

## PLYMOUTH CITY COUNCIL

<b>Subject:</b>	Revised Private Sector Housing Assistance Policy
<b>Committee:</b>	Cabinet
<b>Date:</b>	12 July 2011
<b>Cabinet Member:</b>	Councillor Fry
<b>CMT Member:</b>	Director for Development and Regeneration
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<b>Ref:</b>	Private Sector Housing Assistance Policy 2011
<b>Key Decision:</b>	Yes
<b>Part:</b>	I

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### Executive Summary:

This report proposes amendments to Plymouth City Council's policy on assistance to people living in poor standard housing.

The Council is required to operate a Private Sector Housing Assistance Policy (the Assistance Policy) so that we can carry out improvements to private sector homes. Under the Regulatory Reform Order (Housing Assistance) (England and Wales) 2002, the Council as Local Housing Authority is required to have adopted a policy for the provision of assistance before we can use the powers to improve housing conditions in Plymouth. The current Assistance Policy was approved by Cabinet in April 2009.

We have less capital funding available to use within the policy as the Government's Spending Review saw the removal of Private Sector Renewal Grant (PSR) from April 2011. PSR funding was worth over £1.3 million in 2010/11. This has placed major pressures on the Housing Capital Programme and the levels of financial assistance that the Council is able to offer, requiring changes to the Assistance Policy.

We have also made changes to align with the new City and Council priorities and outcomes, in particular, 'offering a good range of housing in safe, inclusive and sustainable communities'; 'a reduction in per capita CO2 emissions in the local authority areas'; and, 'improving housing decency through the removal of Category 1 Hazards'. The revised Assistance Policy will particularly help towards the 'Inequalities' priority in seeking to help to reduce the health inequality gap between neighbourhoods.

The main changes to the current Assistance Policy are:

- Removal of various forms of assistance - Home Improvement Loan; Emergency Repairs and Maintenance loans; Warmfront Top Up Loan; Landlord Heating and Energy Efficiency Loan; Empty Property Grant; Living over the Shop Grant (Devonport); Empty Homes - Houselet Loan.
- Introduction of Home Improvement Assistance; Empty Property Renovation (Loans to Let / Loans to Sell / Loans to Occupy)

- Inclusion of Cosy Devon Grants; Healthy Homes Grants
- Retention of the Houseproud Loan; Disabled Facilities Grants; Discretionary Relocation Grant

Each form of assistance has its own eligibility criteria, e.g. age of applicant, vulnerability, eligibility for qualifying benefits, disability, medical condition, empty property for 6 months or longer, etc.

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### **Corporate Plan 2011-2014:**

The Assistance Policy reflects the new City and Council priorities. These include the aims to deliver growth, reduce inequalities and provide value for communities. These include the following key outcomes:

- Offering a good range of housing in safe, inclusive and sustainable communities, a Level 1 'Growth' outcome.
- A reduction in per capita CO2 emissions in the local authority areas, a level 1 'Value for Communities' outcome.
- Improving housing decency through the removal of Category 1 Hazards, a Level 2 'Inequalities' outcome. The Inequalities priority especially relates to reducing the inequality gap, particularly in health, between neighbourhoods.

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### **Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land**

A Private Sector Housing Capital Programme has been approved for the period 2011-14, albeit significantly reduced (£4.6m over 3 years compared to £2.8m in 2010/11 only). This will enable the offer of assistance as set out in the revised policy.

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### **Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.**

An equalities impact assessment has been completed.

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### **Recommendations & Reasons for recommended action:**

It is recommended that:

- I. The revised Private Sector Housing Assistance Policy is approved.

The Plymouth private Sector Stock Conditions report 2010 identifies the need for improvements to private housing across all tenures and city neighbourhoods. With increasing need and less available capital to fund the existing housing assistance policy, the change to the Private Sector Housing Assistance Policy allows for some selective targeting to help address the needs of the most vulnerable households in the poorest quality housing.

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### **Alternative options considered and reasons for recommended action:**

The main alternative option is not to offer any financial assistance. This would mean that many vulnerable people would continue to live in poor housing conditions and the overall quality of the

city's private sector housing stock would not be improved. We would have no means within housing policy to tackle health related inequalities across the city. The removal of financial assistance would impact unfavourably on the council's ability to meet the Level 2 priority to remove Category I Hazards. Offering loans instead of grants enables the recycling of funds.

