

THE EXECUTIVE

26 OCTOBER 2004

REPORT OF THE DIRECTOR OF HOUSING AND HEALTH

FINANCIAL ASSISTANCE POLICY FOR PRIVATE SECTOR HOUSING	FOR DECISION
<p><i>This report recommends that the Executive approve and authorise a new financial assistance framework to support the private sector housing renewal programme and to facilitate the provision of affordable housing in the private rented sector.</i></p> <p><u>Summary</u></p> <p>The financial assistance is provided from the private sector housing capital budget which is £1.9m this year following a £0.364m rollover from last year, and projected to be £1.6m per year for the following three years. It is proposed to vire £0.329m to John Smith House (subject to a separate report to the Executive). After taking into account current spend and commitments there is £1.087m to spend by 31st March 2005. All spending has to satisfy the capital spending rules and there is a risk that not all the money will actually be spent, although it is expected that it will all be committed. Appendix 2 describes the projected spending profile and risks.</p> <p>The grants policy in the Private Sector Housing Strategy was first approved by the Executive in April 2003. It was amended slightly in October 2003 to take account of lessons learned in the first few months.</p> <p>Since October 2003 the number of private sector rented properties which have become available has greatly increased as a result of the boom in buy-to-let. This presents both threats and opportunities to the borough. The chief threat is the increased risk of transience combined with anti social behaviour as concentrations of vulnerable households are placed in the borough, as well as poor management.</p> <p>The main opportunity is the enhanced supply of potentially well managed and affordable housing for vulnerable households and key workers.</p> <p>It has become clear that many vulnerable owner occupiers (especially those aged from 60 to 74) are finding it hard to access the equity in their homes in order to finance repairs. In these cases the Council can pay grants which have to be repaid when the ownership of the property changes.</p> <p>The revised BVPI's for housing include actions to deal with domestic violence and refers to the Sanctuary project which helps victims of domestic violence remain in their homes.</p> <p>The new framework also takes into account the Home Energy Conservation Act duties and the need for affordable warmth across the borough.</p> <p>A compulsory purchase programme is needed to deal with long term empty properties and to take advantage of redevelopment opportunities.</p>	

Recommendation

The Executive is asked to approve the new financial assistance policy for private sector housing as described in Appendix 1 to this report and to reprofile the budget for 2004/05 as described in Appendix 2.

Reason

To help vulnerable owner-occupiers bring their homes up to the decent standard. Increase the supply of affordable housing. Deal with run down neighbourhoods and anti social behaviour in private sector housing.

Contact Officers:

Ken Jones
Martin Davies

Project Manager –
Private Sector

Tel: 020 8227 5079; 020 8227 5703
Fax: 020 8227 5799
Minicom: 020 8227 5755
Email: martin.davies@lbbd.gov.uk

1. Background

- 1.1 The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 states that the policy for providing financial assistance for private sector housing must be written, published, and publicised. This report recommends an appropriate framework for providing financial assistance for private sector housing which meets the needs of Barking and Dagenham.
- 1.2 The current Private Sector Housing Strategy was written with the idea of providing financial support to owner occupiers. However, very few owner occupiers qualify for grant aid as they have a lot of equity in their homes. Instead, it is recommended that the emphasis for financial support should go to addressing wider concerns which are summarised as follows:-

2. The Needs To Be Addressed

- Vulnerable owner-occupiers in non-decent housing – including affordable warmth
- Shortage of affordable rented housing for vulnerable households and key workers
- Poor quality management of private rented housing
- Areas of private sector housing clustered around run down shopping parades
- Redundant commercial and mixed use buildings being the focal point of anti social behaviour and nuisance
- Long term vacant properties neglected by their owners
- Anti social behaviour by private sector tenants
- Security issues of victims of domestic violence and other hate crimes
- Reduction of CO₂ emissions.

3. Targeting

- 3.1 The financial support is aimed at individuals and neighbourhoods. There is help for vulnerable owner-occupiers across the borough whose homes fail to meet the decent standard.
- 3.2 The neighbourhoods are chosen according to need and opportunity. In the first instance the deprivation index provides a sound basis for targeting resources. However, there are other measures of need such as levels of anti social behaviour. A neighbourhood may also present an opportunity which could alleviate problems elsewhere. The capital money is not spent in isolation. Not only is it used to lever in other funds it is also accompanied by enhanced enforcement work by all appropriate agencies.
- 3.3 Neighbourhoods are chosen in consultation with Council Officers and Members. Currently, a longer term programme is being drawn up with reference to problem areas identified by the Private Sector Housing Team and the Council's enforcement agencies.
- 3.4 We also work in partnership with the voluntary sector and it is hoped that a programme will be developed which will focus on voluntary groups for delivery of some improvements.

