmfront grants to a total of 100,987 households in the South-east region over the period to 31/12/2005. This is equivalent to 9% of the total number of assisted households nationally (1,117,714 in total). In its 'Plan of Action' to counter fuel poverty (ODPM, 2004), the Government committed itself to an increase in total expenditure levels from £172m in 2005/06 to £201m in 2006/7, rising to £251m in 2007/8. If this were distributed on a pro rata basis according to the proportion of total private sector stock, then the south-east region might reasonably expect to receive approximately £28m in 2005/06, £34m in 2006/7, rising to £40.7m by 2007/8. If EAGA continues to achieve approximately 9% of its total

output in the region then the resources invested are likely to be just over half of these figures. In order to eradicate fuel poverty amongst vulnerable households living in non decent homes, at current estimates it also needs to increase its rate of delivery to around 130,000 over the next five years.

5. The 'Energy Efficiency Commitment' involves a further investment of funds by the Energy Suppliers to benefit domestic consumers. It is estimated under EEC I (2002 – 2005) that suppliers spent approximately £0.5bn on energy savings measures and this is projected to double under EEC II to more than £1bn for 2005 – 2008 (Defra, 2004b). The money contributed by the utility companies is used to fund various energy savings schemes and low-income or fuel poor owners and tenants may benefit from the discounted costs of schemes. Again it is not known how much of this investment is made in the South-east of England.

- 3.17 What conclusions may be drawn from this summary of expenditure? First, whilst we do not know precisely what the overall level of public expenditure is, we might make an intelligent guess that during 2006/07 and 2007/8 the overall level of resource from these sources for private sector housing renewal in the South-east region might be of the order of £70m - £80m annually. Provided that this level of investment is sustained and more effectively targeted than it has been hitherto it is possible to see, that combined with private investment, it should make a very substantial impact on the housing conditions of the poorest groups in the region over the period up to 2020.
- 3.18 Clearly, the government's objective to alleviate fuel poverty amongst vulnerable households is a very significant element of the programme. Almost 74% of vulnerable households in non decent homes were in a position where their homes failed on the thermal comfort criteria, and just over half of those households (53%) failed solely on the basis of those criteria. The cost of eliminating fuel poverty amongst vulnerable households in non decent homes was estimated at around £255m by 2010, but the resources available through the government's revised expenditure programme for tackling fuel poverty appeared to be on the low side even before the increases in gas prices, (although these had only been estimated on a pro rata basis). It is not known, however, what the impact of the EEC II programme will be in the region.
- 3.19 Meanwhile, the costs of tackling the problems of poor condition in respect of fitness, repair and modernisation impose a much greater financial challenge for local authorities. The immediate priority of meeting the government's PSA 7 targets implies expenditure of £42.6m by 2005 and a further £298.8m by 2010. But if the Warmfront budget and the EEC II initiative are directed towards the affordable warmth agenda and the eradication of fuel poverty, and the DFG budget is acknowledged not directly to target the Decent Homes standard, then the current and immediate future level of resources may be seen perhaps at about £30m per annum. This implies a clear shortfall in dedicated public sector resources. Even if the PSA 7 targets are achieved there will, moreover, remain a very substantial number of vulnerable households still living in non decent homes after 2010. What we know from the above figures is that improving the circumstances of a further 1% of these households, is

likely to cost, on average, about £11m (1,400 households x £7,870). It is impossible to be precise about the impact of market forces on those 140,000 households, but given their affordability and the very modest use of low-cost loans in the region, current levels of leverage of private funds are likely to be low, with the result that much of this funding, at least in the foreseeable future, is likely to have to come from the public sector. If a serious attempt is to be made to address the problem as a whole, therefore, this suggests a much heavier reliance on private sources of investment and introduces the question of the loans agenda for private sector housing renewal. Given the experience elsewhere, however, even if measures are taken without delay to introduce mechanisms to make loans much more widely available in the region to low-income households, it is likely to be two or three years before these make any material contribution to overall costs.

Private sector housing renewal in the South-east and the loans agenda

3.20 The introduction of loans alongside grants was perhaps the most innovative aspect of the RRO, but it has also proved the most challenging for local authorities. The partnership arrangements originally envisaged by the government between local authorities and High Street lenders have not materialised for a number of reasons

- The risks perceived by High Street lenders to lending on older properties in potentially declining neighbourhoods
- The low credit rating associated with many 'vulnerable' households
- The administrative costs associated with relatively small loans, and
- The costs associated with developing new administrative systems when introducing a new range of loan products, (Wright and Groves, unpublished, 2005)

3.21 As a result of these difficulties there appear to be three different types of potential model developing for the delivery of loans for private sector renewal. The three models are

- Local authority direct lending
- Lending by Registered Social Landlords (RSLs), and
- Lending through a 'special purpose vehicle' (an SPV).

Local authority direct lending

3.22 Some local authorities have made the decision to make loans directly. Portsmouth is an example of an authority within the region having taken the decision to offer loans directly, whilst there are examples elsewhere of a group of authorities coming together in order to provide loans. Sheffield City Council is an example of one authority servicing the needs of a small number of authorities. Whilst local authorities are exempt from the regulations applying to the provision of loans by the Financial Services Authority (FSA), they are expected to comply with the 'spirit of the regulation' and ODPM has recently issued guidance to them for this purpose. The issue of compliance is

an important one for local authorities as it is likely to require suitably qualified staff in order to ensure its implementation.

Lending by RSLs

- 3.23 RSLs are also exempt from regulation under the current system, but like local authorities, they are also expected to comply with the ‘spirit of the legislation’ and the ODPM guidance is also directed at them. The most active and successful RSL in this field at present is the Regenda Group operating in the Northwest region. Lending takes place in each of its subsidiaries under the guidance of a HomeImprove coordinator. The group is currently working with eight local authorities and is negotiating with one or two more. The Group have a single loan product, which is an equity share loan with a cap on the maximum rate of return of 6.5%. Lending to date has reached approximately £3m with further loans in the pipeline. Lending activity costs are covered by grants from participating authorities, plus a premium of 15% on turnover to cover overheads. The Group is currently considering charging a fee per loan as an alternative way of covering its costs.

A Special Purpose Lending Vehicle (SPV)

- 3.24 There are a number of SPVs operating nationally which are currently lending to vulnerable homeowners for the purposes of the maintenance and repair of their properties. These include ART Homes in the West Midlands, the Wessex Reinvestment Trust in the Southwest region and South Coast Money Line (formerly the Portsmouth Area Regeneration Trust) operating in the South-east. ART Homes Ltd. (AHL) is the largest of these, it has a range of financial products including the Property Appreciation Loan (PAL - an equity release loan), and has completed a lending portfolio of around £4m loans with a further £8m in the pipeline. AHL is currently servicing the ‘Kickstart’ project involving seven local authorities in the West Midlands, as well as a number of other authorities in England, Wales and Scotland. It has recently received an enquiry from Kent CC to assist with the provision of loans in order to bring empty properties back into use. It is a subsidiary of Mercian Housing Association and is run by a staff of qualified lenders and managed by an independent Board of Directors. The range of products is available to support both repair and improvement in the private sector, as well as relocation loans associated with clearance programmes. Costs are recovered by charging a fee for individual cases.
- 3.25 South Coast Money Line (SCML) is a recent entrant to lending for private sector housing renewal, having concentrated in the past on business loans and small personal lending. It has two loan products, a capital repayment mortgage for up to £15k over a maximum of 15 years at a typical interest rate of 5.1% and an interest only loan on similar terms. It is currently working together with five authorities, (Portsmouth, Brighton and Hove, Gosport, Chichester and Eastleigh), but is seeking to extend its activities to other authorities. Although SCML has recently employed a home loans officer it has not yet approved any loans.

Equity Release Loans

3.26 As far as the repertoire of loans is concerned, equity release loans are a particularly useful product for low-income groups. The reasons for this are as follows

- The loan does not have any interest charged to it, or any interest added to the loan
- there are no monthly repayments payable on the loan, so regular repayments of capital are not required. This means that equity release loans are not only suitable for those unable to afford any repayments at all, they are also administratively efficient
- they are suitable provided that only a modest proportion of the equity in the property is used as collateral and, if that is the case, they are also a very secure form of loan with a very low risk of default.

3.27 The pre-requisite for such loans, however, is that the client must own a reasonable proportion of the equity in their home. The principles of the loan are as follows

- A homeowner requires a loan of £10,000 on a property valued at £100,000. The lender therefore makes a loan and secures the loan by way of a charge against the property of 10%.
- When the property is sold, the loan is repaid as 10% of the re-sale value. Hence if the property has increased in value, say to £110,000, the amount repayable in a single lump sum at the time of transfer is £11,000. If the property falls in value then the original sum of the loan is usually required, i.e. if the property falls in value to £90,000, the original loan amount of £10,000 is required.

3.28 The effective interest rate on the loan will depend on the increase in the value of the property and the number of years elapsing before the property is sold. Some authorities have decided to cap the potential return on the loan to a maximum level, typically around 6.5%. This is a decision that lies with the local authority. But experience to date suggests that this is by far the most popular product amongst the low-income client group.

3.29 A variation on this is the *discounted* equity share loan which works in exactly the same way as the normal equity release loan with the exception that the local authority has decided to offer a discount to the owner as an incentive in order to encourage the take-up of the loan. In such circumstances, while the original loan is for £11,000, the local authority might decide to secure a loan of only £10,000 on the property and then a 10% equity charge is exercised against the property in exactly the same way as the example above. Other variants may also be introduced, such as a higher proportion of grant aid, to act as an incentive for clients to accept the changing regime from grants to loans.

Private finance

- 3.30 To date all of the delivery models outlined above have been funded with capital from local authorities. This clearly makes sense in the early days of a new initiative and the fact that the loans can be recycled and will provide new capital for the future goes at least some way towards meeting government objectives of making public finance go further. As outlined above, however, the amount of capital available to local authorities to invest in repair and improvement in the private sector is relatively limited and likely to remain so. For this reason discussions have been ongoing for some time to see whether it is possible to attract private finance into private sector renewal programmes. These discussions have confirmed the position outlined above, that the banks and building societies do not see this area of lending as sufficiently lucrative for them to become involved in making loans directly. Instead, debate has centred around the possibility of leveraging private finance into a fund shared with public funds from a local authority. This funding by the banks and building societies is referred to as 'wholesale' funding. ART Homes is actively exploring a couple of options with High Street lenders where the contribution from local authorities will offset the risks for the lenders and provided that house prices continue to outstrip inflation, will result in the growth of a fund for a local authority which will increase in size as loans are repaid. Current discussions involve proportions of funding at around 70% public and 30% private funds, but the proportions depend on the effective sharing of risks associated with the fund and combined funding on this basis would lever in almost 50% extra funding for local authorities.
- 3.31 With relatively high average house prices it would seem that the South-east region would be an appropriate region in which to explore the potential for equity release funding to assist with private sector repair and improvement programmes. At present Portsmouth City Council is using this mechanism to provide 'assistance' in the city and whilst SCML is initiating a loans service to other authorities it does not yet have the experience or track record to offer equity release loans. The development period to establish a loans portfolio of this kind is quite protracted, however, and it may be that the support of the Regional Housing Board (RHB) could expedite the development of these, or similar arrangements, in the region.

Strategic issues influencing the allocation of resources within the region for private sector housing renewal

- 3.32 In making an assessment of the findings of the study hitherto for the strategic allocation of resources for private sector housing renewal, a number of key issues emerge. These will be outlined firstly for those properties failing the Decent Homes standard and subsequently for vulnerable households in non decent homes. The issues arising from the failure of the regional housing stock to meet the Decent Homes standard are as follows
- The number of properties to be addressed
 - The location of these properties
 - The issue of tenure

- The overriding reason for the failure of properties to meet the Decent Homes standard
- The need for greater prominence to be given to preventive strategies
- Consideration of area based strategies

3.33 Each of these will be considered in turn.

The number of properties to be addressed

3.34 Whilst the proportion of private sector dwellings failing the Decent Homes standard in the South-east region is lower than the average for the country as a whole, the actual number of properties is relatively high, (853,779). This is because the total number and proportion of properties in the private sector in the region are both relatively high. At the same time, the region has a significantly higher proportion of non decent homes in rural locations than in England as a whole (30% as compared with 21%). This latter factor has particular significance for the delivery of private sector housing renewal programmes in the region and must raise questions about the capacity of local authorities and other agencies in rural areas to deliver such programmes effectively.

Locational considerations

3.35 The mapping exercise and in particular Figure 1, highlights the regional 'hotspots' where the concentration of properties in poor physical condition exceeds the regional average. The major concentrations are in the larger coastal towns and cities including Brighton and Hove, Southampton and Portsmouth. Local authorities in the east of the region also demonstrate a significant incidence of properties in poor condition with the most notable hotspots in Dover, Shepway, Thanet and Swale. Concentrations of slightly less significance occur in the other major towns in the region, such as, Hastings, Eastbourne and Slough.

3.36 As indicated in Section 1 above and illustrated in Figure 2, however, there is also a significant problem of house condition in the rural areas in much of the region.

Tenure

3.37 By far the largest number of properties failing the Decent Homes standard is in the owner occupied sector (687,314), but in terms of proportion there is a major problem of stock condition in the privately rented sector (PRS). Almost 20% of properties failing the standard were in the PRS although this accounts for only 12% of total private sector properties in the region. This is consistent with the findings of the EHCS 2003 as a whole, and presents another significant challenge to the regional strategy.

Reasons for failure of the standard

- 3.38 The over-riding reason as to why properties fail the Decent Homes standard in the South-east region is on the grounds of thermal comfort. Three-quarters of those properties failing the standard do so on these grounds. This means that programmes aimed at achieving affordable warmth are absolutely critical to the regional strategy. The information presented above regarding the higher incidence of poor conditions in the rural stock and in the PRS, however, mirrors the difficulties acknowledged by Defra in delivering these kinds of programmes hitherto. Again, this raises questions regarding the current capacity of the agencies responsible for delivering these programmes and suggests that there is a need to encourage innovation in these areas of delivery to try to redouble efforts in tackling these problems.

Preventative Programmes

- 3.39 Given that the proportion of properties failing the Decent Homes standard in the region is relatively modest (29%) as compared with national figures it does suggest that there is a need for an interventionist approach that encourages owners to continue to maintain and improve their properties. Although this is not a priority as far as government objectives are concerned, it would seem to make sense in a region where one of the key challenges will be to prevent properties from deteriorating in the future. It is likely to need an initiative from the RHB in order to encourage local authorities to respond and increase their capacity to develop preventive programmes.

Consideration of area based strategies

- 3.40 Our analysis of the concentration of private sector properties in poor condition at local level was based largely on surrogate indicators to provide an indication of where the 'hot spots' of properties in poor may be located. This analysis is not a substitute for local knowledge or surveys of house condition. Nonetheless, the analysis suggests that there may be areas highlighted in the coastal towns and cities especially, where area based approaches would be appropriate. Indeed one or two towns and cities, such as Portsmouth and Hastings already have area based programmes. There is little doubt that they afford the most appropriate response in areas where there is a concentration of properties in poor condition. There are, however, a number of difficulties in designating such areas within small authorities
- they are resource intensive, both in terms of staff and capital finance.
 - they also involve a 'tricky' local political decision which means allocating a disproportionate amount of resources into a modest geographical area over a sustained period of time
 - the PSA 7 targets focus on vulnerable households in non decent homes, not on non decent homes per se and it may be that previous action in improving properties (pepper-potting), the activities of energy efficiency installers and the actual location of vulnerable households in non decent homes, may all detract from the advantages of a genuinely area based approach

- the early experience of using loan products in area based programmes has so far resulted in low take-up rates.

3.41 For the RHB, of course, the issue is to accept a commitment to provide sustained funding for such programmes over a period of five to ten years. This was not a commitment which the regional offices of ODPM and its predecessors achieved with much distinction under previous legislative regimes!

Vulnerable households in non decent homes

3.42 When one extends this analysis to focus on vulnerable households in non decent homes, a number of additional considerations become apparent. These include

- the concentration of these households in urban areas
- the consolidation of problems in the PRS
- households experiencing problems of affordable warmth
- the tendency for vulnerable households to fail the Decent Homes standard on more than one criterion.

