



**Report of Stuart Timmiss Head of Development and Housing and
Councillor Kevin Shaw, Cabinet Portfolio Holder for Housing and Assets**

Electoral division(s) affected:

Contywide

Purpose of the Report

1. The purpose of this report is to seek agreement to the proposed amendments following the review of the Private Sector Housing Financial Assistance Policy (FAP).

Executive summary

2. The FAP provides the policy context and delivery mechanism to provide financial help for vulnerable residents for the purposes of essential housing repair, improvement, adaptation and relocation to help a person to live in a home of their choice and to help the council to offer financial help in a way that is responsible, cost effective and sustainable.
3. Through the policy home loans and grants, including Disabled Facilities Grants (DFG), have a positive impact in helping the most vulnerable households who are living in some of the most unsatisfactory and sometimes unsanitary housing conditions to improve their property and are making a difference to their physical health and mental wellbeing.
4. The empty homes loans and grants help to renovate and bring long term empty homes back into use providing much needed accommodation. The move in grant is to help people to purchase property to live in themselves and changes the tenure in an area from rented to owner occupation, having a positive impact on more sustainable communities.
5. The FAP is regularly reviewed and monitored and decision-making authority for agreeing any changes to the policy was delegated to the Head of Housing following a cabinet decision in 2009.
6. The recent policy review suggests the following proposed amendments:

- To include financial assistance given through revenue sources such as the homeless prevention fund and the Rent Deposit Guarantee Scheme (RDGS)
- To re-format the FAP to make it more easily read and easier to amend in the future;
- To update the rehousing costs for relocation loans in line with government guidelines;
- To introduce a discretionary £10,000 DFG top-up grant where work exceeds the maximum £30,000 DFG limit;
- To revise the means-test for adults who apply for a DFG for a ramp; a level access shower; or a straight stairlift.
- To increase the Home Improvement Agency (HIA) fee from 12% to 15%
- To explore the option of providing straight stairlifts to applicants 'on loan' rather than via a DFG. By doing this the council would retain ownership of the equipment which would be more easily recycled.
- To reduce the level of move in incentive grant for empty homes to £2,500 and extend the qualifying period a property should be empty to twelve months.
- To target the move in incentive grants to priority areas.
- To include the Retail Centre Loans scheme, providing interest free repayment loans for property improvement, renovation or conversion across the retail centres in the county.

Recommendation(s)

7. It was accepted at ReaL Management team on 3rd October 2019 that the amendments to the FAP, detailed in this report, be implemented.

Background

8. The Regulatory Reform Order (RRO) of 2002 repealed much of the previous prescriptive legislation governing the provision of grants and replaced it with a more general power for Councils to provide assistance in any form to any person to help them adapt, improve or acquire accommodation. The RRO challenged Councils to reduce the dependency on grant aid by introducing equity release and other loan products, alongside the issuing of grants, and at the same time giving Councils the freedom to recycle their funds. In order to continue to provide housing assistance funding Councils have a duty to publicise and regularly review a policy detailing the funding streams they offer.

9. DCC's FAP was introduced in 2010 in line with the Regional Home Loans Partnership to reduce disparities in the way in which councils in the north east provide financial help for vulnerable homeowners for the purposes of essential housing repair, improvement, adaptation and relocation and to help the council to offer financial help in a way that is responsible, cost effective and sustainable.
10. The FAP provides a delivery mechanism that ensures that homeowners who approach the council for financial help for housing purposes are properly supported to make informed choices about their financial options, and that subject to funding; an affordable loan or grant can be made available to those in most need. Homeowners that are likely to benefit from a loan are those that are financially excluded from mainstream and reputable sources of credit, often the elderly or families with children.
11. In 2015 DCC left the regional partnership and brought the loan administration function in-house and this sits within Housing Solutions. The FAP was reviewed at this time with a timescale for further review in 2018-19.
12. Through the policy, home loans have a positive impact in helping the most vulnerable households who are living in some of the most unsatisfactory and sometimes unsanitary housing conditions to improve their property and are making a difference to their physical health and mental wellbeing.

The FAP

13. Cabinet approved the FAP in February 2009 and delegated authority to the Head of Housing in conjunction with the Portfolio Holder, to approve any amendments on an ongoing basis
14. The FAP has three key objectives which are:
 - To improve and maintain healthy living conditions within private sector housing, specifically helping homeowners on limited incomes to repair, improve or adapt their properties and so facilitate independent

living.