4. Current Projects

4.1 Broad Street, Dagenham

This project focuses on the shopping parades in Broad Street but also includes about 500 private sector dwellings, mainly as a result of Right-To-Buy. It is accepted that Broad Street shopping parades are a major eyesore with associated social problems. The Private Sector Housing Team are working in partnership with the Planning division who have commissioned a "health check" on all shopping centres in the borough. The research work will begin with Broad Street and the Home Improvement Zone work will include consultation on the future of the shopping parade. It is possible that a substantial redevelopment could take place with a large amount of affordable housing being produced.

The Broad Street area also includes the Digby Gardens housing site and will enable householders who have to put up with the building works to feel that they have been included in the improvements.

4.2 Fanshawe Avenue, Barking

This project focuses on the properties on Fanshawe Avenue as it is an important gateway into the borough and complements the redevelopment of Tanner Street and the town centre. Consultants to carry out a Neighbourhood Renewal Assessment (the research phase) have been appointed.

4.3 **Regional Projects**

Barking and Dagenham is participating in two regional and two sub-regional projects which provide additional funds (provided by GoL) to support the private sector housing programme.

Decent Homes

This is a sub-regional project where 1,500 private sector properties have been visited in order to assess their energy efficiency and the owners' eligibility for financial support. In many instances benefits advice is offered by the project's partner, the Barking and Dagenham Disability Association.

If the property is eligible for help under schemes such as EEC or EAGA then they are dealt with without further reference to the Council. However, if more extensive works are needed to bring the dwelling up to the decent standard then the case is referred to the Private Sector Housing Team who will see what further help can be provided.

Empty Properties

This sub-regional project particularly focuses on accommodation above shops and takes into account the involvement of planning and feasibility studies.

Landlord Accreditation Scheme

This pan London project aims to encourage landlords to become accredited which means training and signing up to a code of conduct. London wide there is over £500,000 available to support this project. We will use this project as a basis for the proposed Landlord Grants.

Houseproud

This is a major awareness campaign for Houseproud which is the main vehicle for providing equity release for vulnerable owner occupiers whose homes do not meet the decent standard.

5. **Projects In Development**

5.1 Empty Properties

A programme of action for long term empty properties is currently being developed. The action will include compulsory purchase in addition to the Management Orders proposed by the Government. This is because the procedures are very similar and there is little gain to Barking and Dagenham in the Management Order process.

5.2 Medium Term Renewal Programme

The Private Sector Housing Team is currently working with Health and Consumer Services and other agencies to develop a prioritised list of target areas in order to comprehensively regenerate them taking into account housing conditions, economic concerns, and social concerns including anti social behaviour.

Both of the above programmes will shortly be presented to the executive for approval. Prior to submission to the Executive, members will be invited to comment.

5.3 Transience

It is suspected that a primary underlying cause of social problems within the borough is the high turnover of privately rented properties. Many (but by no means all) of the tenants are placed by other agencies from outside the borough. This means that people do not stay long enough to become a part of the local community which many long term residents find unsettling. It is often the case that these short term tenants also have acute social, economic and health problems which are not being adequately addressed.

5.4 It is proposed to address these problems by targeting obvious rented properties which are causing problems in the targeted areas for:-

- Landlord grants to encourage them to take key workers and those on housing benefit on longer terms – see Appendix 1
- Engaging with the tenants to identify and help them with problems
- The use of enforcement legislation against tenants and landlords.

5. Delivery

5.1 This framework will be implemented by the Private Sector Housing Team which will be restructured to take into account the radical changes from the existing Private Sector Housing Strategy which will be the subject of a further report to the Executive.

Most of the solutions require a multi-agency approach and the Private Sector Housing Team will project manage this.

6. Financial Implications

Appendix 2 shows the current capital spending commitment for 2004/05 together with the spending profile for the remainder of this year.

The fact that there are less than 6 months of the financial year is obviously worrying in terms of the risk of an underspend. However, it is anticipated that the Landlord Grant should prove very popular and despite the fact that considerable preparation is needed, it is still practicable to achieve a minimum spend of £600,000 as this represents 40 – 60 grants. The key aspect here is landlord accreditation training which has been resolved by the Pan London Landlord Accreditation Scheme. The syllabus is agreed and trainers have been appointed.

The proposals in this report have no impact on staff costs. The type of work has changed and the structure of the Private Sector Housing Team is being changed to reflect this.