3.43 Again, the implications of each of these issues will be considered in turn.

Vulnerable Households in non decent homes

3.44 Although less than 70% of properties failing the Decent Homes standard as a whole were located in urban areas, when vulnerable households were taken into consideration, the proportion of vulnerable households in non decent homes living in urban areas increased to 77%. This implies that the distribution of vulnerable households in non decent homes is much more of an urban, rather than a rural, phenomenon.

Problems in the PRS

3.45 When one considers the tenure in which vulnerable households are living, moreover, the PRS emerges as even more problematic. A third of all vulnerable households (34%) in non decent homes are living in the PRS. This reflects a concentration of households in non decent homes that is almost three times the proportion of properties in the sector as a whole. Since almost three-quarters of the PRS stock failing the decent homes standard are located in urban areas, this again concentrates the focus of attention on towns and cities. Around ten per cent of these households were living in HMOs in shared houses/flats or converted flats. This concentration in the PRS constitutes a major challenge for local authorities as, in the past, private landlords have generally been reluctant to engage with the public sector over the issue of house condition.

Vulnerable households experiencing fuel poverty

- 3.46 According to the Defra definition of ‘vulnerability’, over ninety per cent of vulnerable households (92%) in non decent homes, were experiencing problems of fuel poverty. Over three-quarters of these households (76%) were living in urban areas. Once again, these figures highlight the importance of an effective ‘affordable warmth’ strategy in tackling problems of private sector housing renewal.

Vulnerable households in non decent homes; reasons for failing the standard

- 3.47 The findings also demonstrate that in tackling the problems of vulnerable households in non decent homes there is also a need to concentrate on issues of property condition as well as thermal comfort. While vulnerable households were just about as likely to fail the standard on issues of thermal comfort as other non-vulnerable households, they were also more likely to fail on other criteria as well. Almost seventeen percent (17%) of vulnerable households failed the standard on the grounds of fitness, compared with 12% of non vulnerable households and the equivalent figures for those failing on the grounds of poor repair and absence of modernisation were 33% and 12% respectively, (compared to 29% and 5%). These figures underline the fact that local authorities may not leave the problem to be dealt with largely through fuel poverty initiatives alone and that they need to coordinate their own private sector housing renewal strategies much more closely with the EAGA Partnership and those delivering packages of grant aid for the alleviation of fuel poverty.

SECTION 4: DELIVERING THE SERVICE – PRIVATE SECTOR HOUSING RENEWAL STRATEGIES IN THE SOUTH-EAST REGION

Introduction

4.1 The aim of this section of the report is to analyse a sample of local authority private sector housing renewal strategies in order to present a picture of activity in the region. The timescale of the project is not sufficient to identify and portray evidential best practice, and moreover the research was not designed to do so. Instead, an approach has been adopted which illustrates a flavour of the activity across the region in private sector housing renewal. Specific inclusion here does not necessarily imply a seal of approval as good practice, however, and it has been pointed out in discussions relating to the report that what works for one authority may not work for another. The research has therefore made extensive use of previous national research into private sector housing renewal as well as contributory legislative changes such as that afforded by the RRO 2002. Consequently, the methodology involved has included:

- A review of previous research into private sector renewal – (Groves and Sankey 2005), with particular reference to a national database of local authority responses to a questionnaire requesting information on private sector housing renewal and housing assistance policies in light of the RRO 2002.
- face to face interviews with six key local authorities in the region
- a review of the strategies of twenty other authorities
- Email and telephone requests for information regarding renewal strategies (housing strategies where PSRS unavailable) and 'Housing Assistance' policies.

4.2 A number of difficulties were experienced in accessing appropriate staff members, and a poor response to requests for information across all local authorities led to a decision to contact as many of the 20 local authorities as possible.

The Regulatory Reform (Housing Assistance) (England and Wales) Order (RRO) 2002

4.3 The RRO is the starting point for the analysis of private sector housing activity since it required all local housing authorities to prepare private sector housing renewal strategies. The Regulatory Reform (Housing Assistance) (England and Wales) Order (RRO) was approved on 18 July 2002 and became operational on 18 July 2003. The RRO and accompanying reforms represent a significant change in direction in private sector housing renewal. The RRO swept away the prescriptive powers associated with previous legislation on private sector housing renewal to provide specific types of grant aid and to make area-based designations, and instituted a general power on local housing authorities to provide 'assistance' in 'any form' and to 'any person' for the purposes of repairing, improving, adapting and rebuilding residential premises. The RRO was the first in a series of measures, culminating in the

Housing Act 2004, which has radically changed the way in which the Government seeks to encourage private sector home improvement in England and Wales.

- 4.4 The RRO and related reforms (including provisions in the Housing Act 2004) introduce a number of key changes to the way in which local authorities are expected to approach the task of private sector housing renewal. These include: the adoption of an 'enabling' approach by local housing authorities; the introduction of loan finance and the associated notion of leverage to reduce the dependency on grant aid; the consolidation of locally based approaches towards local problems in the housing market; the encouragement of more effective approaches towards the prevention of the deterioration of the stock; the adoption of a new housing standard (the Decent Homes standard) and through Public Service Agreement (PSA) 7 the concentration of attention on vulnerable households living in non-decent homes; and (through the Housing Act 2004) a new method of evaluating the condition of the housing stock (the Housing, Health and Safety Rating System) and a system of mandatory and discretionary licensing for houses in multiple occupation (HMOs) in the private rented sector. This is a formidable new agenda for local housing authorities.

Key elements of the RRO

- 4.5 Local housing authorities have, therefore, been given considerable powers of discretion to respond to challenges in the local housing market and to formulate their private sector renewal policies. Alongside this enhanced discretion, however, there are a number of safeguards. A local housing authority may not provide such assistance unless they have:
- adopted and indeed published a policy for the provision of housing assistance
 - made available assistance consistent with this policy
 - accompanied any conditions to the assistance in writing
 - ensured that 'appropriate advice or information' is available to the recipient in discharging his responsibilities once in receipt of assistance.
- 4.6 There were also a number of key principles underpinning the RRO. First and foremost, the RRO extended the principle of 'enabling' to private sector housing renewal activity. While the function of providing and managing new social housing had long been transferred to other providers, most notably Registered Social Landlords (RSLs) or Arms Length Management Organisations (ALMOs), most authorities had continued to administer directly their responsibilities for private sector housing renewal. Consistent with this philosophy, local authorities retain the strategic responsibility for surveying housing conditions in their area and preparing appropriate policy responses but they are expected to work more closely with partners in the housing market, such as Home Improvement Agencies (HIAs), in order to deliver the actual programmes.

- 4.7 During the preparatory stages of the RRO it was also envisaged that local housing authorities would work more closely with local banks and building societies in order to facilitate the availability of loans, but, despite widespread attempts to engage with private lenders, very few local authorities have actually been successful in forging these kinds of partnerships.
- 4.8 The introduction of loans and the associated notion of leverage was perhaps the most significant principle introduced by the RRO and constitutes the most important policy shift. The principles underpinning the availability of grant aid for home improvement and repair have remained largely unaltered since the post-war period. While the idea of introducing loans was not new,¹ the discretionary power to offer grant and loan packages introduced by the RRO was a major departure from previous policy and, not surprisingly, has posed the greatest challenge to local housing authorities. The aim of this provision is not simply to stretch government resources to tackle greater numbers of properties, but also to ensure that owners in particular are made aware of the financial responsibilities associated with homeownership.
- 4.9 Hence, a third principle of the RRO was to seek to reduce the dependency on grant aid which has characterised previous policies and to attempt to reassert the message that, in the majority of circumstances, owners are responsible for the maintenance and repair of their own properties. The government has made clear that it acknowledges a responsibility to continue to assist 'vulnerable households'² and to intervene on a potentially large scale where it regards local housing markets as in danger of collapse, hence the Housing Market Renewal Area initiative. It is clear, however, that other groups resident in non-decent housing are expected to undertake the necessary repairs and improvements themselves.
- 4.10 The concentration on vulnerable households also means that the government has effected a change in the focus of private sector renewal policies away from the condition of the housing stock per se and on to those households most in need of assistance who are living in the worst housing conditions. This focus is also apparent in the adoption of the new Housing Health and Safety Rating System (HHSRS), which seeks to assess directly the effect of a housing defect on the inhabitants of a dwelling.
- 4.11 A fifth principle of the RRO was that, by granting discretion to local housing authorities, the government was enabling those authorities to develop specific local responses to local problems rather than providing a national and prescriptive framework for the implementation of private sector renewal programmes. This facility is only meaningful, however, if local authorities have the skills and resources to be able to implement these locally appropriate policies and there is evidence that this is not always the case. There has been

¹ Equity-release loans for home improvement purposes were proposed in a Green Paper entitled Home Improvement – A New Approach (Cmnd 9513) in 1985 but were not subsequently introduced into legislation in the Local Government and Housing Act 1989.

² 'Vulnerable households' are defined for the purposes of the PSA 7 target as: 'those who are in receipt of one or more of the principal income related or disability benefits'.

a tendency, nationally as well as within the region, for local policies to be prepared without any real possibility of them being capable of implementation.

- 4.12 During the 1980s there was also much discussion about preventive action – the notion that, by stepping in early with a modest repair or intervention, then a more serious and expensive solution could be averted at a later stage. A further principle of the RRO, however, may be seen in the re-emphasis of the importance of preventive approaches in private sector renewal policies by encouraging local authorities to assist owners with advice and guidance and a range of other activities. There is potentially an important role for this kind of policy in the South-east region.
- 4.13 While the RRO itself does not address measures in the private rented sector in any specific way, it has been evident for some time that the government has wished to see more concerted action taken to address the problems of condition in the PRS. In the South-east region, 19% of the stock in the PRS fails the decent homes standard. A mandatory HMO licensing scheme has been introduced into the Housing Act 2004 together with further measures to improve management and maintenance practices in the PRS. Hence, a further principle underpinning the government's measures for private sector renewal has been a commitment to encourage responsible landlords while introducing greater powers for local authorities to tackle those less scrupulous.

Private sector housing renewal policies in the South-east in the context of the RRO.

- 4.14 This analysis therefore looks at the key areas of the RRO and assesses the resulting areas of private sector activity. Reference is also made to the national study (Groves and Sankey, 2005) where appropriate.
- 4.15 The remainder of this section of the report takes the following format:
- General observations on strategies
 - General methodological issues related to individual stock data
 - Partnership working across boundaries
- 4.16 Key elements of the RRO are then included within this study:
- Finance (use of loans and grants)
 - Preventative measures
 - Energy efficiency and fuel poverty work
 - The private rented sector
 - Area based initiatives vs client based
 - Empty properties
 - Aids and adaptations.

General observations on strategies

- 4.17 Many local authority private sector renewal strategies are now 3 or 4 years old and approaching the need for modification or renewal, especially in light of the Housing Act 2004; indeed many authorities appear to have waited until there has been more adequate information on the impact of the Housing Act 2004.
- 4.18 A few authorities have produced strategies and documents which have utilised the HHSRS approach, sometimes alongside the Fitness Standard, to assess the condition of the local stock and the likely differences between these two approaches. There are many, however, for whom the documentation is now out of date.
- 4.19 The South-east is an extremely diverse region, and not surprisingly different approaches have been adopted by local authorities across the region. This has been a process encouraged by the RRO. It does mean that a quantitative approach to evaluation, such as has been used in the past, however, is no longer appropriate for an assessment of strategies in the region. It is important to note that 'one size does not fit all' and therefore this presents methodological questions when analysing strategies and comparing results.

General issues relating to the collection of data relating to stock condition in the private sector

- 4.20 It is evident from the authorities surveyed that information regarding stock condition is very variable. Not all authorities collect detailed information and there is very little collaboration over the funding of surveys or the subsequent findings. The data from many house condition surveys was, by now, generally quite dated and several authorities referred to the need to update them as soon as possible.
- 4.21 Despite the fact that several authorities were proactive in using the new hazard ratings system (HHSRS), and one was the first in the country to use the system within their stock condition survey back in 2000, relatively few authorities across the region were either using the HHSRS, or even mentioned it within their strategies.
- 4.22 Similarly, there were very few references to vulnerable households in the strategies. This is more understandable given that the PSA 7 targets were only extended to the private sector stock after the RRO was introduced. Where there has been an attempt to quantify the numbers, this has invariably been via the use of local house condition surveys. Only one authority mentioned the use of the ODPM 'ready reckoner'³. It follows that the scale of the local problem has rarely been assessed by most authorities, as a precondition for the development of local strategies. Given existing levels of resources, however, it is acknowledged that this is a challenging task.

³ See Glossary.

- 4.23 There are also very few references to quantified costs to remedy fitness or repair. Again, this is not surprising, given the lack of general information available. Some authorities are proactive, however, and do indeed ensure that stock surveys include decent homes, vulnerable households, and adopt both assessments against the HHSRS and the fitness standard to gain as broad a picture as possible. Some of the larger authorities, e.g. Portsmouth, are also collecting in-depth information by conducting smaller scale stock surveys to quantify need in particular areas.
- 4.24 In terms of the need for overall information on stock condition as a pre-requisite for the formulation of private sector renewal strategies, only relatively few authorities appeared to have adequate information for their purposes.

Partnership working across boundaries

- 4.25 There is substantial evidence of authorities working across boundaries in the region, the examples of “Cities in the South-east” (CISE) and East Kent Triangle are genuine examples of wider partnership structures, (see below). But cross boundary working between local authorities on private sector housing renewal issues appears to be more limited and is either more specialised, e.g. working with HIAs or in affordable warmth consortia, or is mostly localised between district and county authorities, for example, within Oxfordshire or West Sussex authorities.

Cities in the South-east (CISE housing group) is a collaborative initiative between the key councils in the region, Brighton & Hove, Oxford, Portsmouth, Reading and Southampton. The group work to secure government recognition and enhanced funding for affordable housing in the region. CISE is a formal consultee for the Regional Housing Strategy. It is hoped knowledge and experience can be shared across the region in a valuable way across a variety of housing issues, such as anti social behavior, tenant participation, and regeneration.

PUSH is the Partnership for Urban South Hampshire, which is a voluntary working partnership formed in response to the requirement for a formal plan for Hampshire and other counties in the South-east. PUSH consists of eleven local authorities including Eastleigh, Fareham, Gosport, Havant, Portsmouth, Southampton, East Hampshire, New Forest, Test Valley, Winchester, and Hampshire County Council. It also includes representatives of the South East England Regional Assembly (SEERA), the Government Office of the South East (GOSE) and the South East England Development Association (SEEDA).

Another example of cross boundary working on a specific issue is that provided by the **East Kent Triangle**. Kent is a diverse county and as such has been divided into four notional areas – Thames Gateway (Medway, Gravesham, Dartford, Swale) East Kent Triangle (Canterbury, Thanet, Dover), West Kent (Sevenoaks, Tonbridge and Malling, Tunbridge Wells), and the M20 Corridor (Ashford, Maidstone and Shepway). The East Kent Triangle Strategy Group, was formed in 2001, to enable the authorities to work more closely together to produce joined up strategies and policies over the whole range of housing issues facing the districts. East Kent has a good track record of multi-agency involvement in strategy development and recognises the role of partners in influencing policy and in developing and delivering new services. Partnership working between the three councils has produced the East Kent Triangle Housing Strategy and Homelessness Strategy which highlight issues and strategies common to all these areas. Joint working between the authorities on homelessness has led to the East Kent Homelessness Forum which has a broader remit to lead the development of Homelessness Strategies for the region.

Each of the three districts within the East Kent Triangle, has developed its own distinct Homelessness Strategy in response to local needs and services. However, the East Kent Homelessness Forum has ensured that the strategies collectively and effectively address the needs of the region. Levels of homelessness across the three districts are significantly different. The collective approach will ensure that the resources available to the region are most effectively used to tackle the problems of homelessness identified within this strategy.

Thanet, Canterbury and Dover districts are also working together to improve the coordination of their Housing Strategies and have produced the East Kent Triangle Housing Strategy, within which homelessness is a key theme. Other identified key themes, in the region:

- Regeneration and improvements to condition and access arrangements in the Private Rented Sectors of the three districts
- The assessment of need for supported housing and the provision of new schemes to meet identified needs
- Developing and improving services to meet the needs of black and minority ethnic communities across East Kent
- Improving partnerships with Registered Social Landlords to ensure that resources are used most effectively to meet local and regional needs.

