

# Item 8

## REPORT TO CABINET

14<sup>th</sup> September 2006

## REPORT OF DIRECTOR OF NEIGHBOURHOOD SERVICES

### Portfolio – Housing

### Private Sector Housing Renewal – Sedgfield Borough Housing Renewal Assistance Policy 2006 – 07

#### 1. SUMMARY

- 1.1 The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 which came into force on the 18<sup>th</sup> July 2002 made significant changes to the provisions relating to the administration of private sector housing grants.
- 1.2 The Council is required to adopt a policy covering the types of grant assistance it offers for the repair and adaptation of private sector homes. The Council has taken the decision to adopt an annual Housing Renewal Assistance Policy to enable it to continue to offer grant assistance to householders to adapt or repair their properties, and to support the carrying out of strategic interventions within the private sector.
- 1.3 The report recommends that a revised Housing Renewal Assistance Policy 2006 – 07 comes into operation on 14<sup>th</sup> September 2006. The current Housing Renewal Assistance Policy has been reviewed to take account of the Council's ambitions for private sector housing renewal in our priority communities. As well as the assistance the Council wishes to offer to individual vulnerable households, and the changes to private sector housing interventions introduced in the Housing Act 2004, with particular emphasis on decent homes for vulnerable households in the private sector. It will underpin delivery of the Master Plan and the Private Sector Capital Programme reported to Cabinet on 13<sup>th</sup> July 2006.

#### 2. RECOMMENDATIONS

1. That the revised Housing Renewal Assistance Policy 2006/07 be adopted from 14<sup>th</sup> September 2006.

#### 3. Background

- 3.1 The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 which came into force on the 18<sup>th</sup> July 2002 made significant changes to the provision relating to the administration of private sector grants.

- 3.1.1** Most of the existing powers in relation to Renovation Grants, Common Parts Grants, HMO Grants, Group Repair and Home Repair Assistance were repealed on 18<sup>th</sup> July 2003. Minor amendments to the mandatory Disabled Facilities Grants regime came into effect from this date. The Council was required to have adopted a policy on housing renewal assistance by this date if it wished to continue offering housing renewal assistance.
- 3.1.2** The Council took the decision to adopt a Housing Renewal Assistance Policy (HRAP), which is reviewed annually. The HRAP enables the Council to continue to offer grant assistance to householders to adapt, repair and to carry out strategic interventions within the private sector.
- 3.1.3** The current Housing Renewal Assistance Policy sets out our approach to the provision of grant assistance. The policy targets grant aid towards vulnerable client groups in particular the elderly, disabled and low-income families. The main types of grants available are mandatory Disabled Facilities Grants, Minor Adaptation Grants, and Major & Minor Repair Grants. The policy includes the ability to target interventions on an area basis including the use of clearance powers and group repair schemes.
- 3.1.4** The current Housing Renewal Assistance Policy has undergone a review to take into account a range of emerging issues including the Council's ambitions for private sector housing renewal in the priority communities as well as the assistance the Council wishes to offer to individual vulnerable households. The policy incorporates changes to private sector housing interventions introduced in the Housing Act 2004, with particular emphasis on decent homes for vulnerable households in the private sector. The HRAP underpins delivery of the Master Plan and the Private Sector Capital Programme reported to Cabinet on 13<sup>th</sup> July 2006.

## **3.2 Funding Private Sector Renewal**

The Council funds its private sector renewal from a variety of sources including the use of its own capital resources and support from the Government. The Housing Renewal Assistance Policy is the framework, which is used to deliver the Private Sector Housing Capital Programme. It must reflect the available resources and the Council's ambitions for private sector renewal initiatives. This report is linked to the Private Sector Housing Capital Programme and the Single Housing Investment Programme Round 2 report that was presented to Cabinet on the 13<sup>th</sup> July 2006. The report describes the factors considered in carrying out the review of the policy and changes required as a result of new legislation to enable the delivery of the Private Sector Housing Capital Programme for 2006/07, which is detailed in Appendix 1 of this report.