7. Consultation

The following officers have been consulted in the preparation of this report:

- Director of Social Services
- Director of Education
- Head of Regeneration Implementation
- Head of Finance (Housing & Health)
- Head of Health & Consumer Services

Appendix 1

Proposed Grants Policy for private sector housing in Barking & Dagenham

Type of grant	Description	Eligibility	Key Conditions
Safety net grant	To bring up to the decent standard owner occupied housing which is unfit or has a category A risk under the Health and Safety Rating System.	<p>Applicant:</p> <ul style="list-style-type: none"> • Owner occupier for at least 3 years • Pass a means test • Proven inability to obtain money from the private market. <p>Property</p> <ul style="list-style-type: none"> • It is either unfit under the current system or has a Category A risk under the new Health and Safety Rating System. • The amount of work needed is from £1,000 to £5,000 	<p>If the property changes ownership within 5 years of the certified date then the whole grant is repayable with interest.</p> <p>A property is deemed to have changed ownership when a new name is added to the land registry entry.</p> <p>Maximum grant £5,000</p> <p>No second grant allowable within 5 years of certified date</p>

Type of grant	Description	Eligibility	Key Conditions
Major Works Grant	To bring up to the decent standard owner occupied housing which is unfit or has a category A risk under the Health and Safety Rating System.	<p>Applicant:</p> <ul style="list-style-type: none"> • Owner occupier for at least 3 years • Pass a means test • Proven inability to obtain money from the private market. Applicant to complete authorisation form in order for council to check inability to secure money for the works • Moving home is not a viable option e.g. the house is bigger than necessary and it would not be financially practicable to downsize <p>Property</p> <ul style="list-style-type: none"> • It is either unfit under the current system or has a Category A risk under the new Health and Safety Rating System. • The amount of work needed is more than £5,000 • Where appropriate repair works should be paid for by the building insurance 	<ul style="list-style-type: none"> • If the property changes ownership within 5 years of the certified date then the whole grant is repayable with interest. • If the property changes ownership after 5 years then the first £5,000 does not have to be repaid but the amount over £5,000 has to be repaid with interest whenever the property changes ownership. • Owner to be personally liable for repayment of grant if property is repossessed by mortgage provider. • A property is deemed to have changed ownership when a new name is added to the land registry entry. • Owner to maintain adequate building insurance. • Certificate of owner occupation to be completed, Preventing subletting/renting of the property. • Maximum grant £20,000

Type of grant	Description	Eligibility	Key Conditions
Landlord Grant	To encourage landlords to become accredited and to house key workers and vulnerable households.	<p>Applicant A landlord who has been accredited by a scheme approved by the Council.</p> <p>Property</p> <ul style="list-style-type: none"> • Must be of a suitable design and location. • Priority will be given to those which have a proven demand from key workers and vulnerable households. • The rent must be affordable – in the case of vulnerable households the rent should be within housing benefit levels. For key workers the rent should be less than market level. • Houses in multiple occupation can qualify 	<ul style="list-style-type: none"> • The property must meet stringent quality standards – better than decent standard • Professional standards of property management • Payment of grant to be quarterly in arrears • All new tenants must be key workers or on HB at commencement of tenancy • Let for at least three years • The grant must be repaid with interest for a breach in conditions or when ownership changes. • Landlord not to exceed due process of law at any time. • Breach of conditions to include Illegal eviction, Harassment or Anti-social behaviour by landlord or tenant. • A property is deemed to have changed ownership when a new name is added to the land registry entry. • Maximum grant for key worker housing £10,000 • Maximum grant for vulnerable households £15,000

Type of grant	Description	Eligibility	Key Conditions
Sanctuary	To make a property more secure to enable a victim of domestic violence or other hate crime to remain at home. Many grants will be for Council owned housing.	A case which has been approved by the local multi-agency Sanctuary project. Most Sanctuary grants will be for less than £1,000. Larger amounts will be needed if enhanced security is needed.	<ul style="list-style-type: none"> • It has been approved by the Sanctuary Project • The client intends to stay in the property for at least 6 months. • Maximum grant £6,000 • No means test
Home Improvement Zone Grant	Grants to improve the exterior of properties, (including gardens and boundaries) where the benefit is communal rather than individual. Typically this will be for groups of properties.	<p>Applicant Owner occupier, private sector landlord, RSL.</p> <p>Property Situated in a Home Improvement Zone or other area which is being targeted for housing and environmental improvement</p> <p>This work could be done by a voluntary group as part of a programme</p>	<ul style="list-style-type: none"> • The grant must be part of a larger scheme organised by the Council as part of the Home Improvement Zone or other area which is being targeted for housing and environmental improvement. • Maximum grant £10,000 and up to £20,000 with the approval of the Head of Service. • The grant will not normally exceed 70% of the cost. • Means test for grants over 70%

