

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - COMMUNITY

5 JUNE 2007

EXECUTIVE

19 JUNE 2007

PRIVATE SECTOR HOUSING RENEWAL POLICY 2007-08

1. PURPOSE OF THE REPORT

- 1.1 This report proposes specific changes to the Private Sector Housing Renewal Policy in order to address local needs, as identified in the on-going private sector house condition survey, with particular regard to achieving the Government's target for decent homes in the private sector.

2. BACKGROUND

- 2.1 One of the Council's priority objectives is to safeguard and improve the private sector housing stock in Exeter, which is made up of 39,500 dwellings in the owner-occupied and privately rented sectors. At nearly twice the national average, Exeter has a large private rented sector (22% of the private stock) and a large number of houses in multiple occupation (estimated at 2700 or 7% of the private stock). It is this sector, particularly HMOs, where the poorest housing conditions are found.
- 2.2 Under the Housing Act 2004, the Council also has a legal duty to remove or reduce Category 1 Hazards (eg excess cold, severe dampness, and overcrowding) from dwellings in its area, and a discretion to deal with Category 2 Hazards. It has a range of enforcement tools to deal with poor and dangerous conditions in homes.
- 2.3 In addition to enforcement, the Council offers financial assistance in the form of means-tested grants to assist and encourage home-owners to improve their properties and remove hazards. This financial assistance helps home-owners repair and adapt private sector houses, funds energy efficiency grants for low income households through Warm-up Exeter and PLEA (Private Landlord Energy Action) grants, and supports ExtraLet and private sector leasing by means of private sector renewal grants.

3. PERFORMANCE IN 2006-07

Financial assistance to improve or adapt homes

- 3.1 120 Disabled Facilities Grants (DFGs) with a total value of £657,000 were awarded ensuring that clients could remain living independently in their own homes. All adapted properties are brought up to the decent home standard as a condition of grant assistance. This shows an increase from the 79 DFGs that were awarded during 2005-06 and is indicative of the growing need and demand for adaptations in the home.

- 3.2 A total of 57 Renovation Grants with a total value of £241,000 were awarded to address hazards in private sector houses and to undertake improvements to ensure that dwellings meet the decent home standard. Although this represents a reduction compared with the 95 grants awarded in 2005-06 (value £558,000), this can be explained by the wholesale replacement of the long-standing housing fitness standard with the new Housing Health and Safety Rating System (HHSRS) in April 2006 [minute 85 Sept 05] and the increased work-load brought about by the implementation of the Housing Act 2004.
- 3.3 30 Private Sector Renewal Grants with a value of £59,000 were awarded to bring dwellings up to an appropriate standard either for private sector leasing or to be let through the ExtraLet scheme, and a further 20 such grants are currently being processed. All properties in receipt of these grants are brought up to the decent home standard as a condition of grant assistance.
- 3.4 A total of 874 households benefited from Warm-up Exeter Grants, which resulted in 1089 energy efficiency measures (loft or cavity wall insulation) being installed. The occupiers of 189 of these dwellings were on means tested benefits. As a result of the partnership funding arrangement with British Gas, these improvements were achieved with reduced expenditure of £117,000, an average of £133 per property. All 874 properties have been assessed as complying with the decent home standard following completion of the energy efficiency works, which represents a significant achievement.
- 3.5 A significant proportion of households in the privately rented sector suffer from fuel poverty, therefore, it is encouraging that 247 households in privately rented dwellings, (49 of which were occupied by vulnerable households), benefited from PLEA Grants to provide insulation measures, together with either the installation of central heating or the replacement of old, inefficient boilers. The total expenditure on these grants was £168,000.
- 3.6 The on-going private sector house condition survey estimated that, in order for the Council to achieve the Government's target to raise the proportion of private sector dwellings occupied by vulnerable people above the 70% threshold for decency by 2010, a total of 1,165 dwellings need to be made decent by 2010, (vulnerable people being defined as those in receipt of certain benefits). As can be seen from the above, grant activity undertaken during 2006-07 significantly reduced this target by 445 properties to 720.

HMO Licensing

- 3.7 Of the estimated 800 larger, higher-risk HMOs within the city, a majority of these, 619, have been issued with mandatory HMO licences (minute 85 Sept 05 refers). Licence applications from the remaining, HMO landlords will be pursued in 2007-08.

4. PROPOSED CHANGES TO THE RENEWAL POLICY

- 4.1 The Private Sector Housing Renewal Policy retains the range of financial assistance packages currently available, which will continue to be administered as they are at present. All financial assistance, apart from mandatory Disabled Facilities Grants, will

be funded by the Regional Housing Pot allocation, set at £858,687 for 2007-08, a reduction of £110,000 on the 2006-07 allocation.

Financial assistance maxima

4.2 Levels have not been reviewed since 2001, therefore, it is proposed that certain maximum limits contained within the policy are increased to take into account current costs and inflation, specifically:

- to increase the maximum level of Home Repair Assistance Grants from £500 to £1000 and Renovation Grants from £20,000 to £25,000, to reflect increased building costs due to inflation;
- to increase the maximum level of assistance for an applicant to move from their home from £10,000 to £15,000, to more closely reflect the true cost involved in moving home (it is proposed that such grants will only be available where the applicant's current home is first offered, at market value, to a social housing provider);

Means-testing of applicants

4.3 The majority of applicants for financial assistance, particularly those not on means tested benefits, undergo a means test, which, in the case of applicants for DFGs, is prescribed in legislation. For consistency, the same means test has been used for all other financial assistance packages, although there is no legal reason why this should be the case. The means test currently used allows for weekly housing costs of £57 to be taken into account, which fails to reflect the true housing costs, particularly for young families with large mortgages. As a result, many assessments require householders to make substantial contributions towards the costs of the works, which in many cases they are unable to afford. Consequently, they are unable to benefit from the Council's financial assistance packages.