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**Background papers:**

- Private Sector Housing Assistance Policy (approved April 2009)
- Private Sector Housing Strategy 2010-2016  
(Available from the Housing Strategy and Renewal Division of Community Service Directorate)
- Plymouth City Council Private Stock Condition Survey 2010  
(Available from the Housing Strategy and Renewal Division of Community Service Directorate)
- Housing Act 2004
- The Government's Regulatory Reform (Housing Assistance) (England and Wales) Order 2002

**Sign off:**

Fin	Dev F11 120 016	Leg	1195 3/NJ	HR		Corp Prop		IT		Strat Proc	
Originating SMT Member: Stuart Palmer											

## **1. Introduction**

- 1.1 The Private Sector Housing Assistance Policy (the Assistance Policy) sets out how the Council implements its Policy on grants, loans, advice, signposting and other services, which help private sector property owners and tenants improve the quality and condition of their housing in Plymouth. Following the approval of the last Assistance Policy in April 2009, the revised Assistance Policy contains a number of amendments to the services offered to Plymouth residents in line with the new City Priorities, the Plymouth Housing Strategy 2008-11 and the emerging Housing Plan 2011-16. It defines target groups and outlines the conditions and circumstances under which the Council is able to assist householders in the improvement of their homes.

## **2. Background – the need for assistance**

### **Relevant Legislation**

- 2.1 Under the Government's Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (RRO), a Council has the discretion to decide whether it provides grants, loans, advice etc for the purpose of repairing, improving, extending, converting or adapting housing accommodation. The exception to this is the mandatory Disabled Facilities Grant (DFG) under the Housing Grants, Construction and Regeneration Act 1996.
- 2.2 Formerly, under Part XI of the Housing Act 1985, local authorities had a statutory duty to take 'the most satisfactory course of action' with regard to unfit dwellings and the Act was supported by relevant statutory guidance. A range of enforcement measures were available including service of statutory notices to make properties fit. Closure or demolition was only appropriate in the most extreme cases. With owner occupied dwellings in particular, many local authorities looked to offer financial assistance, especially where owners were on low incomes. In the private rented sector enforcement action was much more likely in respect of unfit homes.
- 2.3 From April 2006 Part XI of the Housing Act 1985 was replaced by Part 1 of the Housing Act 2004, which repealed the former housing fitness standard and through statutory instruments and statutory guidance replaced it with the Housing Health and Safety Rating System (HHSRS).
- 2.4 The HHSRS is used to identify Category 1 Hazards and the Act differentiates between Category 1 and Category 2 hazards. Local authorities have a duty to take 'the most appropriate course of action' in respect of any hazard scored under the HHSRS as Category 1. Authorities have discretionary power to take action with Category 2 hazards (those which do not score past the threshold for Category 1).
- 2.5 The 'Decent Homes Standard' stipulates that a property should be free from Category 1 Hazards, that it should be in a reasonable state of repair, have reasonably modern facilities and services, and should provide a reasonable degree of thermal comfort.

### **Stock condition, empty property and fuel poverty**

- 2.6 Latest findings for 2010 indicate that 33.3% (29,930 dwellings) of all private stock (owner occupied and privately rented) in the city is non-decent, compared with a national average of 34.4% for England in 2008. There is a link between poor housing conditions and property age, with Plymouth having a higher proportion of pre 1919 dwellings (27%) than England as a whole (25%). Geographically, the poorest condition private sector stock is found in the inner

central parts of the city, where the highest concentrations of pre 1919 stock are to be found. While social housing in Plymouth has or will achieve a decent standard by 2014, the private sector has the majority of poor housing.

- 2.7 In Plymouth, there are in excess of an estimated 25,500 private sector dwellings that are occupied by residents in receipt of qualifying benefits. Of these, an estimated 9,500 plus are classified non decent, which represents 37.6% of dwellings occupied by a vulnerable resident. This means that 62.4% are decent, falling short of the Government target of 70% by 2010/11. For comparison, the English Housing Survey (EHS) 2008 found that 39.4% of vulnerable households were living in non decent homes.
- 2.8 The presence of Category I Hazards is the biggest contributor to non-decency in the private sector. The overall proportion of dwellings with a Category I Hazard is estimated at 20.9% compared with 23.6% found in the EHS 2008. This represents just fewer than 18,800 dwellings across Plymouth.
- 2.9 Current estimates are that approximately 640 private sector dwellings have stood empty for over 6 months. Empty homes are a magnet for antisocial and criminal activity. They blight the built environment and are a wasted housing resource. To turn them around is notoriously difficult and resource intensive work and we now have fewer resources with which to tackle this important area of work
- 2.10 Approximately 11,000 households are in fuel poverty, many of whom live in older 'hard to treat' homes. It is those that live in pre-1930 homes that face long term fuel poverty, with no hope of a warm and healthy home. Whilst the cost of providing insulation to a home with cavity walls (post 1930) is about £900 the cost of insulating a solid wall home is about £12,000. Government CERT funding is available for both but is the same amount as it is based on the price of carbon. The 39,000 hard to treat homes will not therefore be treated for the foreseeable future, depending on the outcome of the Green Deal in 2012.