Subgroups of the Forum established specifically to focus on youth homelessness and rough sleeping have ensured that services can respond to the needs of homeless people, and improved joint working arrangements.

- 4.26 As mentioned above, partnership working occurs in some areas which impinge on the delivery of private sector renewal programmes, this is especially notable between local authorities and HIAs, such as Care and Repair etc, for example, as well as in the energy efficiency arena. There is also collaboration with Health authorities and social services departments over aids and adaptations and DFG programmes.
- 4.27 Some authorities have also developed some innovative partnership arrangements, for example, Brighton and Hove employ an occupational therapist to work within the private sector housing team, with the key aim of reducing waiting times and allowing for more effective use of resources and delivery agents. One or two other authorities are also using partnering arrangements to assist in reducing the costs of procurement. In Slough, for example, such arrangements have drastically reduced the financial burden on the authority and allowed resources to be re-allocated to other elements of private sector activity.
- 4.28 In general terms, however, cross boundary collaborative working on private sector housing renewal issues is not well developed and there is considerable scope for more collaboration and joint working in this area.

Specific elements of strategies

1. Finance and the use of 'housing assistance'

- 4.29 The RRO 2002, allowed for a more flexible approach to private sector renewal specifically in the way in which loans and other forms of assistance could be offered by local authorities. This is without doubt a key area of private sector renewal policy since it underpins future spending capabilities. Both within the region and elsewhere, local authorities have made little progress in this area and with a few exceptions appear to be relying on procedures/products to be developed elsewhere before embarking on the adoption of the loans agenda. It is a national problem.
- 4.30 Some authorities have signed up to the Houseproud scheme which offers loans for elderly and disabled householders via the Home Improvement Trust. There was a mixed reaction to the service with several authorities having joined the scheme claiming very little, if any, return on their fee. It is evident that some authorities see this investment as a small drop in the ocean, or a 'quick fix', but, despite small conversion rates of enquiries to full loans, other authorities see this initiative as the way forward. There are a number of other authorities for whom this is not possible, however, because the lack of financial resources for private sector renewal means the cost of joining and accessing Houseproud is prohibitive, given the lack of conversions.
- 4.31 There is thus a need to source other loan providers for non-commercial loan arrangements. On a national level there are a couple of trusts specifically set up to finance private sector housing improvement for households for whom the products of regular banks or building societies are not available, for example ART Homes in the Midlands and Wessex Reinvestment Trust in the

South West. These two organisations are not currently working in the South-east, although a number of individual authorities have begun discussions with both ART Homes and Wessex Reinvestment Trust. It should also be noted other loan providers are currently working within certain parts of the South-east – for example South Coast Money Line (SCML) operates across Brighton, Portsmouth, Southampton, and neighbouring coastal authorities, although these authorities are at early stages in negotiations with SCML.

- 4.32 Not surprisingly, perhaps, the larger authorities are more proactive in the finance field than smaller authorities. For example, Southampton, Portsmouth and Brighton all provide or aim to provide loans as part of their housing assistance packages. In some instances, loan packages have not come to fruition and in other circumstances they have had to be amended in order meet demand and iron out teething problems. The issues surrounding equity release loans however, are a key concern to local authorities. This is an area in which local authorities have little experience, but a legitimate concern is that customers will not be happy with external loan providers, and authorities are dubious about the potential for “sharks”. There is a real need to work on a marketing strategy and to change the culture of both clients and politicians/staff to accept loan packages as the way forward. Southampton were involved in talks with a local housing association to provide equity release funding or other loan/grant products, but this arrangement has fallen through. The authority is now likely to take this forward in house but is subject to teething difficulties. Internal loan arrangements have been favoured by several authorities (again the big three mentioned above). However, these arrangements come with a variety of additional requirements, not least CCA and FSA regulation.
- 4.33 There are mixed policies across the region with regard to the availability of discretionary grants or other assistance packages. There are some authorities for which finance is simply not available for grants this year, whilst others have much larger budgets. This appears in part to be concerned with ‘political will’ within councils. Several authorities expressed an opinion that local political will was more important than ever before with regard to private sector housing. This stems from the view-point that private sector housing renewal is not seen to be a major political priority for local authorities. It was also apparent that some authorities were against offering grants to private owners especially in cases where there is known to be equity in homes. Again this is a national problem and is not specific to the South-east.
- 4.34 Many authorities had ceased to make grants available to landlords with the advent of the RRO. This was in part due to a lack of resources and the need to target resources on vulnerable households in non decent homes. Where landlord grants are available, however, these are sometimes directed at additional works rather than supplementing the landlord’s statutory repair duty. Conditions are generally attached to these grants, and in some cases conditions depend on whether the landlord will relinquish letting responsibilities to the local authority or housing association for use the property for housing nominations etc. Other authorities have gone further and

require landlords to become part of an accreditation scheme in order to access funding.

- 4.35 Portsmouth council opted to offer loan products as soon as possible as a result of the provisions of the RRO. In the long term it was felt loans would be more beneficial to the authority due to the recycling element as all private sector housing funds for grants/loans when recovered would go back into a pot to fuel future spending. Whilst this pot would take some time to turn over, this remains the goal. An estimated 1/10 recipients breach their grant conditions anyway, as 10% of properties are sold within 5 years, so in the owner occupied sector it is likely 10% of loans will be repaid in 5 years time. The authority is viewing this period as a transitional process to get people used to the change between grants and loans. As such a number of grant packages are still in existence, complemented by a range of loans.

2. Preventive approaches

- 4.36 Many authorities appear to be using handyperson schemes in conjunction with Anchor Staying Put, Care and Repair, HIAs or Social services departments. These services are generally aimed at minor repair works or safety and security works in connection with crime prevention and target hardening works.
- 4.37 Most authorities also appear to be making use of preventative education, advice and guidance in connection with their private sector improvement programmes. Maintenance packs and advice to low income non vulnerable households in non decent homes are available in Shepway; Eastbourne is offering access to a tool hire scheme via the Street Wardens as well as community DIY training at a local college. However, some authorities report problems with recommending contractors for works and have resorted to signposting people to trade association bodies or to trading standards for guidance rather than produce specific maintenance advice booklets. Whilst not specifically within the housing remit, there is also some evidence of good practice amongst trading standards departments which has a positive effect on maintenance and advice initiatives.
- 4.38 The 'Buy with confidence scheme' was initiated by Hampshire County Council, for example, to help businesses comply with the law while improving consumer protection through a partnership approach. Businesses signing up to their responsibilities set down in the rules to the Scheme will become an 'Approved Member' of the Scheme. The scheme also includes a clear statement of the service the authority will provide to businesses. The scheme was set up to provide consumers with a list of reputable businesses who they can use knowing that they are committed to high standards of trading and are prepared to comply with both the letter and the spirit of the law. There is no charge for consumers to use the scheme as it is financed by the companies applying to be part of the scheme. Traders are listed on the website under different categories and many are willing to take on small jobs.

- 4.39 The local authorities involved in this scheme include the trading standards departments of Hampshire County Council, Surrey County Council, Southampton City Council, Bracknell Forest Borough Council, Isle of Wight Council, East Sussex County Council, West Sussex County Council, Reading Borough Council.
- 4.40 Businesses also gain from being part of the scheme as they receive independent recognition of their business standards and therefore increased consumer confidence in that business resulting in fewer complaints. Businesses also receive regular updates and information from the regulators about legislation and advice on trade scams. Businesses also receive publicity including information being placed on the Buy with Confidence website <http://www.buywithconfidence.info/>.
- 4.41 In Lewes there is the HOMES scheme, (Home Owners Maintenance and Environment Service), for owner occupiers and private landlords to keep their properties in good condition. This allows a survey of property and suggestions as to how to remedy problems. In Cherwell there is a “Property MOT”, an assessment of major elements and identification of existing and potential repairs and replacement needs in dwellings. The scheme helps owners to prioritise works, gives a better understanding of condition and helps to investigate loan options.
- 4.42 Some authorities are also providing free home check surveys for home owners, to identify potential problems and suggest repair and improvements which could be made to make the home more suitable, without the need for grants or more intensive action by the authority at a later date (such as Portsmouth). Other authorities are advising on hazards in the home for the over 60’s and for families with children under 5 (Basingstoke), and encouraging the provision of stair gates and door locks.
- 4.43 There is also evidence of joint working with fire safety offices and crime and disorder partnerships in some authorities to identify vulnerable properties. Slough has a proactive new database, which involves collaboration with the fire department. GIS mapping systems are in place to record and match problem areas and can be updated on a daily basis.

3. Energy efficiency and fuel poverty

- 4.44 It appears most local authorities are directing clients towards Warmfront grants in the first instance, although there is recognition amongst some authorities of the barriers towards obtaining a Warmfront grant. Indeed some authorities go so far as to override the Warmfront programme and provide additional grant aid to carry out works which might otherwise have been completed by Warmfront installers, but due to time scales and costings are not available. Several authorities also target those ineligible for Warmfront assistance but who are nonetheless in fuel poverty, as well as offering grants to those who are struggling to pay fuel bills (Brighton). A key area for many authorities is income maximisation where some authorities also collaborate with other council departments, such as council tax and housing benefit teams,

in order to proactively target mail shots at those most in need of assistance. External partnerships with energy advice companies and utility companies are in existence to provide advice, leaflets as well as products such as light bulbs, loft or cavity wall insulation, or indeed solar panels. Lewes provides a “Keep Warm in Winter” scheme - 100% grant to those 60+, in council tax band A-D, to provide loft, cavity wall insulation and hot water tank insulation and light bulbs. It also provides “Heat and Sun” grants up to £275 loft and cavity wall insulation and £600 solar water heating open to all.

- 4.45 Rother and other authorities provide targeted works at deprived wards, (home questionnaires are sent to occupiers, analysed by computer software and a report is sent to householders listing types of energy efficiency measures possible). Generally most authorities appear to have a higher average SAP rating than at regional or national levels, and the assumption follows that this means a higher quality, more thermally comfortable stock. The region also has more modern properties than the average nationally and this is again reflected in energy efficiency. Fuel poverty, however, still affects a substantial proportion of households in the region. Rural areas off the gas mains, and thermally inefficient homes in urban areas are two major problem areas. The city of Portsmouth claims to have a disproportionate number of properties lacking heating, so the authority tops up Warmfront grants where EAGA can't deliver a full service and so, aims to add value.

4. Approaches to the private rented sector (PRS)

- 4.46 This seems to be an active area of policy for authorities in the South-east. There is widespread support and engagement with certain landlords' associations, namely the Southern Private Landlord Association (SPLA). The SPLA is affiliated to the National Federation of Residential Landlords (NFRL), and represents landlords throughout South-east England, being run by volunteers through a network of branches across the region.
- 4.47 There are enormous variations in the size and scale of the private rented sector within authorities across the region, with some authorities having up to a fifth of all stock in the PRS. Portsmouth reflects the position of many other authorities with a relatively low proportion of PRS stock (9%), but a high proportion of unfit properties in the sector. In Brighton, an estimated 50% of all leasehold properties are bought with 'buy to let' mortgages, due to the huge market in the area. This causes many problems, however, as properties are bought by new landlords with little or no letting experience, and an increase in buy to let 'landlords' means it is very difficult to communicate with them directly.
- 4.48 The incidence of HMOs also varies greatly, with some authorities having less than 1% of the stock and others a far greater proportion. Rates of unfitness within these properties also vary enormously too. The requirement for HMO licensing as per the Housing Act 2004, is mentioned within a small proportion of strategies, although few authorities have indicated that they intend to exercise mandatory licensing.

- 4.49 Most of the authorities surveyed were heading towards developing a landlord accreditation scheme which would tie in with licensing and most work with the PRS occurs through landlord forums. There is much collaboration with the Southern Private Landlord Association, with whom information is exchanged on legislation and training.
- 4.50 Southampton organises a self-accreditation scheme for landlords in student accommodation specifically in collaboration with the local university. SPLA is also involved, through which training on the HHSRS and mandatory licensing occurs. The self-accreditation scheme works well in so far as there are approximately 1000 properties on the scheme, and there is no required inspection as part of the process. A 5% sample inspection is conducted to check landlords are meeting the requirements of the scheme in terms of standards and conditions. Unfortunately many landlords do not actually comply properly, but the authority feels that there is also a responsibility on students looking at, or living in, accredited property needing to challenge conditions and standards if they fall below acceptable levels. The authority hopes to extend the scheme to broaden it beyond student accommodation and HMOs.
- 4.51 Private sector leasing schemes are evident across the region, with authorities working with housing associations and landlords to utilise more effectively the current housing stock, and to bring empty properties back into use. In particular, this is an area which involves using stock as a means of aiding/housing the homeless albeit as a temporary measure. In many areas where properties are being brought back into use, this is specifically with nomination rights for Housing Associations or the authority.

5. Area based policies

- 4.52 Of the strategies analysed, many authorities do indeed appear to be offering a more area based approach – using indices of deprivation, and other indicators, like house condition survey information, to identify areas in need.
- 4.53 Examples of area based activity include Home Improvement Zones on the Isle of Wight, where proactive education, advice and guidance is targeted alongside enforcement mechanisms. Thanet has instigated a Renewal Area in one of its wards as of May 2005, where disproportionate amounts of unfit private rented properties are located. It is hoped a second Renewal Area will be declared by the end of 2006. Medway piloted a Renewal Area in a particularly deprived ward, with the aim being to give a financial fillip to the area. Grants were given to homeowners in the area, (there were no restrictions on eligibility) on a 5 year repayment condition should the property be sold. Works included repairs to frontages and improvements, as well as UPVC replacements, flashings etc, in order to improve the properties beyond the fitness standard. Unsurprisingly, there was a huge demand for this and the area targeting has ceased whilst its success is evaluated.
- 4.54 Within Portsmouth, the authority declared an area based regeneration initiative, and the council proceeded to convert an unused shop in the area into

three 2 bed houses vertically, as opposed to 2 horizontal flats. The aim was to show people what can be done to abandoned/derelict or property in need of renewal. The properties are used as “show houses” where clients are decanted under licence, whilst their properties are renovated/decorated.

- 4.55 For most authorities in the region, however, targeted area action is not feasible, and policies tend to concentrate on a more client based approach.
- 4.56 Similarly, there are very few clearance activities within the region. A couple of authorities use CPO powers where action is needed, although this tends to be concerned with empty properties. This may change under the Housing Act 2004, with the advent of Empty Dwelling Management Orders (EDMOs), but CPO powers remain politically unpopular, although they are used extensively in the acquisition of land rather than housing.

6. Empty properties

- 4.57 There is considerable diversity in the region regarding the approach to the problem of empty properties. Some authorities report having very few empty properties, others have more widespread problems and high numbers. As a result, some have more resources in terms of staff availability than others. Some authorities have a dedicated empty properties officer, some authorities combine this work with Home Energy Conservation duties, some officers are full time, others part time etc. Approaches to dealing with the sector vary too. A more proactive targeting of properties via visual identification surveys operates in some authorities; whilst others are reactive and rely on information from members of the public.
- 4.58 Conditions for grant aid for empty properties also vary across the region. For some authorities, the property must have been empty for at least 6 months, others for 1 year or more. Some request nomination rights, some target properties and some wait for properties to be identified by other means such as the public.
- 4.59 Many authorities are working with housing associations to provide affordable housing solutions using empty properties and grant aiding landlords and there is evidence of joint working with other authorities on Empty Property initiatives. Portsmouth and Brighton and Hove councils both use grant aid to landlords to facilitate their programmes and both have exceptionally successful empty homes programmes. Medway also engages in partnership working with landlords to bring empty properties back into use, included within the programme are houses, shops, retail premises, underused premises, non housing premises, as well as empty properties.

7. Aids and Adaptations

- 4.60 All authorities surveyed reported that they could certainly use more resources towards their DFG and aids and adaptations programmes. Once again, however, there were very significant differences in policy with some authorities having large DFG funding resources as opposed to others with very

small funding allocations. Some authorities were allocated such limited resources that there was a reluctance to grant aid even mandatory DFG's. Several authorities were using in-house occupational therapists and felt this had considerably speeded up the repairs/adaptations process for clients and reduced waiting times as well as allowing a better allocation of resources within departments.