## **3.3 Review of the Housing Renewal Assistance Policy**

- 3.3.1** The review of the policy has taken account of national, regional and local priorities and reflects the ambitions of the Council as set out in its Corporate Plan and through the funding bids made by the Council to the Regional Housing Board.

**3.3.2** The Housing Renewal Assistance Policy 2006/07 will be a key tool in delivering an effective programme of initiatives both to vulnerable households and wider strategic interventions to our priority communities, linked to the delivery of the Master Plan.

**3.3.3** Strategic issues incorporated within the policy include: -

- Providing relocation packages to owner-occupiers affected by selective demolition, to ensure that they are not significantly disadvantaged, while remaining an affordable option for the Council. A separate report on relocation packages will be presented to Cabinet at a later date.
- Defining the type of works and support that will be provided to owner-occupiers whose properties are to be included in a Group Repair Scheme.
- Defining the support that will be provided to residents whose homes are to be included in a clearance area.

**3.3.4** The changes to the existing HRAP including refocusing grants on issues such as decent homes in the private sector, energy efficiency, increasing grant limits to reflect changes in building costs, and strengthening claw back provisions. Broad information on the proposed changes is set out below whilst Appendix 2 contains specific details of the proposed amendments to the HRAP.

### **Grants Available**

- Disabled Facilities Grants – These are mandatory grants and the policy reflects the current statutory requirements in relation to the award of assistance. Discretionary top-ups for works exceeding the maximum limit are to be introduced due to the rising cost of building works, with a claw-back provision based over a twelve-year period decreasing on a sliding scale, being imposed on the top-up element only.
- Fast Track Adaptation Grants – these provide a method of dealing with a request for low cost works quickly, due to the needs of the client, for example, to aid hospital discharge. The limit set on this grant is to be raised to reflect rising building costs and increasingly complex cases.
- Decent Homes Grants – These grants will be introduced to replace Major Repair Grants in order to comply with new legislation, (Housing Act 2004) and the PSA (7) target introduced by the Government which requires the Council to: -

*“By 2010, bring all social housing into a decent condition with the most improvement taking place in deprived areas, and for vulnerable households in the private sector, including families with children, increase the proportion who live in homes that are in a decent condition”*

As reported to Cabinet on 13<sup>th</sup> July 2006 in the Private Sector Housing Capital Programme, the Regional Housing Board has been tasked with establishing a regional target for delivering decent homes in the private sector. The HRAP will assist the Council in delivering the target it has adopted for decent homes in the private sector as set out in the Private Sector Capital Programme 2006/07 report.

- Urgent HHSRS (Housing Health and Safety Rating System) Grant – This will replace the Minor Repair Grant to comply with the change of legislation under the Housing Act 2004. These grants are targeted at vulnerable households where the disrepair represents a risk to the health or safety of the resident and must be dealt with quickly to remove the hazard. The maximum limit will be raised to reflect rising building cost and the grant will attract claw-back provisions.
- Energy Efficiency Grants will provide assistance to tackle the issue of fuel poverty across the Borough and will compliment the Governments Home Energy Efficiency Scheme. The grants will attract a discretionary claw back on works over £5,000 repayable on a sliding scale, over a period of 12 years (see table in appendix 2).
- The Council will continue to work in partnership with Age Concern, Durham County Council and Sedgfield Primary Care Trust to support the Handy Van Scheme, which provides a range of complimentary services to our clients across the Borough.

### **3.4 Alternative Funding Options**

**3.4.1** The Housing Renewal Assistance Policy will consider options to ensure a range of funding solutions exist to achieve value for money from the resources allocated to the programme including: -

- The potential use of loan products linked to equity release.
- The review of claw-back provisions on grant assistance to increase the potential recycling of resources back into the programme.
- The recycling of stair lifts and other suitable equipment where appropriate.

### **3.6 Relocation Packages**

The adoption of the Master plan by Cabinet on the 13<sup>th</sup> July 2006 included a series of generic options for the provision of financial solutions for residents affected by demolition of their home. Since this work was completed thinking around this issue has moved on considerably due to the work carried out by the Housing Market Renewal Pathfinders.