### **3. Strategic Context**

#### **Housing Strategy**

- 3.1 The Private Sector Housing Assistance Policy has direct links with the Council's Housing Strategy 2008-11 and the emerging Housing Plan for 2011 - 2016, namely:
  - Improving standards in private sector housing
  - Improving energy efficiency through grants and advice
  - Bringing empty homes back into use
  - Contributing to the regeneration of Plymouth

#### **Corporate Priorities**

- 3.2 The Private Sector Housing Assistance Policy directly supports the City Priorities and the Council's Corporate Plan through:
  - Offering a good range of housing in safe, inclusive and sustainable communities, a Level 1 'Growth' outcome.
  - A reduction in per capita CO2 emissions in the local authority areas, a level 1 'Value for Communities' outcome.

- Improving housing decency through the removal of Category 1 Hazards, a Level 2 'Inequalities' outcome. The Inequalities priority especially relates to reducing the inequality gap, particularly in health, between neighbourhoods.

## **Funding Constraints**

- 3.3 The Government's Spending Review saw the removal of Private Sector Renewal Grant (PSR) funding from April 2011. PSR funding was worth over £1.3 million in 2010/11. This has placed major pressures on the Housing Capital Programme and the levels of financial assistance that the Council is able to offer, requiring changes to the Assistance Policy.

## **4. Public Consultation**

- 4.1 A programme of public consultation with key stakeholders was undertaken between 13<sup>th</sup> May and 13<sup>th</sup> June. These stakeholders included Age UK, Citizens Advice Bureau, Plymouth Disability Advice Services Centre, Fata He, Plymouth Area Disability Action Network, Plymouth Guild of Volunteers, Race Equalities Council and others.

- 4.2 The key findings of the consultations were:

- Technical corrections, including operational detail
- General support for the inclusion and provision of Disabled Facilities Grants
- Value for Money in relation to the Cosy Devon Scheme

Previous consultation resulted in the loans included in the policy carrying a no-repossession guarantee, where applicable and the products being affordable.

- 4.3 In response to these findings, technical amendments have been made and procurement methods for Cosy Devon have been confirmed.

## **5. Assistance Principles**

### **Roles and responsibilities**

- 5.1 Whilst acknowledging that it is primarily the responsibility of homeowners to maintain their own properties, the Council recognises that vulnerable people may not have the financial resources to keep their homes maintained.

### **Targeting of Assistance**

- 5.2 Whilst most assistance is offered on a citywide basis, it is proposed that there should be some targeted assistance. 'Home Improvement Assistance' (see 6.2 below) is to be targeted at neighbourhoods in the SW and SE localities only, where the oldest housing is predominantly located and where the poorest housing conditions and worst instances of multiple deprivation are to be found. This supports the city priority to reduce inequalities and to help narrow the gap between communities.

- 5.5 Assistance will also be targeted at reducing the number of empty properties in the City and alleviating fuel poverty. Energy Efficiency interventions include measures to reduce Plymouth's Carbon footprint, to improve energy efficiency and to alleviate fuel poverty by installing adequate, efficient and affordable heating systems. The Houseproud Loan enables access to private funding via the Dudley Building Society and is operated by the Home Improvement

Trust. The council facilitates access to this funding for certain client groups. The loan can be used to undertake a range of home improvements. Non financial assistance, in the form of a maintenance booklet and advice, is available to all. .

## **6. Specific Amendments to this Policy**

6.1 The current Assistance Policy was approved by Cabinet in April 2009. The revised Policy includes the following changes:

- Removal of various forms of assistance - Home Improvement Loan; Emergency Repairs and Maintenance loans; Warmfront Top Up Loan; Landlord Heating and Energy Efficiency Loan; Empty Property Grant; Living over the Shop Grant (Devonport); Empty Homes - Houselet Loan.
- Introduction of Home Improvement Assistance; Empty Property Renovation (Loans to Let / Loans to Sell / Loans to Occupy)
- Inclusion of Cosy Devon Grants; Healthy Homes Grants
- Retention of the Houseproud Loan; Disabled Facilities Grants; Discretionary Relocation Grant

This results in the following offers of assistance as part of the revised Assistance Policy:

- Home Improvement Assistance
- Empty Property Renovation Loans to Let
- Empty Property Renovation Loans to Sell
- Empty Property Renovation Loans to Occupy
- Cosy Devon Grants
- Healthy Homes Grants
- Houseproud Loan
- Disabled Facilities Grant (DFG)
- Discretionary Relocation Loan