8. Some examples of innovation.

- 4.61 Understandably, innovation in policy and practice appears to occur primarily in the larger urban authorities, doubtless due to larger teams of officers and the more generous availability of resources. In Brighton, services for "adult social care" are located within the Housing and Support Directorate and as such the housing team now have a close tie with social services. As a result of this closer dialogue, the authority has carried out two grant-aided schemes for 'looked after children' and whilst these have been relatively expensive schemes, they will ultimately save money for the council. The aim of these grants has been to keep 'looked after children' within the home, by part funding loft extensions or to fund rooms to be converted for family use, as opposed to having to put children back into care due to the size of foster carer's homes.
- 4.62 A second example of innovative practice involves the introduction of a standard schedule of rates for DFG works in Slough. The aim of this has been to keep down prices, encourage competition between contractors and to aid transparency. All companies involved are aware of schedule of rates and hence there has been very little bad feedback from clients.
- 4.63 Other examples of innovative practice in the region include hospital discharge schemes to enable people to return to their own homes speedily after a stay in hospital, community alarm schemes, and accredited builders schemes for contractors - to aid vulnerable households in making decisions over which contractors to trust etc.

9. Strengths and weaknesses

- 4.64 Key concerns of local authorities in the region involved staffing levels and the availability of capital resources to implement private sector renewal programmes. Given the lack of staffing in many authorities an additional concern was over prioritising the use of officer time between productive activity spent in delivering programmes and the amount of time spent on more administrative duties. The lack of capital funds is a major handicap to the development of more effective programmes in the region.
- 4.65 Staff in local authorities are generally aware of the significant role that good quality housing in the private sector can play in the local economy, they also understand that private housing markets are not necessarily local authority specific, and consequently that working across boundaries and pooling resources and officer time is vital to the development of effective future

private sector housing renewal strategies. There are often political difficulties in hampering cooperation between local authorities, however.

- 4.66 In some authorities there is also a lack of political will to address problems in the private sector housing stock. Whilst some authorities see such investment for the good of the community, others see it as less of a priority to their main duty of looking after social housing tenants.
- 4.67 There is already much evidence of sub regional working within the county structure. In particular the East Kent Triangle partnership (Thanet, Dover and Canterbury) promotes good practice across the region and works on cross boundary issues. One aim of the RHB should be to seek to build on these experiences and to extend them within the area of private sector housing renewal policy.

10. Conclusions

- 4.68 The variety of stock in terms of age, condition and ownership across the region means that there is considerable diversity in private sector housing renewal programmes across the region. Nonetheless, it would be practicable and desirable to encourage greater collaboration between authorities across the region and to encourage best practice wherever possible. There is also a need to acknowledge the challenge posed by the rural nature of much of the poor housing stock in the South-east region.
- 4.69 The lack of an up to date evidence base across the region, on the scale and nature of private sector house condition is a major handicap to current policies. Whilst some authorities have conducted house condition surveys, these are often dated. There is limited use of the BRE predictive model and very little acknowledged use of the 'ready reckoner' in determining the scale of the problem of poor housing conditions. In some instances it appears that private sector renewal strategies are often written as if the sector were in complete isolation from the rest of housing market. There is, however, widespread agreement on the difficulty of measurement of decent homes and particularly in identifying vulnerable households in non decent homes as the target for policies. The same problems exist in obtaining coherent information on the numbers of properties made decent by the actions of the market, for example, as well as those properties that may be deteriorating into disrepair. Concerns were also raised about the complexities of implementing the new legislation with very limited staff and financial resources.
- 4.70 Whilst it is not unique to the South-east, many authorities appear to be waiting to see what happens on a national level with regard to loans and financial packages. As a result, few authorities have initiated loan schemes and those that have, have experienced some difficulties in doing so. There is a reluctance to use certain external service providers, such as Houseproud, because of the low level of conversions of referrals to loans and potential take-up problems in certain areas. There is some collaboration with Credit Unions or other alternative providers, such as South Coast Money Line, and a number of authorities are in tentative discussions with ART Homes or Wessex

Reinvestment Trust. Most authorities are now attaching specific grant conditions in order to recycle grant monies, however. There is an obvious, and rather desperate need, for more guidance on loan provision and the recycling of grants.

- 4.71 Preventative mechanisms around the promotion of soft options such as advice and guidance are utilised by most authorities and many authorities offer further options, such as handyperson schemes, and maintenance initiatives
- 4.72 Energy efficiency and affordable warmth programmes constitute the one area of private sector work where both regionally and nationally, local authorities are working in partnership with other organisations. There is a problem in securing some coordination between affordable warmth and conventional private sector housing renewal programmes.
- 4.73 There is a growth in the private rented sector as a result of the collapse in pensions income and the growth in the 'buy to let' market. This is resulting in an increase in the number of small-scale single landlord properties which present problems with licensing and management performance etc. More work is needed on HMO licensing and registration, although strategies were all written prior to the enactment of the Housing Act 2004, so this is not surprisingly an area for future development. There is scope for the larger authorities to assist smaller authorities with information, training, the provision of software and with advice over the implementation of the new legislation.
- 4.74 Relatively few authorities are operating area-based strategies in the region and very few operating clearance programmes. There may be scope for more area based activity, but this is very dependent on resource allocations.
- 4.75 There are a number of very successful empty property initiatives in the region, such as those operated by Portsmouth and Brighton. The examples where Brighton is assisting neighbouring Lewes DC with its empty property services and Portsmouth is working with landlords to provide new accommodation from the conversion of non housing properties are both illustrations of how good and successful initiatives might be more widely adopted in the region.

SECTION 5: CONCLUSIONS

Introduction

- 5.1 This report has provided an in-depth analysis of the nature, extent and location of private sector housing in poor condition in the South-east region. It has also supplemented this analysis with a profile of vulnerable households living in non decent homes, an assessment of the levels of investment necessary to address these problems and a review of some of the policy responses of local authorities. In doing so it has revealed some of the key challenges confronting the region in respect of private sector housing renewal programmes, viz. the South-east region is extensive geographically, it has the largest number and highest proportion of properties in the private sector of any of the English regions, it has a large proportion of rural stock and has particular difficulties associated with coastal towns and cities. At the same time it also has a number of advantages; comparatively it has a housing stock of higher than average quality, a relatively modest proportion of vulnerable households in non decent homes and for the most part, a network of buoyant and sustainable local housing markets. This concluding section makes a number of suggestions to the RHB for developing a more effective regional framework for tackling the problems of the private sector housing stock.

Allocating resources for private sector housing renewal

- 5.2 In Section Three of the report it was estimated that, between 2005 and 2010, approximately £300m is likely to be necessary to meet the government's PSA 7 targets for reducing the proportion of vulnerable households in non decent homes in the South-east region to 30% of all vulnerable households in the private sector. In addition to this figure, approximately £255m will be needed to alleviate fuel poverty amongst vulnerable households in non decent homes. Concentrating on the former, (as this is primarily the responsibility of the RHB), we have also estimated that current levels of public expenditure for addressing Decent Homes targets are around £25m - £30m per annum. It is clearly evident that even if current public expenditure levels are sustained throughout the period there will be a major shortfall in funding. The likely impact of market forces on these figures is not known, but given that the client population is vulnerable households in receipt of qualifying benefits, it would seem unlikely, (without the introduction of low cost equity release mechanisms), that they themselves will be a major source of funds. Over a third of vulnerable households in non decent homes are living in the PRS and it would be gratifying if landlords were to bring their properties up to standard, but experience suggests that without substantial encouragement this is unlikely to be the case.
- 5.3 In light of these observations it would not seem unreasonable to suggest an increasing allocation of funds, steadily over the period and commensurate with the increasing capacity of local authorities and other agencies to deliver local programmes. In doing so, it might be borne in mind that at average costs and effectively targeted, an extra £10m of capital investment per annum will serve to improve the residential standards of around 1,270 vulnerable households.

The number of properties that need to be improved in order to meet the PSA 7 standard by 2010 amounts to 7,365 dwellings per annum. These figures assume of course that the full costs of improvement will be borne by the public sector. Some authorities in the region are now providing private sector housing assistance as loans rather than grants, as well as encouraging contributions from owners, so over time there may be some re-cycling of funds and an increase in the gearing of private contributions. For the moment, however, these private contributions are limited and the public sector is still bearing the major burden of the costs of assistance. Further recommendations are made below about the need to accelerate the loans agenda within the region and to seek to consolidate this with additional private finance.

- 5.4 In determining the priorities for the allocation of funds, Section 1 of the report and the various maps presented in the Appendix, have highlighted the areas of concentration of properties in poor condition in the private sector. Sections 2 and 3 of the report, however, draw attention to the fact that there is also a rural dimension to the problem of poor condition and that approximately 30% of properties failing the Decent Homes standard are in rural locations, although a smaller proportion (23%) of vulnerable households in non decent homes are living in rural areas. There is at present a lack of capacity to deliver a private sector programme in these areas, however, and further suggestions are also made below to tackle this problem.
- 5.5 There are also disproportionate problems in the PRS, (34% of vulnerable households in non decent homes in 12% of the stock) and amongst elderly households and further suggestions are made below for targeting resources to improve service delivery in these areas.

Building capacity in the region for tackling the problems of private sector housing renewal

- 5.6 Although there are major problems of condition in the sector, and despite the programme of legislative reform recently introduced to tackle these problems, there is now a major gap between the expectations of government and the capacity of local authorities to deliver effective private sector housing renewal programmes. The critical issue is the level of resources available even for addressing the housing problems of the most vulnerable groups. Whilst public subsidy has declined, the government's proposals to facilitate greater access to private sector resources under the RRO have not yet resulted in the availability of significant amounts of funds. The RHB's intervention is timely in recognising the need for action and in seeking to develop a coherent strategic approach to the problem in the region.
- 5.7 A further suggestion of this report, therefore, is to begin to build on existing capacity within the region to scale-up and deliver a more effective private sector renewal programme. This will require changing the attitudes of local politicians as well as increasing the professional capability within the region. In order to achieve this and in the absence of other catalytic agencies, the RHB might seek to facilitate and underpin financially a number of initiatives such as these outlined below

- firstly, it should seek to support opportunities for local authority staff in the region to share their experiences in tackling problems of private sector housing renewal. Local authorities in the midlands and north of England have for many years had regular meetings of professional staff and have established an organisation, (UROG – the Urban Renewal Officers’ Group), which is a vehicle enabling officers to meet regularly, to share practice with each other, to visit other cities and towns and to form a body of expertise which in the past has also lobbied for change in legislation and policy. The costs of this modest programme have usually been met from local private sector housing renewal budgets, but in order to stimulate such an initiative in the South-east it is suggested that the RHB might provide funds through one of the bigger local authorities

- to develop a programme of education and training that enhances the understanding of the nature of private sector housing problems in the region. This might initially take the form of a series of local seminars, building on the basis of the annual seminar organised by Brighton and Hove, both for local politicians and practitioners, but it would make sense for such an educational role rapidly to be transferred to the officer body recommended above in order to develop a systematic programme of training and to make links with local educational institutions, professional bodies and so on

- thirdly, to encourage the development of ‘regional champions’. This would involve a local role similar in principle to that of the Beacon Councils’ scheme at national level. It would imply identifying local authorities in the region demonstrating notable competence within one or more areas of policy and practice and encouraging them to assist other authorities by passing on their skills in these specific areas of policy and practice. Examples of regional champions might include Brighton and Hove in developing good practice in dealing with the PRS, Portsmouth in advising other authorities about bringing empty properties back into use and perhaps Hastings in developing area based initiatives. These authorities might be encouraged to provide good practice notes and procedures and to disseminate this information through the occasional seminar. They might either assist other authorities in developing their policies, or deliver these policies directly as an agent on behalf of other authorities.

Greater collaboration between authorities

- 5.8 A further suggestion which very much follows from the latter, is for the RHB to encourage local authorities to engage in more collaboration in order to make more effective use of their scarce resources. Some of the larger authorities are already working with their neighbouring authorities in this way. Southampton, for example, is working together with its neighbouring authorities and trading standards departments to develop a comprehensive list of reputable builders. But in authorities where there are very few staff, minimal resources and little capacity to develop local policies and

programmes it makes a great deal of sense to collaborate more extensively over the formulation and delivery of policy. This is especially true for the rural authorities in the region, but a more ambitious programme might be to encourage all authorities within local housing markets identified by the Regional Housing Strategy to collaborate more actively with each other in developing consistent policy approaches and responses. Clearly this is a suggestion that applies more widely than simply to private sector housing renewal programmes, but it is particularly appropriate for such programmes.

- 5.9 A similar principle applies to financial resources. The over-riding reason why private sector renewal programmes now have such a low political priority is because the public resources they command are very limited. The sources of public finance are also quite diverse and require a more pro-active attitude and competence in mobilising resources. But if smaller authorities are disadvantaged in seeking public funds, they face a much greater challenge in negotiating with energy suppliers for EEC II funds, for example, or in seeking to attract private finance into private sector housing renewal programmes. The RHB might seek to encourage greater collaboration between authorities by considering funding allocations that cross local authority boundaries or are awarded according to local housing market areas.

Partnership working

- 5.10 Local authorities in the region have become accustomed to working with partners such as HIAs and RSLs in delivering bespoke programmes for the elderly and disabled. They are also extensively involved in partnerships with energy providers, advice agencies and installers over the delivery of affordable warmth programmes. There is little doubt, however, that the shortcomings of these latter programmes identified by Defra, namely poor targeting of vulnerable households in rural areas, those living in hard-to-treat properties and tenants in the PRS, applies particularly within the South-east region. Given the government's commitment to addressing the issue of fuel poverty and the significance of these programmes in meeting the needs of vulnerable households, there is an urgent need to adopt a much more coordinated and strategic approach towards the delivery of these programmes in the region. The responsibility for meeting PSA targets rests unequivocally with local authorities, but in seeking better targeting there is a threefold role for the RHB in liaising with the EAGA Partnership over the delivery of these programmes
- i) we are led to believe that the EAGA Partnership does not identify regional allocations of resources, but it would seem eminently reasonable for the RHB to ascertain whether the allocation of resources in the region is commensurate with the task – in seeking to identify what level of resources are invested in the region overall it also seems sensible to request information about the impact of EEC II investments
 - ii) experience in other parts of the country also suggests that there is little real coordination between the energy efficiency programmes delivered by installers working for EAGA and the role of local authorities in delivering home improvements under the RRO. Indeed the two programmes are

delivered in such a way that coordination between them is not easy to achieve. In the West Midlands region, however, the Kickstart Board has negotiated access to EAGA's databases to ascertain whether properties have already had investment under the Warmfront programme or whether they are included within a future programme of works. This is a level of coordination that is less than ideal, but it does enable local authorities to respond in circumstances where other building works are also necessary. Given the limitations on public resources it would seem reasonable for the RHB to embark on discussions with EAGA to explore ways in which these two programmes can be more effectively coordinated than they have been in the past

- iii) the issue of targeting resources on the fuel poor and vulnerable households in non decent homes. If the government's ambitions over eradicating fuel poverty and in reducing the proportion of vulnerable households in non decent homes are to be met then the RHB need to be reassured that a concerted effort is being made by EAGA and its local installers to meet the needs of those in rural locations, in properties that are hard to treat and private sector tenants. Recent research evidence by DEFRA, for example, revealed that private tenants had received only 8% of all Warmfront grants nationally, (Sefton, 2004). This figure would have to be quadrupled to be consistent with a programme that was effectively targeting needs in the region.

