

**For General Release**

<b>REPORT TO:</b>	<b>CABINET 16 December 2013</b>
<b>AGENDA ITEM:</b>	<b>9</b>
<b>SUBJECT:</b>	<b>Amendments to Housing Renewal Policy</b>
<b>LEAD OFFICER:</b>	<b>Hannah Miller - Executive Director Adult Services Health and Housing</b>
<b>CABINET MEMBER:</b>	<b>Councillor Dudley Mead (Cabinet Member - Deputy Leader (Statutory) (Capital Budget and Asset Management) and Cabinet Member for Housing</b>
<b>WARDS:</b>	<b>All Wards</b>

**CORPORATE PRIORITY/POLICY CONTEXT:**

The Housing Renewal Policy sets out how the Council will provide assistance to homeowners and private tenants to enable them to keep their homes in good repair and free of hazards. The Policy also sets out the assistance available to disabled people to help them adapt, improve or repair their homes. Poor quality housing has an impact on the health of the occupants and on the quality of life in an area.

Improving the condition of private sector properties contributes to the regeneration of the borough and towards the target for increasing the number of decent homes occupied by vulnerable households in the private sector. Raising standards in these properties contributes to the corporate priorities set out in the Housing Strategy 2011-2015 of protecting and improving existing housing, optimizing the supply of new housing and achieving health & wellbeing through decent homes & neighbourhoods.

## **FINANCIAL IMPACT**

This Policy amendment introduces changes in funding sources for different forms of assistance.

New funding in the sum of £1,211,000 for empty property grants has been received from the GLA via the South West Sub Region. This is directed solely at the renovation of empty properties in the borough and is available up to March 2015.

Continuing funding for Disabled Facilities Grants of £1,900,000 is available per annum to provide adaptations to the homes of persons with disabilities.

Continuing funding of £1,000,000 for means tested home investment and repair loans and empty property loans is available to improve the condition of dwellings and make them decent homes to live in.

The Housing Renewal Policy amendments reflect the need to keep expenditure within this budget.

## **KEY DECISION REFERENCE NO.:**

This is not an executive key decision because the Housing Renewal Policy forms part of the policy framework. The final decision is recommended to the Full Council.

The Leader of the Council has delegated to the Cabinet the power to make the decisions set out in the recommendations below

### **1. RECOMMENDATIONS**

- 1.1 The Cabinet is requested to recommend to full Council that it agrees the proposed amendments (shown in appendix B circulated separately) to the Housing Renewal Policy.

### **2. EXECUTIVE SUMMARY**

- 2.1 The Regulatory Reform (Housing Assistance) Order 2002 requires the Council to publish a Housing Renewal Policy. The first Policy was agreed by Cabinet on 7 April 2003 and set out the assistance that the Council would give for housing renewal. It was agreed that the Policy should be subject to regular review. The Policy was last reviewed in 2011 and the amendments agreed by Cabinet (Minute A22/11) on 21 February 2011.
- 2.2 The key proposed changes are: changes to the available external funding sources resulting in the continuation of some and the introduction of new services and forms of assistance, the introduction of a new discretionary loan for the provision of adaptations in exceptional circumstances and changes to the maximum amounts for Discretionary Home Investment Loan and Disabled Facilities Relocation Grant.

- 2.3 The Regulatory Reform (Housing Assistance) Order 2002 also requires that the Council publish the types of assistance available and in order for the Council to offer loans to home owners for disabled facilities, the terms and conditions must be detailed in the Housing Renewal Policy. The existing Policy contains details of the home investment loans that are already available to home owners and the revised policy will also include the new eligibility criteria for discretionary loans for disabled facilities.
- 2.4 The amendment will also be used as an opportunity to make a number of minor procedural changes and clarifications to the terms and conditions contained within the Policy.

### **3. DETAIL**

- 3.1 The Regulatory Reform (Housing Assistance) Order 2002 provides the Council with wide ranging powers to assist private homeowners. The previous revision of the Housing Renewal Policy included a number of key changes to the types of assistance the Council would offer private homeowners. Since the last review in 2011 funding sources have changed. The need for a new form of loan assistance for vulnerable residents with disabilities has also arisen. The proposed amendments seek to address these changes.
- 3.2 The Policy includes detailed conditions explaining the purpose, qualifications and terms of all forms of assistance that are available. In order to comply with legislative changes and to take account of issues which have arisen since the policy was last reviewed, minor changes are recommended to make the policy and its' interpretation clearer for all users.
- 3.3 The current economic climate and financial restrictions in regard to budgets have been taken into account when reviewing the policy. The new policy makes provision for offering the means tested loans that are already available to low income households on a recycling basis, via the revenue loan fund. These interest free loans are available for the renovation of private sector properties that are in need of repairs and that fail to meet the decent homes standard. They are registered as a charge against the property and are repaid when the property is sold. The revised policy also increases the proportion of the revenue loan fund that is available for empty properties. This is in line with the need to increase the amount of accommodation available from housing units in the private sector that are currently vacant.
- 3.4 The proposed key changes are as follows:-

#### **Resources**

- Within the Recycled Loans Fund, the amount available for empty property loans has been increased from £100,000 to £200,000 to enable additional vacant units of accommodation to be returned to use.
- The new GLA funding of £791,000 for Empty Property Grants and the additional £420,000 also from the GLA for Empty Property Grants have been included.