Type of grant	Description	Eligibility	Key Conditions
Environmental Works Grant	<ul style="list-style-type: none"> • Grants to improve sites which have/cause problems regarding security, nuisance, or anti social behaviour. • The works will include alley-gating, fences for problem sites, tree planting, provision of amenity facilities. • It will not include rubbish removal or cleansing. 	<ul style="list-style-type: none"> • It is part of an agreed programme with the Head of Health and Consumer Services. • And/or It is situated in a Home Improvement Zone or other area which is being targeted for housing and environmental improvement. • The works are of a capital nature. • This work could be done by a voluntary group as part of a programme • Maximum grant is unlikely to be paid unless it is a package of works which can be dealt with as a programme 	<ul style="list-style-type: none"> • This is an “inchoate” grant in that there may be no applicant. The works maybe carried out on sites where the ownership is not known or where the owner has merely given his consent for the works. There is no payback provision unless the owner, without good reason, damages or removes what the grant has paid for. • Maximum grant £100,000 • In all cases contributions from other agencies, including the owner, will be sought.
Renewable Energy Grant	To encourage owner occupiers to invest in renewable energy sources for their homes	Any homeowners who are having solar heating or solar electricity installed in their home and have already qualified for a Solar for London Grant	<ul style="list-style-type: none"> • The council will top up the Solar for London Grant with a further £500 • Not means tested

Type of grant	Description	Eligibility	Key Conditions
Warm Homes grant	To help the borough's vulnerable fuel poor households who are unable to access warmfront grants	Must be spending over 10% of available income on keeping home at a reasonable temperature. Must be over 60 with a low SAP rating on home	<ul style="list-style-type: none"> • This grant will be offered to homes that are surveyed by Newham Warmzones but which are ineligible for Warm Front grant • Maximum grant £3000 • Applicants must be over 60 • Grant will be proactively offered on a basis of need following warmzone surveys • Means test based on fuel poverty of the client.
Works In Default	To finance works when an owner does not comply with a notice.	Strictly speaking not a grant as the owner does not ask for the work to be done. However, this type of work can represent significant spend.	<ul style="list-style-type: none"> • The money is always recovered in full, often by means of a charge on the property.
Compulsory Purchase	To purchase property which is not being managed properly and there is no other realistic method of improving the situation on a permanent basis.	A proactive programme is currently being developed but in the meantime Members are informed that it maybe possible that emergency cases could be brought before them in advance of the programme being agreed. Every CPO needs a formal resolution by Members.	<ul style="list-style-type: none"> • The most difficult issue is what we do with the property. Possibilities include Improvement for Sale or passing it to an RSL.

Appendix 2

Capital Spending Profile For Private Sector Housing 2004/05

Project Name		Original Budget	Rollover/ Adjustment	Total Budget	Virement	Revised Budget	Actual Spend as @ Aug-04	Bal to spend to Mar-05
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
105	HOUSE RENOVATION GRANT	600	364	964		964	40	924
2290	PRIVATE SECTOR	1,000		1,000	329	671	0	671
	TOTAL	1,600	364	1,964	329	1,635	40	1,595

		Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
105	HOUSE RENOVATION GRANT	0	100	300	200	200	84	0	924
2290	PRIVATE SECTOR	0	10	10	100	180	180	191	671
	TOTAL	0	110	310	300	380	264	191	1,595

Proposed Allocations for Remainder of Budget for 2004/05

	2004/05		Potential rollover to 2005/06	Risks
	Commitment	Spend by 31-03-05		
Already Committed	£468,000	£468,000	£0	
Safety Net Grant	£35,000	£15,000	£20,000	While we have identified many potential clients we cannot guarantee take-up. Procedures are as user-friendly as possible.
Major Works Grant	£105,000	£80,000	£25,000	It maybe that the low take-up of equity release by people aged 60-74 is due to it not being affordable. If this is the case then the demand will be great. However, the scale of the works required means that 100% spend is unlikely.
Landlords Grant	£600,000	£250,000	£350,000	Demand is expected to be high for this. There is very little bureaucracy (without compromising probity and the Council's position) compared with the old regime and a quick spend can be achieved. However, the grant will be paid in stages. The projected spend represents 100 affordable homes for key workers.
Sanctuary	£5,000	£2,000	£3,000	We don't know the likely uptake as this is a new concept for grants.
Home Improvement Zone Grant	£45,000	£20,000	£25,000	We intend to carry out a pilot scheme in Fanshawe Avenue and/or Broad Street so spend could be higher.
Environmental Works Grant	£100,000	£75,000	£25,000	We are at an advanced stage in planning a comprehensive alley-gating scheme in Rylands. Other schemes are also at an advanced stage.
Renewable Energy Grant	£2,000	£2,000	£0	Another new grant concept. This amount represents only four grants.
Warm Homes Grant	£60,000	£40,000	£20,000	This is targeted at people in fuel poverty so is a much easier means test. We have identified numerous potential clients but we don't want to raise expectations.
Works In Default	£25,000	£20,000	£5,000	Most of this sum represents one property where a builder has been appointed.
Compulsory Purchase	£150,000	£100,000	£50,000	A particularly serious case has been identified where purchase by the Council will probably be the only solution.
Total	£1,595,000	£1,072,000	£523,000	Projected spend = 70% of budget