6.2 Some specific details and challenges are set out below:

- a. Home Improvement Assistance is being offered to vulnerable people (on qualifying benefits) living in housing with one or more Category I Hazard. It is proposed that this should be targeted at the SW and SE localities only, where the poorest housing conditions and worst instances of multiple deprivation are to be found. Maximum loans of up to £5,000 will be targeted at the improvement of the home to decency standards through the removal of health and safety hazards, in particular addressing excess cold, trips and falls, electrical and gas safety. The assistance will take the form of a loan with a 15 year condition period.
- b. The new Empty Property loan products are aimed at bringing empty property into residential use for direct occupation, letting purposes or sale. Maximum assistance can range from £25,000 per unit up to £75,000 for a building.
- c. Cosy Devon grants are aimed at reducing the carbon footprint of Plymouth through the provision of roof and cavity wall insulation. Energy Action Devon administer the delivery of the work which is largely funded by energy providers' contributions, with council funding helping to subsidise the cost of the work.
- d. The Healthy Homes Grant is aimed at people with a medical condition which is exacerbated by living in cold and/or damp conditions. It offers insulation and ventilation measures and includes the provision of efficient heating systems.

- a. The Houseproud Loan enables access to private funding via the Dudley Building Society and is operated by the Home Improvement Trust. We facilitate access to this funding for certain client groups. The loan can be used to undertake a range of home improvements.
- f. Disabled Facilities Grants (DFG's) are mandatory grants for adaptations work. Whilst there are no changes proposed as part of the revised Assistance Policy, consideration is being given to the scope for the introduction of loans for part of the available funding. The Government allocation for DFG's in 2011/12 increased by approx. 15% compared with 2010/11. However, with the loss of PSR funding, which was used to substantially increase the DFG budget, this has resulted in close to a 40% reduction (approx. £600,000) in the total available budget in 2011/12. Allocating part of the budget as loans could enable some funds to be recycled whilst still retaining an allocation for mandatory grants, however this has not been approved and is still the subject of financial review. This might be seen as a two-tier system and there are risks of challenge, especially regarding timescales for completion of adaptations work. Further work on an 'invest to save (contain)' proposal is also in hand. Any changes to the offer of assistance for adaptations will be reported back to Cabinet for its approval.
- g. Discretionary relocation Grants are linked to DFG's. These might be offered under certain circumstances where the existing priority is unsuitable for adaptation or the work is more costly.

6.3 The removal of Private Sector Renewal Grant has precluded the use of Plymouth City Council finance to fund Home Improvement Loans and Emergency Top Up Loans and these loan schemes are to be removed. The proposed removal of the Government's Warm Front Scheme means that the Warm Front Top up Loan has been removed from the Assistance Policy. It is envisaged that the Government's 'Green Deal' scheme, which will come in to place in 2013, will help to replace the Warm Front delivery.

6.4 In line with Government thresholds on vulnerability, the income limit for recipients of Tax Credit has been increased from £15,460 to £16,190. This change has been made to ensure that the Council's definition of "vulnerable" and associated thresholds continue to reflect Government definitions.

6.5 The basis of procurement of building services (for Disabled Facilities Grants only) via a Schedule of Rates system has been included as standard practice. This increases efficiency and reduces lead-times, thus benefiting both the Council and homeowners. Traditional forms of procurement will follow Plymouth City Council standing orders.

6.6 There is an existing condition, as part of the current Assistance Policy, to recover any grant expenses from Disabled Facilities Grant applicants, should they receive any compensation for injuries sustained in relation to their disability. This has been removed in the revised Assistance Policy due to its unenforceability.

## **7. Partners**

7.1 Under the existing Assistance Policy, the Home Improvement Trust (HIT) was chosen to assist the Council in delivering Private financed Homeowner loans to vulnerable householders. This arrangement will continue. HIT were chosen on the basis of providing overall best value for money in terms of annual membership cost and the cost of subsidy for every individual loan. The Home Improvement Trust is regulated by the financial Services Authority (FSA).

7.2 Plymouth City Council will continue to work with our partners Care and Repair to provide a value for money service. Care and Repair, the local home improvement agency, will support



vulnerable householders through the application process, assist with obtaining quotations for work and other liaison work. They are able to facilitate other funding that may benefit clients (e.g. through relevant charities). Wherever practicable, Care and Repair will act as the clients' agents.

- 7.3 Resources will be maximised where it is possible and practical to do so and external funding will continue to be sought for initiatives that underpin this policy, e.g. funding for energy efficiency measures will be utilised where possible.

## **8. Conclusion**

- 8.1 The Council is required to have an approved policy under the provisions of the Regulatory Reform Order (Housing Assistance) (England and Wales) 2002 in order to offer housing assistance. Clarity in how assistance is to be developed, granted and implemented further aids decision-making and makes Council processes more transparent for our customers. The changes proposed in the revised Private Sector Housing Assistance Policy are designed to facilitate the improvement of the Housing Assistance service, making it more efficient, more equitable and better value for money. It is therefore recommended that the revised Assistance Policy be approved and published.