## **General Guidance**

- Applicants with council tax arrears who have an agreement set up with the Council to repay the outstanding debt will no longer be able to apply for assistance until the debt is repaid in full.
- The policy is brought in line with the legal requirement regarding not lending money to a bankrupt person by including wording setting out that “The council is not able to offer or approve a loan where the applicant has been declared bankrupt and that bankruptcy has not been discharged”.

## **Discretionary Home Investment Loan**

- The maximum amount for Home Investment Loan has been increased from £15,000 to £20,000 to take account of both the increase in the rate of VAT from 15% to 20% since the loan scheme came into effect in 2009 and the increase in building costs over the past four years. This will enable all of the main hazards to be removed from properties that are in the worst condition, rather than leaving some remaining as the funding is insufficient. The Recycled Loans Fund will remain at £1m and will not be affected by this increase in maximum amount.

## **Mandatory Disabled Facilities Grant (DFG)**

- Eligible persons – to clarify that foster carers in the borough, where the child is already in occupation and where the placement is long term (i.e. for the whole or remainder of childhood to 18 years) are eligible to apply for a DFG. This applies whether the placement is by Croydon Council or from another local authority.
- The maximum amounts for relocation purposes under DFG have been increased as follows to bring them in line with current costs for moving home:
  - up to a fixed maximum level of £7,000 (previously £5000) for owner-occupiers, irrespective of the size and/or location of the properties being sold and purchased
  - In the case of private tenants moving to another rented property, the fixed maximum level is £3000 (previously £2500)
  - In the case of private tenants moving to and purchasing another property, up to a maximum of £7,000. (previously £5000)

## **Empty Homes Grant**

- The chapter on this grant has been updated to match the new South West Sub Region and GLA criteria, including the increase from a 3 to a 5 year letting requirement on completion, the change to 1 and 2 bedroom properties and a new maximum grant amount of £25,000. Additional funding of over £1m is now available to refurbish empty residential homes in the borough with the increased 5 year nomination period for the council.

## **Empty Homes Loan**

- The maximum loan amount will be revised to £40,000 per unit from the previous amounts of £44,000 for 2 bed and £54,000 for 3 bed properties.

## **Agencies & Projects**

- The reference to Creative Environmental Networks has been changed to Climate Energy as the organisation name has changed. The details of a new Coldbusters Affordable Warmth Grant that is administered by them have also been included which replaces the old Coldbusters Grant.
- The Staying Put in the Garden scheme fee is continuing with a competitive fee of £20 per hour in line with Care Management Group (who operate the service in partnership with the council) costs.

## **Other forms of assistance**

- Information on “Just Retirement Solutions” (Equity Release) scheme is included which replaces the Houseproud Equity Release scheme as a form of available assistance to older and disabled residents of the borough. The Council always advises clients to take independent financial advice.
- A new form of discretionary loan funding will be available through the council under the Regulatory Reform Order under exceptional circumstances. The purpose of this loan is to assist where the cost of the adaptation is in excess of the DFG maximum amount and funding is not available to the applicant from any other recognised sources. Such cases will be considered by a panel within the Housing Renewal Service against the eligibility criteria in the policy and if a loan is approved, it will be subject to the same conditions as a Home Investment Loan, with a maximum amount of £15,000. A condition of the loan is that it will be placed as a charge on the property and will be recoverable on the sale of the property. This will bring the policy into line with the legal requirement to use our discretion where adaptations are concerned, beyond the policy of offering Mandatory Disabled Facilities Grants.

## **Minor amendments to the Housing Renewal Policy from May 2011**

- A list of the key changes is attached in **Appendix A** and the full policy showing all amendments highlighted is attached as **Appendix B**.