The nearest pathfinder to Sedgfield Borough is Bridging Newcastle Gateshead (BNG). The pathfinder has highlighted that relocation is a key issue in areas of priority-based intervention. The development of a flexible policy is key to the successful delivery of such interventions. BNG have taken the approach of commissioning a specialist consultant to develop a focused range of packages

including the use of Independent Financial Advisers and Equity Loan products in the pathfinder area, this element is administered by the Northern County Housing Association on their behalf. These packages are based on the individual circumstances of the residents affected by demolition. BNG tendered for this work, which was won by ABRA/David Cumberland Associates, who are market leaders in this area of housing regeneration.

Given the need to further develop the approach to relocation packages to ensure that the Council can assist residents whilst ensuring value for money, it is appropriate to consider having similar work completed to support the delivery of our Master plan. It is considered that securing the services of ABRA would not exceed £10,000 and therefore direct negotiations will be undertaken under Contract Procedure Rule 7, for ABRA to fulfil this role on behalf of the Borough Council. The consultant's fee being met from SHIP funding secured for 2006/08. Any variations to these arrangements will subsequently be reported to Cabinet.

#### **4. RESOURCE IMPLICATIONS**

- 4.1 The report has resource implications as outlined in the Private Sector Housing Capital Programme and the Single Housing Investment Programme report that was presented to Cabinet on the 13<sup>th</sup> July 2006.

#### **5. CONSULTATIONS**

- 5.1 The review of the Housing Renewal Assistance Policy has been carried out in consultation with the Partners, Stakeholders and Clients via the Home Improvement Agency Advisory Group.

#### **6. OTHER MATERIAL CONSIDERATIONS**

##### **Links to Corporate Ambitions / Values**

- 6.1 The Community Strategy Outcomes include a Borough with Strong Communities where residents can access a good choice of high quality housing. The Council's ambitions mirror the Community Strategy outcomes and are articulated through the Corporate Plan and the Medium Term Financial Plan. Our ambitions include delivering a Borough with Strong Communities with good quality affordable housing in safe neighbourhoods. The Housing Renewal Assistance Policy plays a direct role in the delivery of these ambitions.

##### **6.2 Risk Management**

The adoption of a Housing Renewal Assistance Policy along with effective programme management arrangements will reduce the potential risks of budget overspend.

##### **6.3 Health & Safety**

The development and implementation of an effective Housing Renewal Assistance Policy will ensure that no significant Health and Safety issues arise.

#### **6.4 Equality & Diversity**

The Council's duties in terms of promoting equality and diversity have been taken into account in the recommendations arising from this report.

#### **6.5 Sustainability**

The development and implementation of an effective Housing Renewal Assistance Policy can contribute to the delivery of sustainable communities throughout the Borough

#### **6.6 Crime & Disorder**

The Council's duty under Section 17 of the Crime & Disorder Act 1998 has been taken into account in reviewing the Housing Renewal Assistance Policy.

#### **6.7 Legal & Constitutional**

The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 which came into force on the 18<sup>th</sup> July 2002 gave Local Authorities discretionary powers to determine their policies on the administration of private sector housing grants.

### **7. OVERVIEW AND SCRUTINY IMPLICATIONS**

7.1 None

### **8 LIST OF APPENDICES**

8.1 Appendix 1- Allocation of funding for Private Sector Renewal  
Appendix 2 – Proposed amendments to Housing Renewal Assistance  
Policy

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**Wards:** All

#### **Background Papers:**

The Regulatory Reform (Housing Assistance) (England & Wales) Order 2002  
Sedgefield Borough Council Housing Renewal Assistance Policy 2003/04 –  
Report to Cabinet  
Private Sector Housing Renewal Sedgefield Borough Housing Renewal Policy  
2005/06 – Report to Cabinet  
Private Sector Housing Capital Programme and the Single Housing investment  
Programme Round 2 - Report to Cabinet

**Examination by Statutory Officers**

Yes

Not Applicable

1. The report has been examined by the Councils Head of the Paid Service or his representative
2. The content has been examined by the Councils S.151 Officer or his representative
3. The content has been examined by the Council's Monitoring Officer or his representative
4. The report has been approved by Management Team

## Appendix 1

The Private Sector Housing Capital Programme 2006/7 is set out below. The programme is in two elements; initiatives to support vulnerable households and a strategic interventions element.