- To contribute to the regeneration of areas suffering from market vulnerability, and to tackle poor housing conditions in areas where these may contribute to neighbourhood decline.
- To encourage owners to undertake works that will make their homes more energy efficient and to reduce the number of people affected by fuel poverty.

15. The FAP provides four loan products and two types of grant which are:

- Capital and Interest Repayment Loan
- Equity Loan
- Interest free Loan
- Empty Homes Loan
- Empty Home Move in Grant
- Disabled Facilities Grant (DFG)

16. All loans are placed as a secured charge on the property and the equity and interest free loans will be repaid when ownership of the property changes. Repayment loans are up to a maximum of £20,000 and repaid on a monthly basis over a period of 1 – 15 yrs depending upon the applicant's financial circumstances.

17. The empty homes loan is an interest free repayment loan of up to £15,000 over a term of up to 5 years and helps home owners and landlords to renovate their properties and return them to occupation providing much needed accommodation across the county.

18. The policy provides for a £5,000 move in incentive grant to encourage new buyers to purchase a long-term empty property and live in it as their main residence for a minimum period of five years, thus bringing empty properties back into use.

19. The provision of loans and grants is dependent on the level of annual budget. Since 2010 loans have been funded via the council's capital programme with repayments being directed into a recycle pot, with the intention of the provision of loans becoming self-financing through this pot. However, the success of the loans and grants programmes has seen the recycle pot depleted quicker than was first thought and a bid has been submitted to MTFP 10 for 2020/21.

20. The take up of home improvement loans to owner occupiers is low compared to the enquires received. Customer feedback tells us the main reason for this is that when an applicant is presented with the level and cost of the works required to improve their property to the minimum policy standard, they do not want to proceed. The second reason is that some people can borrow from a commercial lender, so they are advised to do this.
21. In contrast the empty homes loans and move-in grants have gained momentum over the last five years to the point where the demand outweighs the annual budget allocation.
22. In 2018/19 the spend on move-in grants was £460,000 as opposed to £321,000 spend on loans. The success of these products is through the promotional information provided to the estate agents in the county who now advertise some properties for sale as being eligible for a grants and loans. Unfortunately, it is loans and not grants that are recyclable.
23. The policy was approved for the period 2015 – 2018, with an extension period of 18 months in order to review the policy. In this time £4m has been provided to vulnerable homeowners and owners of empty homes to improve housing condition standards and provide good quality, much needed accommodation.
24. DFG is funded via the Better Care Fund and must be spent in accordance with the Better Care Fund spending plan. It is a condition of funding that any money paid under the fund must only be used for the specific purpose of providing adaptations for disabled people who qualify under the scheme (or any other social care capital projects where otherwise agreed as above).
25. DCC were allocated £6,158,831 for adaptations in 2019/20 through the Better Care Fund, with £3.900,000 being allocated for mandatory DFG.

Policy Review

26. A review of the FAP has recently been undertaken with officers being consulted from the Housing Solutions Service, Legal, Adult Services and Internal Audit.
27. The review has resulted in a number of amendments and additions which are detailed below. The changes result in no change to the existing loan types or eligibility they mainly apply to the current financial climate: maximising DFG and utilising the council's discretion; helping more people to access accommodation; helping people to remain in their own homes and keeping them out of a residential care setting; maximising the recycling of funds; and providing loans through the Retail Centres Scheme.

Proposed changes to the FAP

28. **The Homelessness Prevention Fund** should be added into the policy as form of funding that is available to help people access suitable housing or remain in their current home. It is aimed at preventing and reducing homelessness and can be provided for things such as: clearing rent arrears; rent top-ups; delays with housing benefit; travel costs; damage costs; assisting discharge of duty into the private rented sector; and basically, anything that can keep somebody in their home or help them to move home.
29. **The Rent Deposit Guarantee Scheme (RDGS)** should be added into the policy as a form of funding that is available to help people to access affordable and suitable accommodation.
30. **Re-formatting the policy document** - Currently the FAP is laid out in sections so it is not straight forward to read or make amendments to. The revised document will be laid out in a product a page style so all the information about each individual product will be in one place.
31. **Relocation equity loans and grants** along with compensation packages are key in allowing the negotiation of acquisition of properties. The statutory minimum and maximum payments have increased therefore the amounts will be amended in the policy. The minimum home loss payment has increased to £6,300 and the maximum payment is £63,000.
32. **Discretionary DFG** - The current DFG maximum award is £30,000. It has remained at this level since 2010 even though the cost of labour and materials has increased dramatically in that time. The majority of

adaptations that exceed the £30,000 limit are extensions to properties to provide ground floor living. In cases where the cost of work exceeds the maximum amount the disabled person and their family are expected to fund the difference. In many such cases the applicant has been financially assessed as not having resources available and is awarded a full £30,000 DFG yet they are then required to fund the difference in cost and some cases stagnate leaving the disabled person to live in an unsuitable housing situation. Utilising the powers within the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (RRO) it is proposed to introduce a £10,000 discretionary DFG top-up grant. Funding would come from the DFG allocation of the Better Care Fund. This will entitle an applicant to up to £40,000 in these situations. Not all extensions would cost £40,000 some cost less, therefore less than £10,000 top would be required, whereas some maybe more and the disabled person would still have funding to find.