Rural proofing

- 5.11 Addressing the housing needs of homeowners and private tenants in rural communities is a problem across the country as a whole. It is a particular problem in the South-east, however, because of the relatively high proportion of private sector properties located in rural areas. Because of the dispersed geography of the properties and often the nature of their construction, it is invariably more expensive to organise and deliver housing repair and maintenance programmes in rural than in urban areas. There are, moreover, rarely opportunities of economies of scale for contractors. In addition to the questions of capacity raised above, these factors provide additional justification for considering a different form of service delivery for private sector housing renewal programmes in rural parts of the region. The circumstances suggest the need for a small number of agencies, suitably located in the region, with sufficient capacity to identify and analyse needs within rural communities and to deliver home improvement and repair services on a peripatetic basis. These could be agencies operated by local authorities willing to pool staff and resources across a number of local authority boundaries, alternatively, the role might be subcontracted to existing HIAs willing to scale up and extend their operations in return for greater financial underpinning or it could be tendered amongst local RSLs. Given the nature of this role these agencies would doubtless need continuing financial support.
- 5.12 Clearly more work would need to be undertaken to pursue such an initiative, to identify catchment areas, liaise with local authorities, prepare TORs and

specifications, etc. This would, however, be a genuinely innovative development, which not only demonstrated a commitment to rural communities, but would also be of considerable interest in other regions with rural catchment areas. The role of the RHB would be to take informal soundings amongst local authorities, if these were positive, a feasibility study could be commissioned and the agencies identified. It is likely that such agencies would need continuing financial support thereafter.

Developing a regional capacity for loan finance

5.13 As mentioned earlier, a small number of authorities have begun to collaborate with South Coast Money Line to develop a capacity for providing low-cost loan finance in the region. Notwithstanding this, there are two principal options available to the RHB to facilitate the loans agenda in the region. The first option would be to pursue a similar set of arrangements to those existing in the West Midlands between the Regional Kickstart Board and ART Homes. In this case the RHB provided £6.5m of 'Kickstart' funding in 2003 to seven local authorities in the West Midlands conurbation in a pilot programme to explore the potential role of loans for the purposes of private sector housing renewal. The loans were to be made available through partnership arrangements with ART Homes Ltd., then a subsidiary of Aston Reinvestment Trust. Even with an established lending intermediary with an existing array of loan products available at the time, this process has taken longer than anticipated to bring to fruition. The main causes of these delays have been in

- securing legal agreements between the local authorities and ART Homes
- developing appropriate local policies for delivering loan and grant assistance packages, and
- ensuring robust procedures for advising clients and making referrals to ART Homes.

5.14 Despite the slow start to the programme, all seven authorities are now up and running and by February 2006 over 60 loans had been completed with a further 350 in the pipeline. Just under £1m of lending had been made in completed loans with a further £6m on offer. Although the project did not proceed entirely as planned, the Programme Director broadly summarised the outcome as follows

"As a result of our pilot we have concluded that the use of loans provides a better long-term solution than solely grant orientated programmes. We think that increased service standards will develop the confidence of owners to act and as this approach becomes the norm expectations relating to grants will reduce."

5.15 She was, however, moved to add the proviso that

"The Partnership accept that loans are not a complete solution in addressing strategic priorities, but they do have a role and are able to underpin other interventions." (Simmons, 2006)

- 5.16 If the RHB were interested in encouraging an arrangement of this kind it is likely that the lead times could be marginally expedited by engaging ART Homes to assist SCML with the development of loan products and procedures, training and FSA and CCA accreditation.
- 5.17 Hitherto, the 'Kickstart' initiative has been solely dependent upon public funding arrangements, but in the meantime, there have been a number of negotiations between ART Homes and commercial lenders to seek to draw on private sources of finance in order to add 'gearing' to public funds. A considerable number of difficulties have been resolved in those negotiations and the 'Kickstart' Board is about to advertise for a commercial lender to add private 'wholesale' funding to the West Midlands programme. The actual lending to clients will continue to be made through ART Homes. A second option for the RHB, therefore, is to skip the public funded pilot and enter directly into a joint venture agreement with a commercial lender using some of its public funds to attract private finance into a shared fund thereby establishing a source of loans for private sector housing renewal throughout the region. Whilst this would avoid the very long lead times associated with securing legal agreements with a variety of different local authorities, the need for appropriate policies and referral procedures would remain. ART Homes might be employed to provide the financial advice and guidance to the RHB and assist SCML in a similar way to that described above to expand and develop its lending portfolio in the region. Again, this would be a wholly innovative development, which would place the South-east region at the forefront of the loans agenda.

Specific initiatives for local housing markets in the South-east region

- 5.18 There is also the possibility that the RHB could develop a number of specific responses to deal with particular problems in the region. These initiatives might take the form of specific financial inducements – an 'innovations fund' as developed by the RHB in 2003, or specific funds made available to encourage local authorities to tackle particular problems. Three possible initiatives are outlined below. These are not intended to be exhaustive, but they include tackling problems of house condition in the PRS; scaling-up programmes for assisting the elderly and encouraging authorities to improve programmes of preventive maintenance and repair.

i) Engaging with the PRS:

There is now a great deal of pragmatic, as well as research evidence, to demonstrate that engaging with private landlords to encourage an improvement in the maintenance and management standards of their dwellings is very challenging. Whilst the sector has experienced dynamic growth over recent years, as scores of investors have returned to buy homes to let as potential pensions for the future, it remains the case that in the South-east region, as elsewhere in the country, there is a concentration of poor house conditions in this sector. New legislation dealing with some of the more challenging PRS properties has been approved and has come into force very recently and local authorities need to be encouraged to take

a fresh look at their policies for dealing with the sector. They need to engage much more effectively with individual landlords and their associations than they have in the past. Such research as exists, moreover, suggests that by entrusting more responsibility on those associations to manage improvement programmes themselves, they are likely to be more effective in securing improvements in standards. The recent legislative changes also provide an appropriate opportunity to introduce major training programmes for both landlords and agents. At the same time, this is an area where there is an over-riding need for coordination between fuel poverty and local authority repair and improvement programmes. In short, therefore, this is an important area of private sector housing renewal policy that has been difficult to deliver in the past – more resources and innovative approaches will be vital if more effective standards are to be achieved in the future.

ii) Scaling-up programmes for the elderly:

Our review of the EHCS 2003 data revealed that over half of all vulnerable people living in non decent homes in the region were single people or couples over the age of 60. Over the last couple of decades responsibility for tackling the housing problems of the elderly has been increasingly assumed by specialised agencies (HIAs). Despite recent government policy changes, which have given such agencies more financial security, for the most part they remain modest organisations working at capacity and dealing with limited numbers of people. If the regional strategy is to respond to the challenge posed by this section of the community, then the capacity of these organisations needs to be enhanced. Already the government has encouraged some rationalisation of local HIAs over the country as a whole and there has been a big increase in funding for aids, adaptations and minor works through the Community Care Act of 2003. But there are also uncertainties in policy, such as the future of DFGs, despite the fact that this area of work is likely to grow steadily in the future. It would seem appropriate, therefore, to encourage innovation and good practice in housing maintenance and repair programmes for the elderly.

iii) Developing more effective preventive strategies:

Whilst much of this report has focussed on the need to build capacity and scale up current programmes to deal with properties failing the Decent Homes standard, in comparative terms the housing stock in the region is satisfactory when compared with other regions. What seems unfair in the distribution of national resources is that whilst there are funds and programmes available to deal with remedial issues in the midlands and north of England, (e.g. the HMRA Pathfinder programme and NRF funds), these funds are not available in the South-east and there is no commensurate resource for preventing the deterioration of properties. Neither does this feature as an aim of government private sector housing renewal policy. Ironically, those authorities with a positive reputation for having developed such programmes are also located in the midlands and

the north, (e.g. Birmingham's Urban Care programme, Bolton's UCAN centres and Leicester's Urban Management programme). Nonetheless, it would seem that an energetic programme delivered through local authorities and aimed at advising and assisting owners to continue to repair and maintain their properties, perhaps accompanied by an interest free or low-cost loan product, is an appropriate form of intervention for the region.

The continuing need for reliable data

- 5.19 This project has been commissioned because of the absence of accessible and reliable data on private sector house condition in the region. The project has used surrogate data to map the distribution of houses in poor condition in the region.
- 5.20 In doing so it has evidenced the relationship between lower quartile house prices across the region and incidences of poor condition private housing. This, in itself, is the only reliable and timely collected variable that can be applied at both the regional and local level to achieve an indicative distributional outcome. The utilisation of this one variable serves only to identify locational housing market effects and not condition per se. In order to bolster its accuracy the information needed to be teamed with further proxy information, (properties lacking central heating and tenure distribution), from the 2001 Census, thus meaning that the underlying data facilitating the model is increasingly out of date.
- 5.21 If such a modelling process was to be undertaken again, it could be argued that the data needs to be collected on a more regular basis. A final suggestion is that more robust house price monitoring, at the local level, could be developed as a useful tool to monitor potential private sector stock condition impacts, especially the ability of a household to invest in their property. Given the statistical relationship expressed between lower house prices and poor condition, such an analysis could be robustly applied to achieve a more nuanced understanding to influence the potential distribution of housing assistance and regeneration monies.
- 5.22 The government's target based approach to achieving an improvement in housing standards imposes a responsibility on local authorities to continue to collect reliable data at local level both on housing conditions in the private sector and the impact of measures in reducing the numbers of vulnerable households in non decent homes. The larger authorities will be able to sustain the costs of detailed local house condition surveys, but it is unlikely that the smaller, or rural, authorities will. Strategically, it is likely to be cheaper for the RHB to mount a series of such surveys over large geographical areas in the region than to leave this responsibility to the local authorities.

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APPENDIX 1: METHODOLOGY USED FOR MAPPING PROPERTIES IN POOR PHYSICAL CONDITION

The following methodology outlines the relationship between deprivation and an independent variable (House Prices) and how this relationship can be utilised to locate indicative ‘hotspots’ of poor condition Private Sector properties. Following on from this the methodology is applied to the 2004 HIP returns for the South East GOR to facilitate a mapping exercise to illustrate the distribution of poor condition Private Sector properties at a sub-Local Authority level.

Subsequently, the outputs from this exercise are presented using the South East GOR Housing Market Area geography to enable the findings to be related to the policy frameworks of the Regional Housing Strategy (RHS) and Regional Spatial Strategy (RSS) and cite these within the findings and recommendations of the overall report.

Stock Condition and House Prices

The 2004 Indices of Deprivation contained a specific ‘sub-domain’ (the Indoor Sub-domain) within its calculations to identify locations of potential poor stock condition. This component identified areas of both poor condition Social and Private properties via the application of the findings of the 2001 English Household Condition Survey (EHCS) controlled by the distribution of properties lacking central heating (derived from the 2001 Census). The Building Research Establishment (BRE) conducted this work.

Because of the nature of the calculation for the Indoor sub-domain there is implicitly a stronger weighting (at the national level) to areas of social housing stock dominance, something that is reflective in the overall composition and issues with this form of tenure. There is therefore a need to reintroduce, for the purposes of this work, a greater bias towards the Private Sector.

The overall resource utilised for the purpose of the regional mapping exercise is the Land Registry House Price data set. This enables the capture, at the neighbourhood level, of the distribution of lower quartile house price activity for the period April 2004 to April 2005. Statistically the relationship between lower quartile house prices and the Indoor sub-domain is extremely strong at the South East regional level (returning a 99% significance¹), although this again may be a reinforcement of the effect of social housing across the region as well.

To remove the effect of social housing, and to also reinforce the spatial component, the controlling element from the BRE calculations (distribution of properties lacking central heating) was utilised at the 2001 Census output area geography. Again the statistical relationship with lower quartile house prices returned highly significant correlations at the regional level. Further to this, Output Areas with greater than the 50% social housing (both Local Authority and Housing Association) were removed from the calculations, this course of action was decided upon so as to try and capture areas where extensive right to buy may have historically taken place.

¹ Person 2 tailed correlation at the 0.01 level.

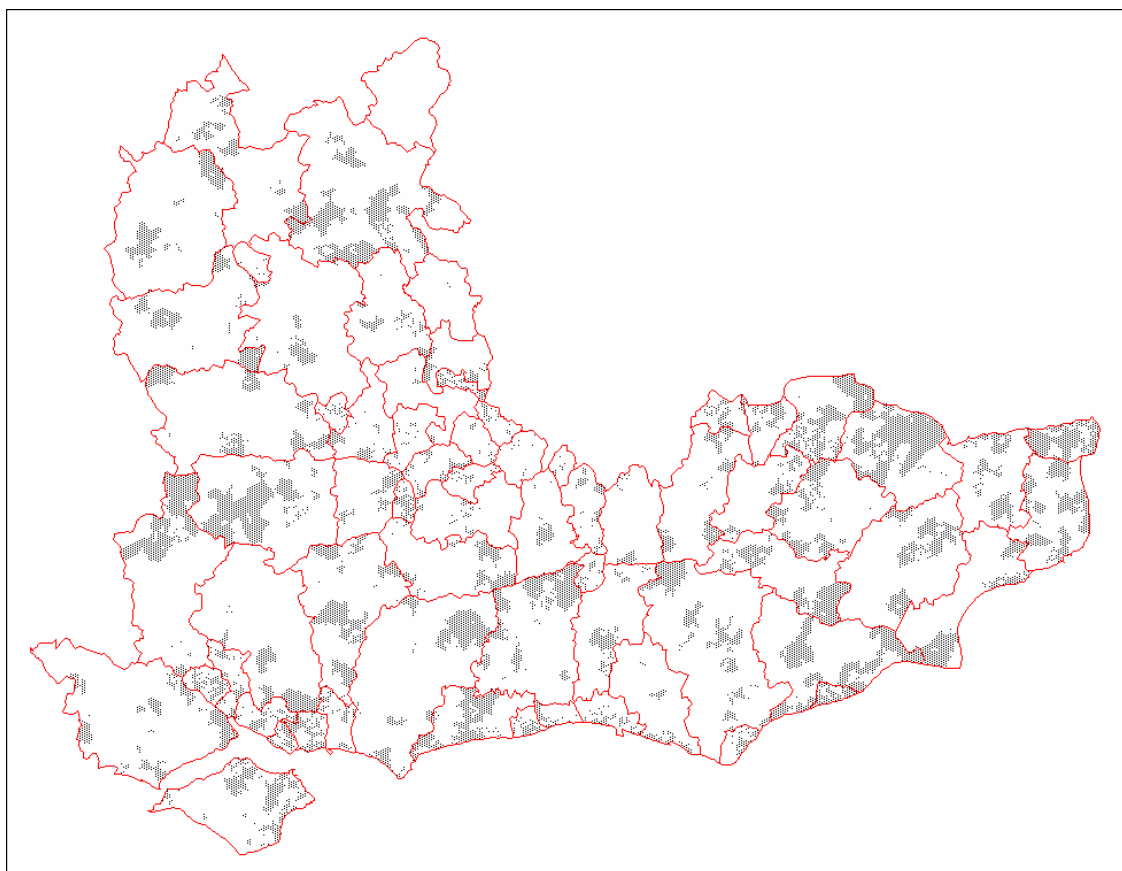
With areas of regionally dominant social housing removed the correlation between price and areas of indicative poor condition properties remained at the 99% significance level. Testing of the correlations at the Local Authority level identified that significant relationship between the two indicators existed in 46 of the 67 areas within the South East, with a further 15 returning significance levels at 95%. Further to this the relationship was then tested at the Lower Level Super Output Area (SOA) level (containing around 1,500 properties each), which confirmed the Local Authority level correlations and also identified further ‘hotspots’ of localised correlation within the Local Authorities previously returning lower rates.

The final stage entailed the sub-selection of the Lower SOA geography that met the following criteria:

- Returned a significance correlation of 95% or greater on the relationship between house price and the indicative variable (lacking central heating) and / or returned a house price value in the lower quartile;
- Satisfied the ‘non-social housing’ definition.

Figure one indicates the spatial extent of the defined geography.

Figure one: Potential private sector poor condition geography



Mapping the extent

The first stage of the exercise captured the potential distributional geography of areas which, based on significance testing, could contain poor condition Private Sector properties. The following stage introduces the known extent of the Private Sector poor condition. As mentioned previously, HIP submissions contain information on overall numbers of private sector properties that, either from survey work or via the application of a Ready Reckoner calculation, can be identified as being in poor condition.

From the most recently provided submission it is evident that the South East contains a diverse range of values. Four Local Authorities (Dover, Hastings, Shepway and Brighton and Hove) returned values equivalent to more than 10% of their overall Private Sector properties, with the regional average reported at a little less than 4%. 32 Local Authorities reported levels of poor stock condition at less than 3%; the national average (all English Local Authorities) is 4.3%.