<b>Private Sector Capital Programme 2006/7</b>	<b>2006/7 (£'s)</b>
<b>Vulnerable Households</b>	
Disabled Facilities Grants	500,000
Fasts Track Adaptations	152,000
Decent Homes for Vulnerable Households	450,000
Urgent HHSRS works	150,000
Energy Efficiency works	100,000
Support for Handy van Scheme	48,000
Contingencies	36,000
<b>Total</b>	<b>1,436,000</b>
<b>Strategic Interventions</b>	
<b>2006/7 (£'s)</b>	
Eden Terrace GRS	425,000
Haig Street Ferryhill Station (Evens) GRS*	250,000
Relocation Assistance including statutory allowances	300,000
Property Acquisition	350,000
Other works to be agreed as part of the Master Plans	675,000
<b>Total</b>	<b>2,000,000</b>

\* Cost in year one of a two-year scheme to be split over 2006/7 & 2007/8 total costs to be determined when project is surveyed.



## Appendix 2

The Home Improvement Agency Advisory group were consulted on the review of the current Housing Renewal Assistance Policy and proposed the amendments detailed below: -

- The Disabled Facilities Grant (DFG) budget will be set at £500,000.
- A discretionary top-up element (up to £10,000) to the disabled facilities grant will be introduced and made available for those adaptations exceeding £25,000. A claw back provision will be imposed on the discretionary top-up element of the DFG only, decreasing on a sliding scale, over a twelve -year period.

- Example:

Year 0-3	100%
Year 4-6	75%
Year 7-9	50%
Year 10-12	25%

- The DFG (Fast Track) budget will be set at £152,000.
- The Fast Track Grant assists clients with urgent needs including hospital discharge. The maximum limit of the grant will be raised from £5,000 to £10,000 due to rising costs.
- Major Repair Grants will become Decent Homes Grants to take into account changes in legislation brought about by the Housing Act 2004 and the budget will be set at £450,000. To ensure compliance with the new legislation, all properties currently on the Home Improvement Agency's waiting list will be re-inspected to have Decent Homes criteria applied and confirm their status on the waiting list. The maximum limit for the Decent Homes Grant will be raised to £30,000 to take into account rising building costs and the grant will attract claw back provisions decreasing on a sliding scale, over a twelve-year period. (See table above)
- Minor Repair Grants will become Urgent HHSRS (Housing Health & Safety Rating System) Grants and the budget will be set at £150,000. The maximum limit will be raised from £5,000 to £10,000 to take into account rising costs and the grant will attract claw back provisions (discretionary on grants to disabled clients) decreasing on a sliding scale, over a twelve-year period. (See table above)
- Energy Efficiency Grants will be introduced and the budget will be set at £100,000. Energy efficiency grants will be offered by the Home Improvement Agency working in partnership with the Sustainable Communities Team, to provide assistance for energy efficiency measures including:

- Solid Wall Insulation to vulnerable households
- Top-up Energy Efficiency Grants where clients are unable to pay their contribution
- An exemplar project using innovative measures including ground source heat pumps and wind turbines.

The grants will attract a discretionary claw back on works over £5,000 repayable on a sliding scale, over a period of 12 years (see table above).

- Support for the Handy Van scheme will be continued with a budget of £48,000 for 2006/07 and £43,000 for 2007/08. The Handy Van provides a range of services aimed at reducing accidents in the homes of older people which compliment the Home Improvement Agency service.
- An additional contingency sum of £36K will be made available to support the work of the Integrated Teams if required.
- Sedgefield Borough Council is working in partnership with residents across the Ferryhill and Chilton areas in the transformation of their communities in accordance with the Master Plan, from the current position of market decline to one of a more balanced housing market, bringing with it the benefits of an attractive desirable locality with security and modern homes to match future aspirations.

The Borough Council aims to ensure that selective demolition works aimed at delivering area-based interventions do not seriously disadvantage residents.

A menu of choices, including housing options, group repair schemes and relocation packages for residents, will be made available, tailored to specific priority area based interventions and the property values within those areas.