33. **Revise the means test for Small works.** Small works are the highest volume of work that the Home Improvement Agency (HIA) carry out on an annual basis. These are predominantly level access showers; ramps; and stair lifts. Over the last three years circa 200 people a year have gone without this type of adaptation as they cannot afford their means tested contribution. The current means test assesses the applicant's ability to borrow from a bank or building society yet many people requiring this type of work are in their older age and are unable to borrow from these sources. Using the discretionary powers within in the RRO, along with the provisions within the Better Care Fund spending plan, and in line with other councils across the country, it is proposed to revise the means test for these types of work to ensure more people in need can access these adaptations. In order to support more vulnerable people to live in their own homes for as long as they can or wish to do so, it is proposed to means test people who have more than £16,000 in savings and/or who are in employment. In doing so it would increase the annual DFG spend by approximately £800,000 per annum. It will also free up capacity of HIA case workers by not having to complete lengthy application forms.
34. **HIA Fee income** - When people use the HIA service they sign up to accepting a fee will be charged against the grant for administration and technical services, which funds the running costs of the HIA. This fee is charged to the DFG budget and has remained at 12% since 2009. It is therefore suggested to increase the fee to 15% to cover increased salary costs.

35. **Stair lifts on loan** - It is proposed to explore the option of providing straight stairlifts to applicants on a loan agreement rather than them applying for a DFG. The stairlift would always belong to the council and would be taken back into stock once it is no longer needed. It would be refurbished and reused. This would be funded through discretionary powers within the DFG budget. It would reduce the application process for applicants and time spent by caseworkers. It would also reduce the pressure on the adult services equipment budget in maintenance costs as this would be carried out under extended warranties. The lift contract is due to be re-tendered in September therefore this could be built in to the specification.
36. **Move in incentive grant** - Since 2015 a £5,000 move in incentive grant has been available for people who purchase a long-term empty home within the county to live in as their main residence for five years. This has become such a popular product in 2018/19 £460,000 was spent in providing these grants. This money is not recyclable therefore it has significantly reduced the monies available for providing home loans. The grants are much needed especially in areas of low demand where properties are not selling, and the rental market is high. Without incentivising people to purchase property homes would remain empty. It is therefore proposed to reduce the amount of grant to £2,500 and to increase the time empty to twelve months rather than six. In order to achieve the maximum benefit from the move in incentive grants they will be promoted in priority areas.
37. **Retail centre loans scheme** – Currently grants are offered to retail businesses as part of the capital programme to support shop front improvement; marketing advice; and digital skills. Development and Housing service management team approved a report in February 2019, for the inception of an interest free loan scheme to business and property owners to improve the physical stock; to create fit for purpose premises for retail occupation; and support appropriate conversation for retail, residential and leisure purposes. £500,000 from the Towns and Villages programme has been allocated to the scheme which will see the monies recycled to provide future funding. In order to use the robust loan administration mechanism operated by Housing Solutions it was agreed that these loans would be included in FAP suite of loan products.

Background papers

- None

Other useful documents

- None

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Appendix 1: Implications

Legal Implications

None

Finance

The FAP is dependent on the availability of capital and revenue funding on an annual basis

Consultation

Officers within the Housing Solutions service, Legal, Audit and Adult Services have been consulted throughout this process.

Equality and Diversity / Public Sector Equality Duty

Through the policy funding is dedicated to providing financial assistance in recognition of the disadvantage that is caused to individuals and communities as a result of poor housing conditions.

Climate Change

None

Human Rights

None

Crime and Disorder

Bringing empty homes back into use can stop them being an attraction for anti-social behaviour, criminal activity and arson

Staffing

The policy will continue to be delivered through exiting staffing resources.

Accommodation

None

Risk

The corporate debt management strategy will apply to those who repay monthly. All types of loans are secured through a restricted charge at HM Land Registry to ensure monies are repaid to the council. Grants are registered as a local land charge.

Procurement

none