Utilising the 2001 Census tenure figures for the SOAs identified previously, the HIP values for poor condition by Local Authority were proportioned between these areas constrained by the level of reported significance. This constraint was introduced to ensure that the values were not just representing the overall numbers of Private Sector properties. Further to this a specific weighting element was derived to capture the relationship between stock conditions in Owner Occupation against the Private Rented Sector. This final component was added because an analysis of the 2003 EHCS suggested that in different environments (Urban, Suburban, Rural Residential and Rural) there was a stronger representation of Private Rented Sector poor condition properties than in others. Utilising this weighting, the Census numbers of Private Rented Sector properties in those locations were boosted to provide a greater emphasis on the impact this form of tenure may have on stock condition.

Figure two illustrates the final output based on the methodology outlined. Essentially the areas represented are indicative of the following three profiles:

1. Locations that return a weighted average house price (based on a year's worth of sales data) in the lowest quartile - or returned a robust correlation between a proxy indicator, lacking central heating.
2. Are controlled for potential Social Housing effects;
3. Are indicatively representative of the impact Private Rented properties may have on overall stock condition issues.

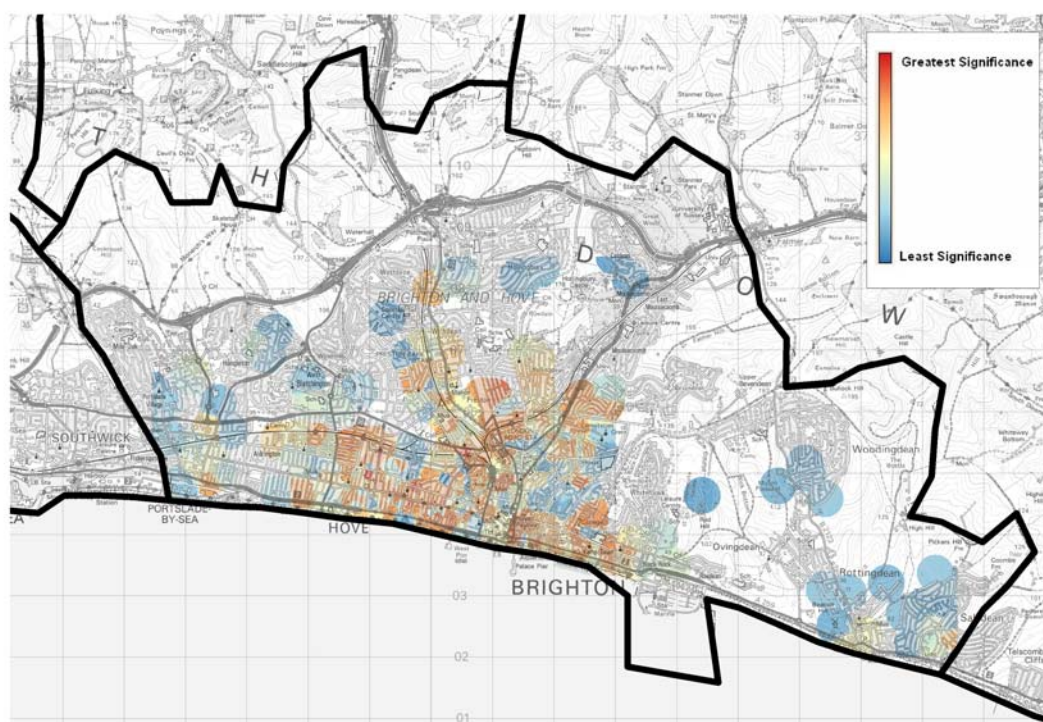
It should be noted that the output represents hotspots of Private Sector poor condition related to the **regional average**. Due to the weighting procedures Local Authorities with high numbers of reported poor condition properties do appear as significant hotspots in the mapping exercise because they will be *de facto* those with the greatest extent of issues. This exercise was designed to produce an output that illustrated a sub local authority variance in indicative distribution.

APPENDIX II – CONSIDERING THE HOTSPOTS

Considering the Hotspots within towns and cities

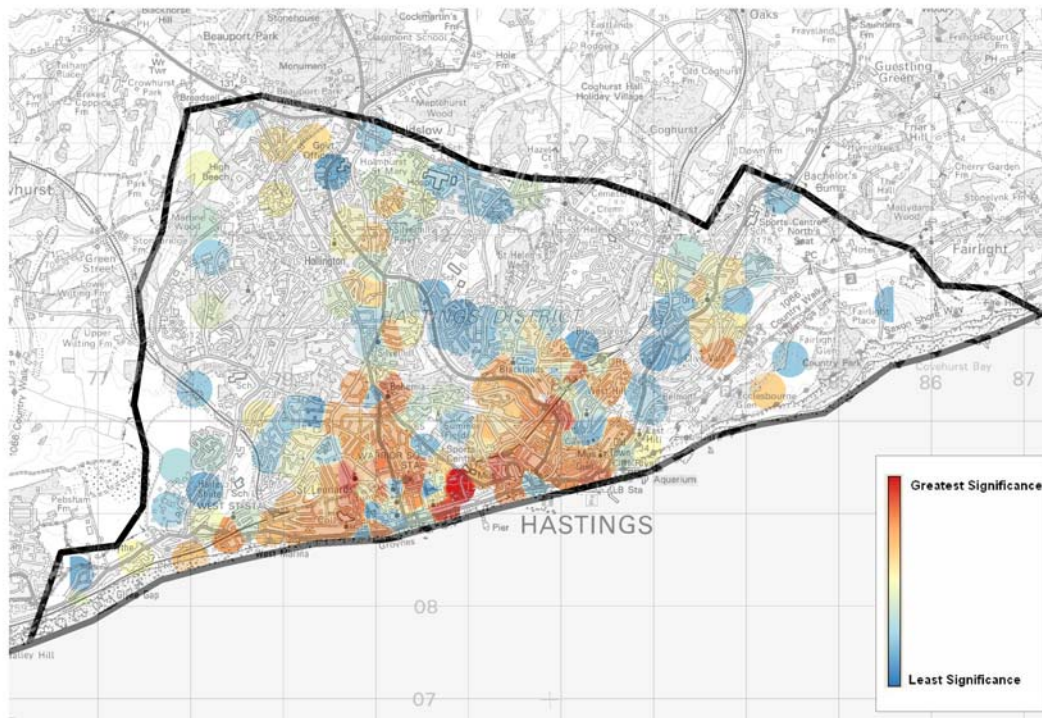
The preceding exercise considered locations of poor condition Private Sector properties as ‘hotspots’ relating to the whole region. For this primary reason Local Authorities with greatest reported numbers of properties are, by default, represented as regional ‘hotspots’. The following exercise takes the top four Local Authorities (Brighton and Hove, Dover, Hastings and Shepway) and realigns the regional model to each of their expressed extents. In doing so this will provide a further layer of understanding about the distribution of Private Sector poor condition by identifying indicative ‘hotspots’ within the regional ‘hotspots’.

Brighton and Hove



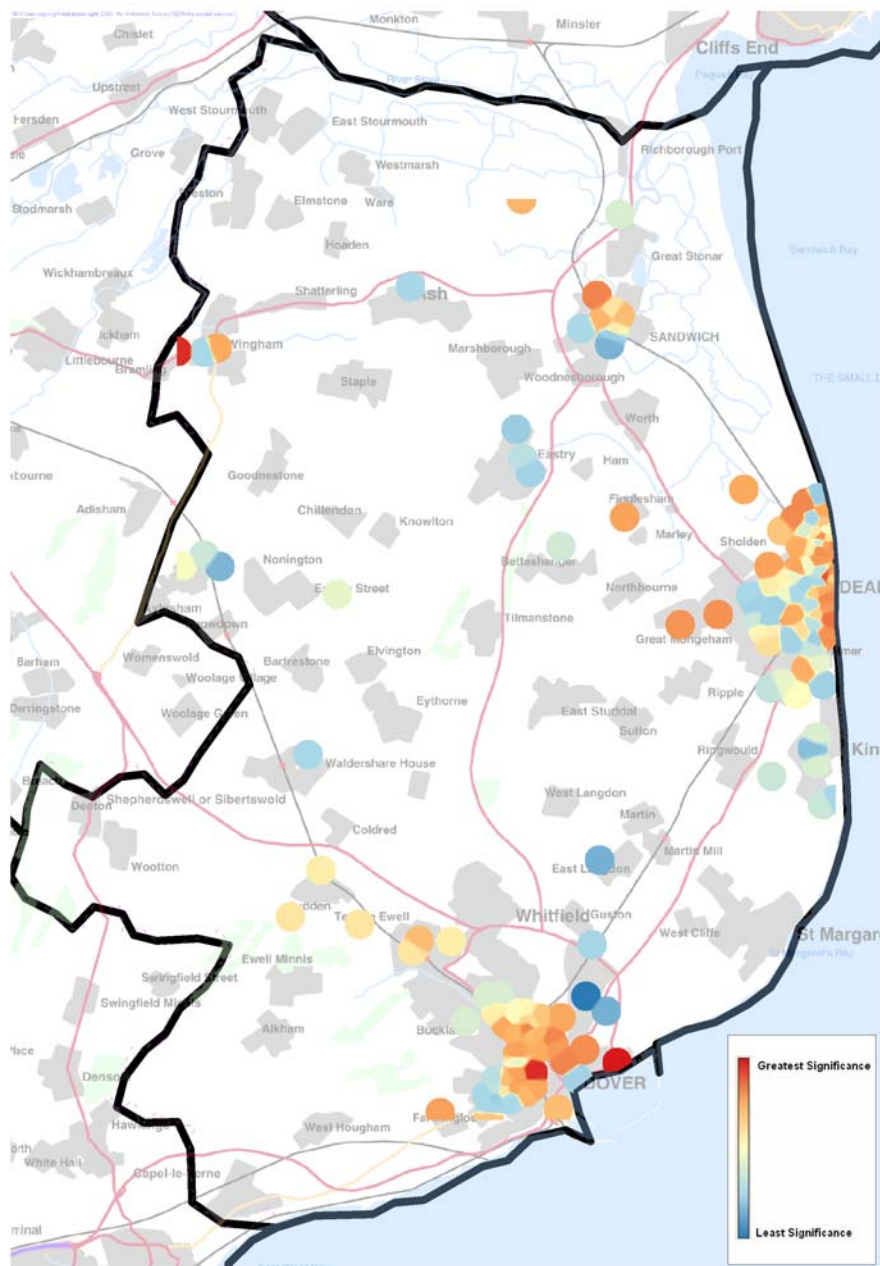
- The minimum rate (lowest significance) equates to <4 properties per 100, whilst the highest rate equates to 30 properties per 100;
- Brighton and Hove contains some of the most dense residential areas in the South East, along with elevated levels of Private Renting – corresponding with noticeable concentrations of poor stock condition around the colleges and Preston areas;
- Outer lying estates represent lower levels, in relationship to Brighton overall, although there are pockets identified in the Rottingdean / Saltdean areas.

Hastings



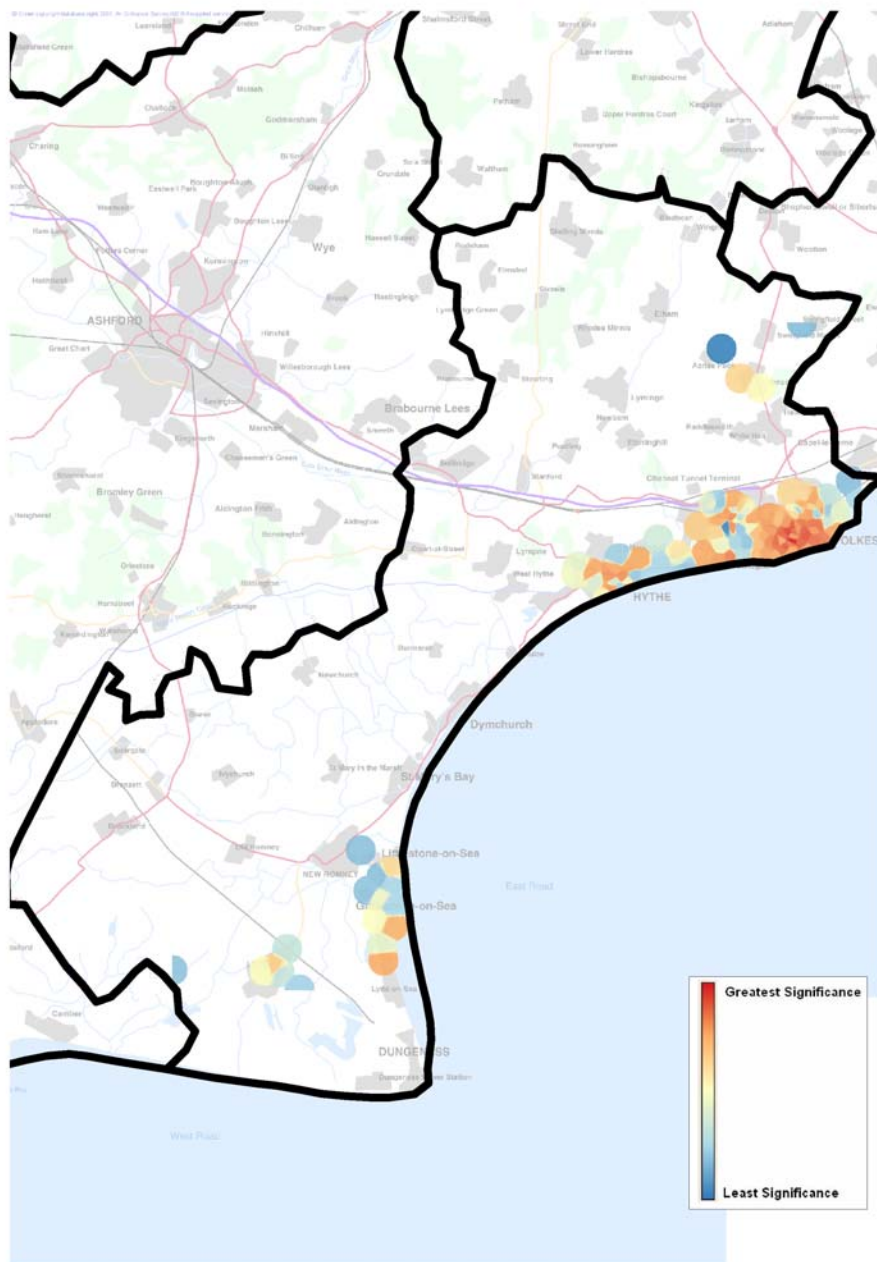
- Significant areas of poor stock condition exist around the Warrior Square station area moving northwards towards Bohemia;
- Comparable levels are also present in St. Leonards and also extending north-east of the town centre towards Blacklands;
- In the suburban areas comparable levels are reported in the Hollington / Silver Hill Park area and around Clive Vale.

Dover



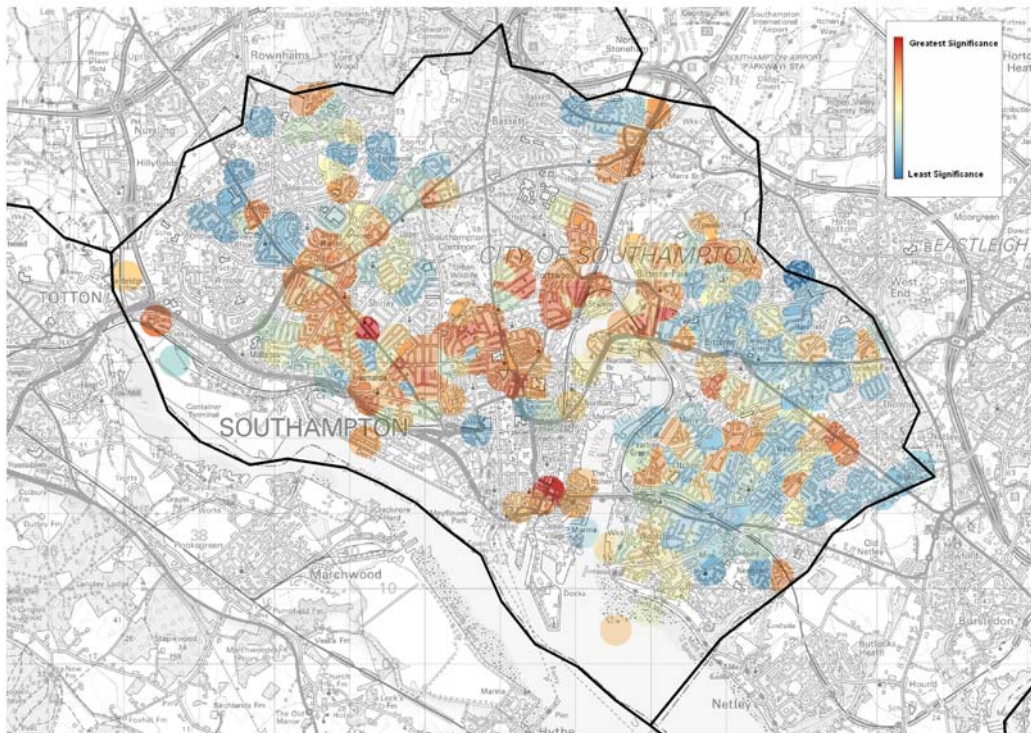
- The major urban areas of Dover and Deal contain noticeable hotspots, although there are comparable levels of significance in these areas' outlying neighbourhoods (Ewell in Dover and Great Mongeham in Deal);
- Around Sandwich there are also areas comparable to the larger urban counterparts, although not as geographically spread;
- Notable pockets are also represented in outer lying areas such as Wingham and Aylesham.

