

THE EXECUTIVE

7 OCTOBER 2003

REPORT OF THE DIRECTOR OF HOUSING & HEALTH

PRIVATE SECTOR HOUSING GRANTS STRATEGY	FOR DECISION
<p><i>This report concerns the difficulties in implementing the current Private Sector Housing Strategy with regards to assisting vulnerable owner occupiers to repair their homes and in bringing empty properties back into use</i></p> <p><u>Summary</u></p> <p>The Executive approved the Private Sector Housing Strategy in April 2003 with a proviso for review in 6 months. The Council has allocated £600,000 for financial support to improve housing or to bring empty properties back into use. However, the take up of grants under the new system is nil. This means that the Council is facing a substantial underspend in its Capital Programme. This report seeks to reduce the underspend by making changes to the Private Sector Housing Strategy in advance of a bigger review.</p> <p><u>Recommendations</u></p> <p>The Private Sector Housing Strategy be amended by replacing the existing policy for financial assistance with the following:</p> <ol style="list-style-type: none">1. Repair Grants and Safety Net Grants - increase maximum amount and alter payback requirements as described in paragraph 3.12. Empty Property Grants - amend as described in paragraph 3.23. Grants for Home Improvement Zones - as described in paragraph 3.3. This is a new form of financial assistance.4. Financial assistance to always be based on owners' responsibility for their own homes. <p><u>Reasons</u></p> <p>To reduce the risk of seriously under spending the housing capital programme. To increase the amount of private sector housing which meets the decent homes standard. To bring empty properties back into use. To encourage owners to make the best use of their own resources.</p>	
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1. Background

- 1.1 The Council has a duty to ensure that the private sector housing stock is maintained in a decent condition. The Government has stated that local authorities should make special efforts to reduce the number of vulnerable people who live in private sector housing which does not meet the decent homes standard. This requirement applies to both owners and tenants. Vulnerability in this case is defined according to people in receipt of a range of benefits.
- 1.2 A new grants regime was introduced this year in accordance with the Private Sector Housing Strategy which was written in the context of the Regulatory Reform Order (RRO). The basis of the Council's policy is that owners are responsible for their own properties and should make use of the equity in their homes.
- 1.3 The Council has allocated £600,000 from the housing capital programme to provide financial assistance to owners to bring their homes up to the decent standard and to bring empty properties into use.
- 1.4 So far the take-up of grants under the new system this financial year is nil with no likelihood of take-up without substantial changes.

2. Current Spending

- 2.1 The projected spend this financial year is £188,000 and relates entirely to the previous regime. There is no evidence that this will increase without a change in policy.

3. Proposal

- 3.1 The current policy is contained in the Private Sector Housing Strategy. The relevant part is appended to this report. It is proposed that the following amendments be made.
- 3.2 Repair Grants and Safety Net Grants
 - 3.2.1 Maximum sum increased to £10,000 with a two tier payback requirement.
 - 3.2.2 First £5,000 Payback with interest if ownership changes in the five years following final payment of grant. Usual exemptions to apply. After five years none of this amount is repayable.
 - 3.2.3 £5,001 - £10,000 Payback with interest when the house changes ownership, whenever that may be.
- 3.3. Empty Property Grants
 - 3.3.1 Minimum grant £1,000. No maximum for the remainder of this financial year. Amount payable to be based on a combination of gap funding and quantity of social or affordable housing provided, whether permanent or temporary. Payback with interest if grant conditions breached.

3.4 Grants for Home Improvement Zones

For vulnerable and non-vulnerable owners where there is a benefit to wider community especially by improvements to appearance of front elevation, garden, or boundary fence. Maximum amount payable is 75% of £10,000. Payback on a sliding scale with interest if ownership changes in the five years following final payment of grant. Usual exemptions to apply. After five years none of this amount is repayable.

3.5 Financial assistance to always be based on owners' responsibility for their own homes so that they make use of the equity in their homes. Efforts will continue to enable interest payments to be able to be "rolled up" rather than paid monthly.

4. Justification

4.1 There is a serious risk of underspending this element of the Council's capital programme.

4.2 A grants programme is a very effective means of engaging homeowners and raising the profile of the decent homes policy.

4.3 The first Home Improvement Zone will be launched in September and an attractive grants package will help engage residents, especially those who are vulnerable.

4.4 The Home Improvement Zone will include a lot of publicity and advisory material as well as one-to-one contact between Council Officers and residents. This means that the message about the responsibilities of owners and the validity of equity release can be reinforced.

4.5 More than 100 private sector properties have been identified as having been empty for more than one year. Partnership arrangements with RSLs are currently being explored with a view to bringing them back into use for temporary accommodation and/or affordable housing. The use of capital finance will be a good incentive as well as enabling lower rents.

5. Consultations and Implications

5.1 The following officers have been consulted on this report:-

Ken Jones - Head of Housing Strategy
Colin Rigby - Head of Finance, Health & Housing

5.2 These revised proposals are unlikely to take effect until the latter part of the financial year, therefore an underspend in the region of £250,000 is still anticipated in 2003/04. However, these changes combined with those to be contained in a much wider review to be presented later this year will mean the full allocation being committed from 2004/05 onwards.

Background papers used in the preparation of this report:

Private Sector Housing Strategy