## **Operative date and implementation plan**

- Once the revised Policy has been adopted it will be necessary to advise members of the public by issuing a formal notice in the local press as per the requirements of the Regulatory Reform (Housing Assistance) Order 2002. The Policy and a summary will be published on the Council’s web site and available for inspection at Access Croydon.
- It is proposed that the revised Policy should come into force on the 1st February 2014. If there is a delay in the implementation it is proposed that the current Policy dated 1st May 2011 will continue to apply.
- It is proposed that the revised Policy will be reviewed after 2 years of the commencement date unless there are circumstances that might necessitate an earlier review. These circumstances could include:
  - budgetary changes to the capital programme for housing renewal
  - legislative changes
  - changes and additions to performance indicators.
  - Policy change required as a result of changes to information provided

by Building Research Establishment (BRE) modelling of local housing conditions.

#### 4. CONSULTATION

4.1 The amendments to this Policy have arisen as a result of consultation with other Local Authorities within the Sub Region and with service users. Consultation on the existing details of the Policy that were not subject to change has not been seen as necessary as that Policy was extensively and positively consulted upon.

#### 5 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

5.1

##### 1 Revenue and Capital consequences of report recommendations

	Current year	Medium Term Financial Strategy – 3 year forecast		
	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000
<b>Revenue Budget available</b>				
Expenditure:				
Recycled Loans Fund	1,000	1,000	1,000	1,000
GLA Empty property Fund *	1,211	0	0	0
Total Budget	2,211	1,000	1,000	1,000
<b>Effect of decision from report</b>				
Expenditure	2,211	1,000	1,000	1,000
Income				
<b>Remaining budget</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Capital Budget available</b>				
Expenditure:				
Disabled Facilities Grant	1,900	1,900*	1,900*	1,900*
<b>Effect of decision from report</b>				
Expenditure	1,900	1900	1,900	1,900
<b>Remaining budget</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

\* £900,000 is received from Department of Communities and Local Government (DCLG). The remainder is funded through the capital

programme. Future funding is indicative and subject to ratification.

## **2 The effect of the decision**

New funding of £1,211,000 for empty property grants has become available from the GLA up to March 2015. \* It should be noted that any balance of the funding at the end of 2013/14 will be carried forward as slippage to be fully spent by March 2015.

This new funding will increase the number of empty properties renovated with assistance from the Council. As the New Homes Bonus scheme applies to empty properties returned to use then the Council should be rewarded with matched Council Tax for 6 years of £8,000 (assuming most properties are Band C).

The Capital Budget for Housing Renewal (Disabled Facilities Grants only) is £1.9m in 2013/14 and the Recycled Loans Fund is £1,000,000.

The other minor Policy amendments and alterations to the Home Investment Loan and DFG maximum amounts are anticipated to have no impact as expenditure will be kept within the existing budget.

## **3 Risks**

The new discretionary loan assistance will only be paid once renovations have been completed at the private owner's own expense. Therefore there is no financial risk that the money will not be spent as agreed in the loan terms.

Under the terms and conditions of the loan, the Council will register a charge on completion of the works and will regularly monitor progress of the works. The Council have rigorously pursued any debts amounting as a result of breaches in the loan or grant conditions for all forms of private sector assistance currently offered under the Housing Renewal Policy. There are penalty clauses in the terms and conditions to protect the Council.

## **4 Options**

The housing renewal programme funds a range of different grants and loans to tackle disrepair, improve energy efficiency and increase the availability of homes in the private sector. The Council has sought to maximize resources in this area through a range of funding including bidding for sub-regional resources, specific capital grant and prudential borrowing by the Council. The new discretionary loan is proposed as an additional means of maximizing the existing budget.

## **5 Future savings/efficiencies**

The use of a recycled loan fund ensures that, whenever the loan term comes to an end, the money will be returned to the fund which can then be reissued to secure improvements/repairs in further properties. All home investment loans and grants have conditions attached. If there is a breach of these conditions, such as the sale of the property, within the stated period the monies can be reclaimed. All completed loans and grants are closely

monitored through local land charges and land registry and the recovery of the loan or grant is rigorously pursued.

- 6 (Approved by: Paul Heynes, Head of Departmental Finance Adult Services Housing and Health)

## **6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER**

- 6.1 The Solicitor to the Council comments that before the Council provides assistance to any person relying on the powers contained in the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 the Council must have adopted a policy for the provision of assistance under article 3 of the Order, given public notice of that policy, have a full copy of the policy available for inspection and make arrangements that a summary of the policy may be obtained by post. The Order also places requirements on the Council in relation to ensuring that the particular applicant is fully informed of the implications of any obligations they may be entering into as a result of assistance from the Council.
- 6.2 Mandatory Disabled Facilities Grants and provisions pertaining thereto are provided for by the Housing Grants Construction and Regeneration Act 1996 and regulations made thereunder.

(Approved by: Jessica Stockton, Corporate Solicitor for and on behalf of the Council Solicitor & Director of Democratic & Legal Services)

## **7. HUMAN RESOURCES IMPACT**

- 7.1 There are no immediate HR issues that arise from the recommendation of this report/policy for LBC staff.