Shepway



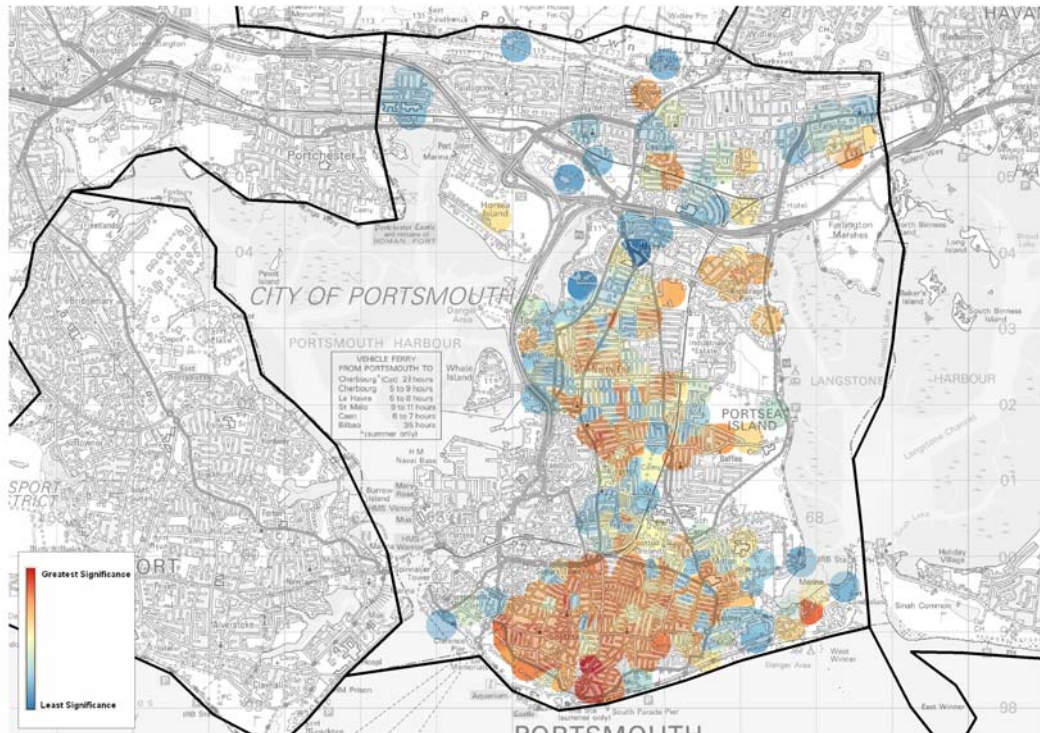
- The central areas of Folkestone dominates the overall picture – with noticeable concentrations around the Central Station area;
- Comparable areas exist in Cheriton (Folkestone) and Orchard Valley (Hythe);
- Lower magnitude areas are reported in Littlestone-on-Sea and Greatstone-on-Sea;
- Localities through Lydd return values of between 5 to 6 properties per 100 in poor condition.

Southampton



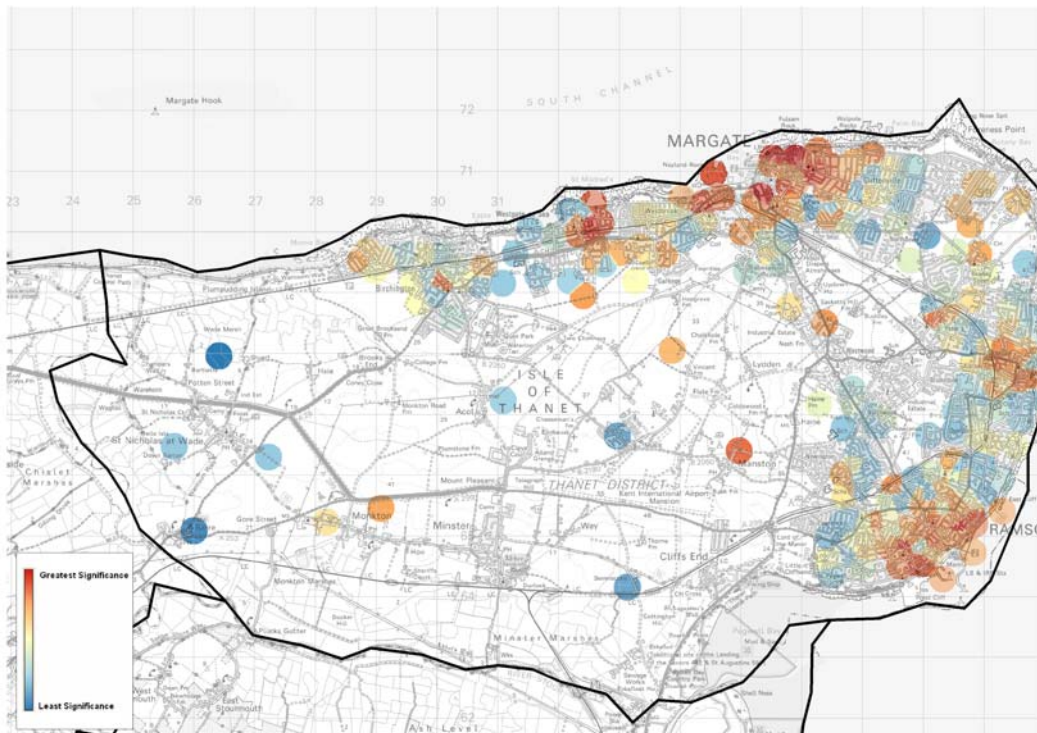
- The observed distribution through Southampton would appear to consist of a central belt running east to west from the city centre out to Shirley Warren, although similar levels of significance are returned around the Portwood area and on the other side of the River Itchen in Bitterne Park.

Portsmouth



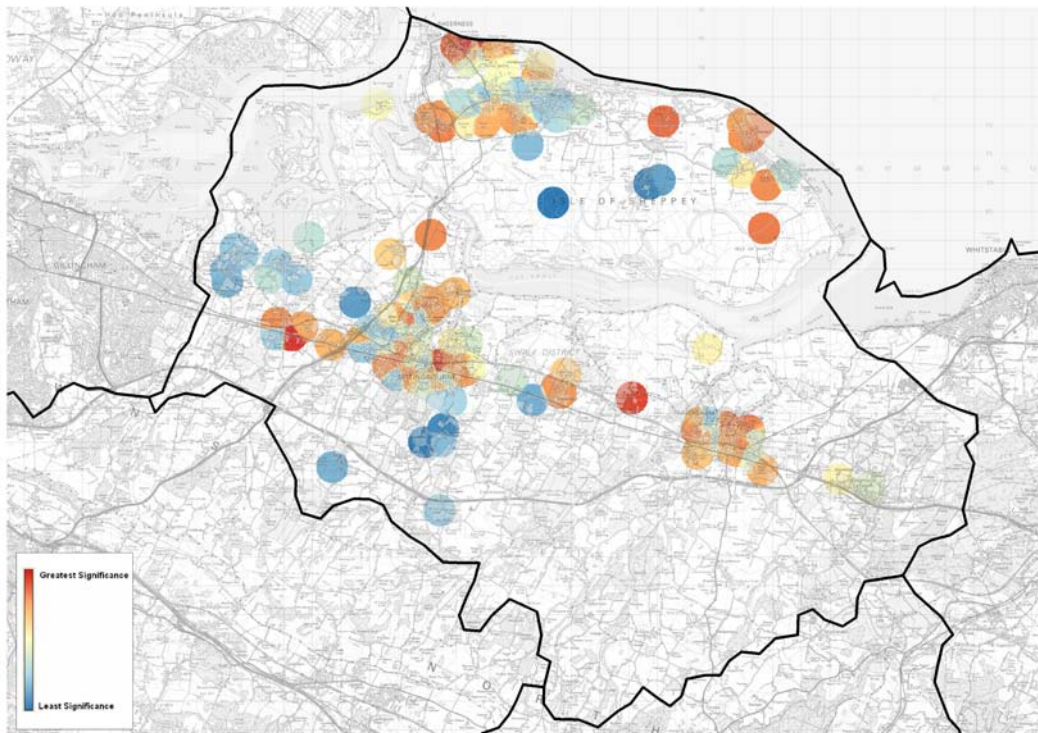
- The observed distribution would indicate substantial failings around the Southsea area spreading out to Somers Town;
- Secondary areas of significance are reported around Anchorage Park and to the north of Kingston towards North End.

Thanet



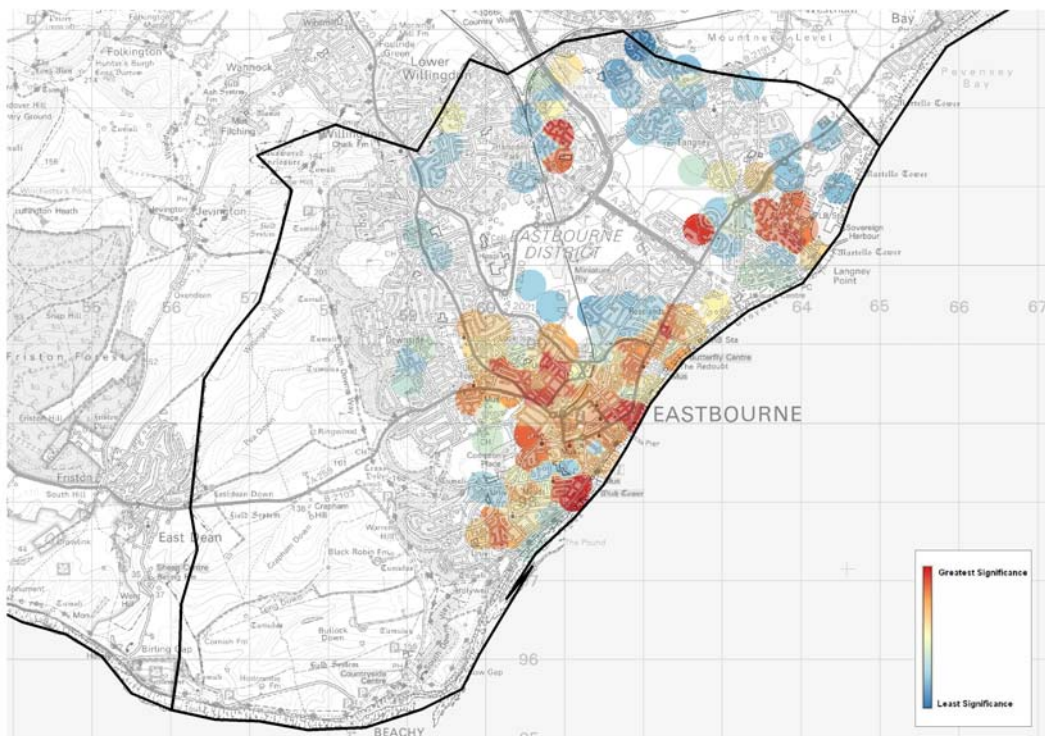
- The main pockets are concentrated in both Ramsgate and Margate;
- Secondary levels of significance are recorded along the north coast towards Westgate-on-sea and Birchington;
- One further issue may be the lower background levels returned for the more rural components, because of the overall property numbers such areas may be suppressed by the denser property concentrations in the urban.

Swale



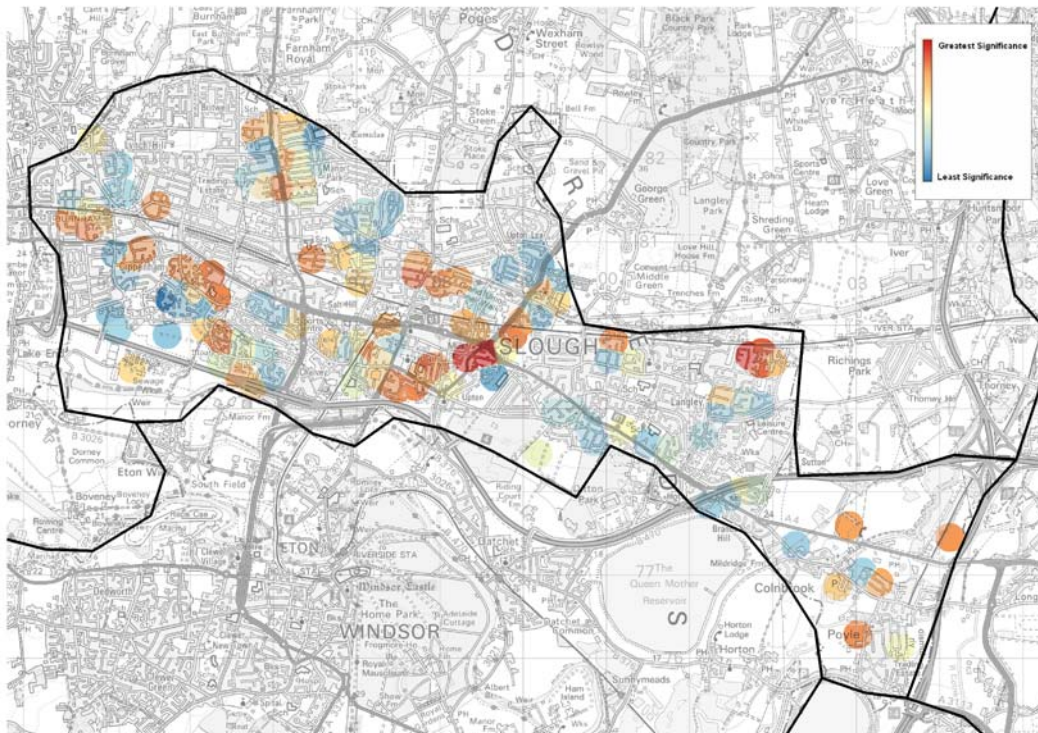
- Main hotspots would appear to be concentrated within both Faversham and Sittingbourne, although comparable levels of significance are suggested in locations such as Newington and Sheerness;
- As with Thanet the denser urban forms may be suppressing potential issues in the more rural locations.

Eastbourne



- Whilst the key areas of significance are cited around the central core there are also comparable levels reported inland from Langley Point;
- Also there is a reasonable level of significance around the Hampden Park neighbourhood.

Slough



- Whilst there is a significant hotspot returned in the central area the indication is that locations around Cippenham (west) and Manor Park (north) return a greater spatial extent of stock condition issues;
- Also pockets of significance are returned around the Langley area (especially in the north-west side) and also through Colnbrook and Poyle.

Appendix III

Summary of the decent homes standard

A decent home is one that is wind and weather tight, warm and has modern facilities. It must meet all of the following four criteria:

- ***It meets the current statutory minimum standard for housing***

Homes below this standard are those defined as unfit under section 604 of the Housing Act 1985 (as amended by the 1989 Local Government and Housing Act).

- ***It is in a reasonable state of repair***

Homes that fail to meet this criterion are those where either:

- One or more of the key building components are old, and because of their condition, need replacing or major repair; or
- Two or more of the other building components are old, and because of their condition, need replacing or major repair.

