

# Housing in Multiple Occupancy: Energy Issues and Policy (HOME)

Houses in Multiple Occupancy (HMOs) have been marginalised in energy efficiency and fuel poverty policy making. This is despite the vulnerability of many people living in shared housing and the poor condition of the HMO stock. Standard definitions of fuel poverty, based on income and required energy spend, do not apply where multiple households use common facilities and bills are included in rent or shared. This study gathers evidence to document energy vulnerability in HMOs and then assesses how these properties can be brought more fully into the reach of the energy and fuel poverty policy framework.

## Our approach

**Housing in Multiple Occupancy: Energy Issues and Policy (HOME)** involved a review of the academic literature and the current policy framework, and an extensive series of stakeholder interviews.

HMOs pose a challenge to a standard fuel poverty approach. Our study uses an “energy vulnerability” framework which allows us to look at broader issues of inclusion, justice, process and access to energy for HMO residents who are struggling with cold, damp homes and high energy costs.

## What is an HMO?

The complexity of different definitions of an HMO is itself a barrier to effective policy making. We principally consider the 2004 Housing Act which identifies broadly two types of HMO: (1) private rented properties occupied by three or more people in two or more households sharing access to and/or use of some facilities; and (2) poorly converted blocks of fully self-contained flats where more than a third of the flats are privately rented.

To help energy policy makers to understand these properties we have created a new typology of typical HMOs.

## The Market for HMOs

Certain cities have a prevalence of HMOs as a result of specific patterns of demand and supply in the housing market:

- **The distinct London housing market** with low supply and high prices;
- **Demand for student housing** in university cities;
- **High supply of large homes in coastal towns**, coupled with weak demand – leading to occupation by very low income residents;
- **Areas with high concentrations of migrants.**

Data is weak but 1% to 3% of English properties seem to be HMOs with prevalence rising as high as 14% in central London boroughs. However, more than any other type of housing, shared housing is likely to be under-counted in official surveys.

The HMO sector is growing as a result of government welfare changes, most notably

the change to give single people under 35 only housing benefit at the “shared room rate”.

### **HMO housing for migrants**

Cold and access to energy are an undocumented but likely problem for those using “beds in sheds” – illegal, overcrowded accommodation. These properties are particularly occupied by migrant workers. The government has introduced grants for local authorities to prioritise “beds in sheds” for enforcement action which should go some way towards eliminating the worst of this type of housing. But the “Beds in sheds” agenda is not only about housing quality: it’s also explicitly linked by government to tackling illegal immigration.

Asylum seekers – unlike migrant workers - are placed in HMOs as part of Home Office Settlement programmes. A recent National Audit Office report identified that Home Office sub-contractors were putting some asylum seekers in sub-standard HMOs, which is likely to include properties with cold and damp problems.

### **Levels of Energy Efficiency in HMOs**

Available evidence, which is very limited, suggests HMOs are frequently old, solid wall properties with low levels of insulation and often a higher prevalence of expensive electric heating systems.

Problems with damp, condensation and mould, and related health problems emerge very strongly from the literature as part of lived experience in HMOs: the NUS found that 47% of students in private rented (mainly shared) properties experienced these problems.

### **Energy Efficiency Policy and HMOs**

There are several issues around the inclusion of HMOs within the government’s energy efficiency and fuel poverty policy delivery framework in England, including that:

- Energy Performance Certificates are not required at point of rental for HMOs that are let on a room-by-room basis - because the European Energy Performance of Buildings Directive only requires EPCs for fully self-contained dwellings and the UK government has refused to “goldplate” the Directive;
- There is a lack of clarity around the energy assessment methodology (domestic or non-domestic?) to be used in some HMOs;
- With multiple tenants, old hard-to-insulate properties and lack of clarity over energy assessments, energy suppliers are unlikely to prioritise the sector for ECO funding.

Most importantly, without an EPC to act as a “trigger” at the point of rental, minimum EPC standards to be applied to the rest of the private rented sector from 2018 will exclude HMOs that are let on a room-by-room basis.

### **Local authority action to improve HMOs**

Action to improve the condition of HMOs is driven principally by local authorities.

From 2006 local authorities have been required to licence and therefore monitor all large HMOs. Authorities also have the power to additionally licence smaller HMOs in areas where there are management problems. As with all private rented properties, local authorities use housing health and safety powers to assess and demand improvements to HMOs that pose a serious risk to residents’ health, not least because of cold.

Experience from a small number of local authorities (we include a detailed case study of Bath and North East Somerset) shows how these powers can be used most effectively to directly tackle excess cold and poor energy efficiency in HMOs:

- Additional licensing schemes can be established on the basis of high levels of fuel poverty and low levels of energy efficiency in the HMOs in a community;
- Energy Performance Certificates can be required as a condition of HMO licensing;
- Minimum Energy Performance Certificate standards can be set as a condition of HMO licensing (with a time given for landlords to bring the property up to the minimum standard);
- Housing health and safety enforcement can be combined with systematic approaches to offering grants and subsidies and encouraging landlords into voluntary accreditation schemes.

These are far from mainstream approaches. We provide a case study of Manchester where we found that the local authority is struggling with major resource constraints and is not pursuing any additional licensing. Energy efficiency was not perceived as a first order housing quality issue in HMOs (a common theme across many authorities is that the risk of cold is still not seen as a fundamental part of “health and safety”). And HMOs are not seen as at the top of Manchester’s list to benefit from ECO funded energy refurbishment programmes.

### Summary of Recommendations

HMO residents have less choice and control than others in the housing market so there is a strong case for additional regulatory interventions to tackle housing quality issues. It is therefore shocking that, as things stand, HMOs will be substantially excluded from the government’s proposed EPC “E” minimum

energy efficiency standard for the private rented sector.

To best tackle cold and expensive-to-heat HMOs we suggest policy makers should consider:

- A requirement for building level Energy Performance Certificates to be issued to HMO tenants at point of letting (certificate to be produced at the individual bedsit level when the bedsit has its own electricity meter);
- Bringing HMOs fully within scope of the PRS minimum standards regulations, including by amending the Energy Act, if required;
- Both DECC and DCLG should support local authorities with the resources and data to introduce energy efficiency minimum standards in HMO licensing, in better monitoring excess cold and damp risks in HMOs and in introducing additional licensing in areas with high concentrations of energy inefficient HMOs;
- Use of a minimum EPC “D” standard within HMO licensing and as a minimum quality criterion within any government programmes placing vulnerable people into HMOs;
- A private rented sector “ringfence” within the ECO programme allocating a certain amount of the funding to the private rented sector, and then specific monitoring of the participation of HMOs in the ECO programme;
- Clarity around the methodology to be used in undertaking energy assessments in HMOs;
- Introduction of measures to prevent retaliatory evictions when tenants complain about cold homes (as has been recently discussed by DCLG).

## Project information

A full project report and shorter policy report is available at:

[www.futureclimate.org.uk](http://www.futureclimate.org.uk)  
<http://urban-energy.org/>

and

<http://www.eagacharitabletrust.org/index.php/projects/item/houses-in-multiple-occupation-improving-policy-and-practice>

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