(Approved by: Michael Pichamuthu on behalf of Heather Daley, Interim Director of Workforce)

## **8. EQUALITIES IMPACT**

- 8.1 An Equality Analysis (EA) has been undertaken on the amendments to the policy as outlined above. The housing renewal service offers financial and practical assistance to protected groups by way of home investment loans, home repair loans, disabled facilities grants and energy loans and grants. These and other services, such as the existing home improvement agency service, are of particular benefit to people with protected characteristics, especially older people and people with disabilities.
- 8.2 The services provided under the policy are specifically targeted at residents who are vulnerable and need assistance by way of finance or practical help.



The main groups that the assistance is aimed at are older people (aged 60 or over) people with disabilities, home owners, private tenants and low income households within the above groups.

- 8.3 The impacts of the proposed amendments to the policy have been examined and our conclusions are that services will be comparable to what currently exists and in most cases will be more favourable in terms of the financial assistance provided than the current service.

The new policy includes an additional loan product for people with disabilities and a new energy grant. The loan and grant maximum amounts will reflect the current costs of building works and will enable applicants to bring their homes up to the decent homes standard.

In the new policy, the eligibility criteria for mandatory DFG grant will be broadened to include foster carers.

- 8.4 The assistance provided will continue to be available on the same means tested basis to all home owners or disabled persons within the borough, irrespective of their ethnic origin. The agency aims to reach all ethnic groups in line with the borough profile to ensure fairness and equality by means of publicity to Black and Minority Ethnic (BME) groups.

The service that is provided year on year is very much dictated by demand. This demand arises from the property deterioration that occurs and the consequential poor housing conditions that are reported to the agency and by deterioration in people's health or mobility, resulting in referrals from Social Services for necessary adaptations. The profile of clients who receive the services can therefore vary year on year due to these outside influences.

- 8.5 An ongoing survey of all users will be undertaken throughout the year to identify protected groups and how they use services.
- 8.6 The housing renewal policy contributes to the Council meeting its statutory equality responsibilities in relation to vulnerable people, older people and people with disabilities.
- 8.7 The full EA carried out for the amendments will be made available on the Councils' website and an Equality analysis of the policy as a whole will be completed prior to the next review.

## **9. ENVIRONMENTAL IMPACT**

- 9.1 Works carried out under empty property grants and loans and home investment loans will result in improved energy efficiency in private sector properties. This will contribute towards tackling fuel poverty, by increasing the percentage of people receiving income based benefits living in homes with an improved energy efficiency rating. It will also boost our performance under the Home Energy Conservation Act 1995 and will have a positive impact on residents fuel bills. A further positive impact of the installation of energy efficiency measures is in reducing the risk of cold-related illnesses.

9.2 Wherever possible contractors carrying out grants works will be encouraged to use materials from sustainable resources and to reuse and recycle building materials.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 Empty property grants and loans bring empty properties and empty spaces above shops back into use. These measures help to improve the general appearance of an area and deter criminal activity.

## **11. REASONS FOR RECOMMENDATIONS/PROPOSED DECISION**

11.1 The changes proposed increase the availability of assistance for older, disabled and vulnerable residents of the borough and make interpretation of the policy clearer for all users. The content of the policy will also be brought in to line with changes in legislation that relate to providing assistance to residents and with current costs of repair and improvement works.

## **12. OPTIONS CONSIDERED AND REJECTED**

12.1 Where the council offers assistance under the Regulatory Reform Order, the council must have a written policy. The only other option would be to offer a lesser amount of assistance. This would have a detrimental effect on older, disabled and vulnerable home owners and tenants in the borough.

12.2 A number of the changes relate to legislative requirements so the council is obliged to make these changes.

12.3 The maximum amounts for home investment loan and DFG Relocation grant could be left at the current levels, however this could result in the properties being left with hazards and not being made decent which is the aim of the loan. In relation to relocation grant, this could result in low uptake of the grant and disabled clients remaining in unsuitable properties that cannot be adapted to meet their needs.

12.4 There is the option to continue with the existing policy, however this is now out of line with legislative requirements and with changes to funding sources and the forms of assistance that are now available.

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**CONTACT OFFICER:** Peter Brown, Director of Housing Needs and Strategy - extension 65474

**BACKGROUND PAPERS - LOCAL GOVERNMENT ACT 1972:** none

### **Appendices:**

Appendix A – List of Key amendments to Housing Renewal Policy 2011 to 2013 attached

Appendix B – Housing Renewal Policy 2013 to 2015 (showing all amendments highlighted) – **printed separately**

Appendix C – Equality Analysis (**e-copy** – provided on the Council website Cabinet agenda for this meeting date)