- ***It has reasonably modern facilities and services***

Homes that fail to meet this criterion are those that lack three or more of the following:

- A reasonably modern kitchen (20 years old or less)
- A kitchen with adequate space and layout
- A reasonably modern bathroom (30 years old or less)
- An appropriately located bathroom and WC
- Adequate insulation against external noise (where external noise is a problem)
- Adequate size and layout of common areas for blocks of flats.

A home lacking two or less of the above is still classed as decent therefore it is not necessary to modernise kitchens and bathrooms if a home passes the remaining criteria.

- ***It provides a reasonable degree of thermal comfort***

This criterion requires homes to have both effective insulation and efficient heating.

APPENDIX IV: DEFINITION OF VULNERABLE HOUSEHOLDS

Vulnerable households: are households in receipt of at least one of the principal means tested or disability related benefits. Since 2001 a new range of tax credits has been introduced with different qualifying thresholds. These are child tax credit and working tax credit (both introduced in April 2003 when working families tax credit and disabled persons tax credit were abolished) and pension credit (introduced in October 2003).

The definition of vulnerable households has been amended to take these changes into account in *A Decent Home – The definition and guidance for implementation*, ODPM, February 2004.

The survey period for the 2003 EHCS findings (April 2002 to March 2004) spans these changes. The necessary definitional changes have been accommodated in the EHCS by making changes to the data collected at April each year and have resulted in the following operational definitions for the survey:

- a) the definition of vulnerable households for April 2002 to March 2003 (as for the 2001 EHCS) was households in receipt of the following: income support, housing benefit, council tax benefit, disabled persons tax credit, income based job seekers allowance, working families tax credit, attendance allowance, disability living allowance, industrial injuries disablement benefit, war disablement pension;
- b) the definition of vulnerable households for April 2003 to March 2004 was households in receipt of: income support, housing benefit, council tax benefit, disabled persons tax credit, income based job seekers allowance, attendance allowance, disability living allowance, industrial injuries disablement benefit, war disablement pension, child tax credit and working tax credit. For child tax credit and working tax credit the household are only considered vulnerable if the person entitled to the tax credit has a relevant income of less than £14,200, as defined for the purpose of determining eligibility for the tax credit.
- c) the definition for 2003 to March 2004 does not include pension credit (introduced in October 2003). This will be included in fieldwork from April 2004.

The focus of the report is on vulnerable households in the private housing sector where choice and achievable standards are constrained by resources available to the household. This focus reflects the Public Service Agreement target (ODPM PSA7) to increase the proportion of private sector vulnerable households living in decent homes, as set out in *A Decent Home*.

Source: ODPM (2005)

APPENDIX V: GLOSSARY

This glossary aims to cover the main terms involved in private sector housing renewal.

Basic Amenities	Dwellings lack basic amenities where they do not have all of the following: <ul style="list-style-type: none"> ▪ kitchen sink; ▪ bath or shower in a bathroom; ▪ a wash hand basin; ▪ hot and cold water to the above ▪ inside WC
BRE	Building Research Establishment
BRE predictive model	A modelling tool used to rank the issue of non decent housing rather than use absolute indicators of specific conditions. The results provide an indication of relative conditions on a geographical basis and a comparison between the four elements of the decent homes standard.
CIEH	Chartered Institute of Environmental Health
CML	Council for Mortgage Lenders
Costs to make decent/fit	See ‘repair costs’
Decent Homes	A decent home is one that satisfies all of the following four criteria: <ul style="list-style-type: none"> ▪ it meets the current statutory minimum standard for housing – at present this is the fitness standard; ▪ it is in a reasonable state of repair; ▪ it has reasonably modern facilities and services ; ▪ it provides a reasonable degree of thermal comfort. <p>See Appendix III</p>
DEFRA	Department of the Environment, Food and Rural Affairs
DTI	Department of Trade and Industry

Dwelling	A dwelling is a self-contained unit of accommodation (normally a house or flat) where all the rooms and amenities (ie kitchen, bath/shower room and WC) are for the exclusive use of the household(s) occupying them. In rare cases, amenities may be located outside the front door but provided they are for the exclusive use of the occupants, the accommodation is still classed as a dwelling. For the most part a dwelling will be occupied by one household but may contain none (vacant dwelling) or may contain more than one (HMO).
EAGA	Energy Action Grants Agency (administers the Warmfront grants on behalf of DEFRA).
EEACs	Energy Efficiency Advice Centres
EEC	Energy Efficiency Commitment - a scheme by which energy suppliers promote energy efficiency to their customers, in order to achieve energy saving targets which are set and enforced on the supplier by government.
Energy Efficiency	The main measure of energy efficiency used in the report is the energy cost rating as determined by the Government's Standard Assessment Procedure (SAP). This is an index based on calculated annual space and water heating costs for a standard heating regime and is expressed on a scale of 1 (highly energy inefficient) to 120 (highly energy efficient). Energy inefficient homes are those with a SAP rating of 30 or below.
Equity	The estimated value of the property minus the total amount outstanding on all mortgages/loans secured against the home.

Fitness	<p>The Fitness Standard is defined by the 1989 Local Government and Housing Act: Section 604 and Section 352.</p> <p>Section 604: under Section 604 covering all the stock a dwelling is fit for human habitation unless in the opinion of the local housing authority it fails to meet one or more of the following requirements and by reason of that failure is not reasonably suitable for occupation: it is free from disrepair; it is structurally stable; it is free from dampness prejudicial to the health of the occupants (if any); it has adequate provision for lighting, heating and ventilation; it has an adequate piped supply of wholesome water; it has an effective system for the draining of foul, waste and surface water; it has a suitably located WC for the exclusive use of the occupants; it has for the exclusive use of the occupants (if any) a suitably located bath or shower and wash-hand basin, each of which is provided with a satisfactory supply of hot and cold water; and there are satisfactory facilities in the dwelling home for the preparation and cooking of food, including a sink with a satisfactory supply of hot and cold water.</p> <p>Section 352: in addition to the requirements for dwellings laid down in Section 604, the additional requirements for an HMO as laid down in Section 352 are: there are satisfactory facilities for the storage, preparation and cooking of food including an adequate number of sinks with a satisfactory supply of hot and cold water; it has an adequate number of suitably located water-closets for the exclusive use of the occupants; it has, for the exclusive use of the occupants, an adequate number of suitably located fixed baths or showers and wash hand basins each of which is provided with a satisfactory supply of hot and cold water; there are adequate means of escape; and there are adequate other fire precautions.</p>
Fuel Poverty	A household is defined to be fuel poor if more than 10% of its income needs to be spent to achieve a satisfactory indoor heating regime, after including other energy services such as cooking and lighting.
HA	Housing Association

Heating system	<ul style="list-style-type: none"> ▪ <i>central heating system</i>: a heating system with a distribution system sufficient to provide heat in at least one room in addition to the room or space containing any boiler (including programmable gas convector heaters); ▪ <i>storage heaters</i>: electric storage heaters which run on off-peak electricity; ▪ <i>fixed heaters</i>: other individual heaters/fires, either fixed to the fabric of the building or not readily moved; ▪ <i>non-fixed heaters</i>: individual heaters/fires which are not fixed or wired into a fused spur which can be easily carried by a single person from room to room.
HECA	Home Energy Conservation Act
Household	One person living alone or a group of people who have the address as their only or main residence and who either share one meal a day or share a living room
Household groups	<ul style="list-style-type: none"> ▪ <i>children 0-15</i>: includes persons aged under 16; ▪ <i>elderly 75+</i>: includes at least one person aged 75 or over; ▪ <i>ethnic minorities</i>: where the respondent defines their ethnicity as something other than white; ▪ <i>Illness or disability</i>: whether anybody in the household has a long-term illness or disability. ▪ The respondent assesses this and long-term is defined as anything that has troubled the person, or is likely to affect them, over a period of time; ▪ <i>lone parents</i>: lone parent with dependent children: single parent with dependent child/children (i.e. persons aged under 16, or single persons aged 16 to 18 and in full-time education); ▪ <i>low income</i>: A household with income in the lowest 20% of all households income; ▪ <i>older people 60+</i>: includes at least one person aged 60 or over; ▪ <i>workless</i>: A household in which no adult of working age is employed.
Household reference person	This is the person in whose name the dwelling is owned or rented or who is otherwise responsible for the accommodation. In the case of joint owners or tenants, the person with the highest income is taken as the HRP. Where incomes are equal, the older is taken as the HRP. This procedure increases the likelihood that the HRP better characterizes the household's social and economic position.
Income	This is the annual net income of household reference person and any partner from wages, pensions, savings and benefits. It does not include council tax benefit, housing benefit, Income Support Mortgage Interest or any payments made under a Mortgage Payment Protection Insurance policy.

Indices of deprivation (IMD) 2004	<p>This is a super output area (SOA) level measure of multiple deprivation and is made up of seven domain indices. The domains relate to Income deprivation, Employment deprivation, Health deprivation and disability, Education, skills and training deprivation, Barriers to housing and services, Living environment deprivation and Crime. They replace the Indices of Deprivation 2000 (ID2000).</p> <p><i>Super Output Areas:</i> They are a statistical geography. Their key aspects are stability and uniformity of size. In general SOAs should be seen as building bricks from which other areas can be built up, rather than as socially distinct areas in their own right. There are 32,482 in England.</p>
LA	Local Authority
Market Value	<p>The market value survey asks experienced professional valuers to provide a market value for each case in the survey. The valuers are given photographs and details of the property including information such as the number of bedrooms, type of garden, parking provision, visual appearance of the area, and a list of the repairs needed to the property. From this information and their own intelligence of the local market, the valuers estimate the price that the property would sell for to an owner-occupier on the open market. For the social sector properties, this is the price that the sitting tenant would expect to pay before any discount is applied.</p>
Modernisation	<p>Modernisation refers to the requirements of the Decent Homes standard. In order to comply with the standard a property must have reasonably modern facilities and services (see Appendix Three)</p>
ODPM	Office of the Deputy Prime Minister
OFGEM	Office of Gas and Electricity Markets
OFT	Office of Fair Trading

Ready Reckoner	<p>An ODPM tool used to obtain an indication of the likely magnitude of the problem in their area. It is based on statistics obtained from the 2001 EHCS and is therefore most appropriate for indicating the situation at that time, with input of some basic local private sector stock information. It is not a substitute for local authorities using surveys and other sources of information to establish their own estimates. It is not sensitive to the wide range and complexity of local circumstances that determine the actual size of the problem in a specific district. The target requires two measures for a given district: in order to establish the proportion living in decent/non decent homes and the actual magnitude of the problem:</p> <ul style="list-style-type: none"> ▪ the number of vulnerable households living in private sector housing; ▪ the number of such households living in non decent homes
Repair	<p>In order to comply with the Decent Homes standard a property must be in reasonable repair as defined by the Housing, Health and Safety Rating System (see Appendix Three)</p>
Repair costs	<ul style="list-style-type: none"> ▪ <i>faults</i>: a fault is any problem which is not of a purely cosmetic nature and which either represents a health or safety hazard, or threatens further deterioration to the specific element or any other part of the building. ▪ <i>comprehensive repairs</i>: includes any currently required repairs plus any the surveyor assessed as falling due over the next 10 years. For all exterior elements, whether work was specified or not, they recorded the replacement period of that element – the number of years before it would need replacing. This measure provides a better basis for identifying work that would form part of a planned programme of repair by landlords. ▪ <i>standardised repair costs</i>: these are costs (in pounds per square metre (£/m²) based on prices for the East Midland region) of undertaking comprehensive repairs. It is assumed that all work is undertaken by contractors on a block contract basis. For flats, the size of the contract is assumed to be the whole block and for houses it is taken as a group of 5 dwellings. As such, the costs are more closely associated with those which may be incurred by a landlord organising the work on a planned programme basis. By reducing costs to a £/m² basis the effect of the size of buildings on the amount of disrepair recorded is omitted, otherwise the extent of the disrepair measured is substantially driven by the size of the building. The common price base and contract type eliminate other price variations. These costs should not be used as an indication of the expenditure required to remedy. ▪ <i>costs to make decent</i>: are the costs of making the dwelling fully decent. They represent the required expenditure (i.e. take into account regional and tenure variations in building prices).

SAP	Standard Assessment Procedure (government endorsed energy rating system for homes, giving properties a score out of 120 whereby a score of 120 is the most efficient and 0 the least)
Serious disrepair	This is defined for households only, and identifies the 10% of households whose dwellings have the highest repair costs per sq m.
Tenure	<p>Four categories are used for most reporting purposes:</p> <ul style="list-style-type: none"> ▪ <i>owner-occupied</i>: includes all households who own their own homes outright or buying them with a mortgage/loan; also includes shared-ownership schemes; ▪ <i>private rented or private tenants</i>: includes all households living in privately owned property which they do not own. Includes households living rent free, or in tied homes. ▪ Includes un-registered housing associations tenants; <p>Alternative categories include:</p> <ul style="list-style-type: none"> ▪ <i>homeowner with mortgage</i>: includes all households who have bought their home with a mortgage/loan; ▪ <i>homeowner no mortgage/outright owner</i>: includes all households who own their homes outright
Thermal comfort	In order to comply with the Decent Homes standard a property must provide a reasonable degree of thermal comfort (see Appendix Three)
Unfitness	See 'fitness'
Urban/rural	<p>A field assessment is made of the type of location.</p> <ul style="list-style-type: none"> ▪ <i>City or other urban centre</i> includes: City centres; the core of towns; and also older urban areas which have been swallowed up by a metropolis; ▪ <i>Suburban</i> includes: The outer area of towns or cities; characterised by large planned housing estates; ▪ <i>Rural</i> includes: Rural residential areas or the suburban areas of villages; traditional village centres including the old heart of villages which have been suburbanised; and isolated dwellings or small hamlets in predominantly rural settings.
Vacant dwellings	The assessment of whether or not a dwelling was vacant was made at the time of the interviewer's visit. Clarification of vacancy was sought from neighbours. Surveyors were required to gain access to vacant dwellings and undertake full inspections.

Vulnerable Household	<p>A household where the HRP and/or any partner is in receipt of any of the following benefits:</p> <p>Income support, Income-based Job seekers' allowance, Housing Benefit, Council Tax Benefit, Working Families Tax Credit, Disabled person's Tax Credit, Disability living allowance – Care component, Disability Living Allowance – mobility component, Industrial injuries disablement Benefit, War Disablement Pension and Attendance Allowance.</p> <p>In 2003-04 Working Families Tax Credit and Disabled person's Tax Credit were replaced by Working Tax Credit and Child Tax Credit. The Child Tax Credit is effectively a replacement for the children's tax credit tax allowance and can be paid to households with incomes of up to about £58,000 per year. Clearly these much better off households receiving tax credits should not be included within the definition of 'vulnerable households'. Instead, the approach taken by DEFRA in assessing eligibility for Warm Front Grants has been followed.</p> <p>Where households are receiving tax credits but none of the other benefits above, only those with a gross assessable income of less than £14,200 per year are classed as 'vulnerable'. A household's gross assessable income is the same as that used for tax credit purposes.</p> <p>Briefly, it includes all income from wages, pensions, savings and benefits except for:</p> <p>Working Tax Credit, Child Tax Credit, Child Benefit, Maternity Allowance (to a maximum of £100 per week), Statutory Sick Pay (to a maximum of £100 per week), Disability Living Allowance (care component), Disability Living Allowance (mobility component), Industrial Injuries Disablement Benefit, War Disablement Pension, Severe Disablement Allowance and Attendance Allowance.</p> <p>See Appendix IV</p>
Warm Front	<p>A government funded scheme targeting the Fuel Poor, to help cover the cost of basic energy efficiency measures, e.g. loft insulation, draught proofing, cavity wall insulation and heating controls. Administered by EAGA on behalf of DEFRA.</p>

APPENDIX VI: LOCAL AUTHORITIES SAMPLED

Where possible private sector housing strategies were the main point of reference, however, housing strategies, and housing financial assistance policies were also used. The internet and individual council's websites were also accessed for information.

Basingstoke and Deane

Brighton and Hove

Dover

Eastbourne

Gosport

Gravesham

Hastings

Isle of Wight

Lewes

Maidstone

Medway

Milton Keynes

New Forest

Oxford

Portsmouth

Reading

Reigate and Banstead

Rother

Shepway

Slough

Southampton

Swale

Thanet

Tonbridge and Malling

Wealdon

Winchester

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