4.4 In an effort to assist working households on low income, it is proposed that the weekly housing cost calculation used for means-tested assistance, (other than DFGs), is increased from £57 to £110. This will more closely reflect mortgage outgoings, reduce applicants' contributions towards works and make the Council's financial assistance packages more accessible. In all cases the assistance will be secured by a 25-year repayment condition.

Assistance for loft clearance to facilitate loft insulation measures

4.5 A substantial obstacle in the take up of energy efficiency grants, particularly for older people, is that insulation companies will only undertake works in completely empty lofts. Loft insulation is the most cost-effective means of reducing excess cold in dwellings and reducing fuel consumption and greenhouse emissions. In order to encourage uptake of loft insulation it is proposed that the scope of Home Repair Assistance and Renovation Grants is widened to cover the cost involved in the clearance of loft spaces, or the provision of a loft hatch to enable access for the insulation to be installed.

Assistance for Sanctuary Rooms

- 4.6 The City Council has been involved in a successful scheme to provide secure sanctuary rooms in our own housing stock where the tenant is at serious risk of violence from an abusive partner or former partner. Domestic violence in the private sector is often a cause of successful homelessness applications. It is proposed that Sanctuary Assistance should be made available to fund the recommendation of Devon and Cornwall Police Crime Prevention Unit in those cases where provision of a sanctuary room is considered to be the most appropriate cause of action by the Multi Agency Risk Assessment Conference for High Risk Domestic Violence Cases (MARAC) Group.

Fees for HMO licensing and Housing Act 2004 enforcement

- 4.7 Finally it is proposed that the fees associated with HMO Licensing and Housing Act 2004 enforcement are amended to better reflect the actual cost associated with various actions.
- 4.8 The following fee levels are proposed:

| Fees in respect of HMO Licensing | Proposed Fee |
|---|---------------------|
| Processing an application for a Temporary Exemption Notice | £50-00 |
| Processing a shorter term licence (a shorter-term licence of between 1 to 4 years will be applied where the Council has concerns about the management of an HMO, or where the owner has knowingly operated an unlicensed HMO) | £400-00 |
| Fee for officers to draw property plans for application | £100-00 |
| Variation of licence | £100-00 |
| Revocation of licence | £100-00 |

| Fees for service of notices or making of orders | Proposed Fee |
|---|---------------------|
| Serving an Improvement Notice | £200-00 |
| Serving a Hazard Awareness Notice | £200-00 |
| Making a Prohibition Order or Emergency Prohibition Order | £155-00 |
| Taking Emergency Remedial Action | £155-00 |
| Making a Demolition Order | £250-00 |
| Reviewing a suspended Notice or Order | £75-00 |

- 4.9 In relation to a Hazard Awareness Notice where there is no obligation on the house owner (landlord or owner/occupier) to comply with the contents of the notice, the council will need to use its discretion in applying a fee. Discretion will be applied in relation to the tenure of the dwelling, the cost of the remedy, the financial means of the owner and the likelihood of the hazards being addressed. In most circumstances this will lead to the fee being waived in relation to owner-occupiers, particularly those on low income.

Fee reductions

- 4.10 In order to positively encourage recipients of notices and orders to comply with them fully, it is proposed to remove the fee where the notice or order has been fully complied within the timescales specified and to the council's satisfaction. In the case of Hazard Awareness Notices, where no timescale is given, the fee will be removed should the hazard be resolved within 3 months of service of the notice.

| Qualifying criteria | Fee reduction |
|---|---------------|
| Recipient of Improvement Notice fully complies notice within the timescales specified by the notice | £200-00 |
| Recipient of Prohibition Order fully complies order within the timescales specified by the order | £155-00 |
| Recipient of Hazard Awareness Notice resolves Hazards within 3 months of receipt | £200-00 |

- 4.11 It is also proposed that in exceptional circumstances the Head of Environmental Health Services has the discretion to waive or reduce the fee, either where payment of the fee would lead to undue hardship being placed upon the recipient of a notice or order, or where the recipient is judged to be vulnerable.

HMO amenity standards

- 4.12 The introduction of the schedule of amenities specified by the Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006, which relate to all HMOs not just licensable HMOs, necessitates changes to the standard for personal washing and toilet facilities.
- 4.13 A full copy of the Private Sector Housing Renewal Strategy, containing all the proposed amendments (shown in bold) is available in the Members' Room and on the intranet.

5. PROPOSALS FOR SPENDING THE FINANCIAL ASSISTANCE ALLOCATION

- 5.1 It is proposed that Renovation, Home Repair Assistance and HMO Grants will continue and that the £500,000 renovation grant budget will be funded from the single pot allocation. It is further proposed to extend the purpose for which these grants can be awarded to include the provision of Sanctuaries in houses where one or more householder is at serious risk from domestic violence and that the provision of a sanctuary is considered the most appropriate course of action. Within this budget, it is proposed that discretionary funding for DFGs (this is above the £450k allocated for mandatory DFG provision) will be met, and the grant condition for such discretionary grants will be extended from 15 to 25 years.

£500,000

- 5.2 It is proposed that £100,000 of the single pot allocation is used to continue to support the payment of Private Sector Renewal Grants and fast track ExtraLet Grants, used to undertake pre-tenancy safety inspections. It is anticipated that using the grants in this manner will encourage landlords to make their properties available to the Council and will also assist the Council in achieving its target for reducing the number of

households in temporary accommodation. Based on the current average grant spend it is anticipated that around 50 properties a year will be improved to the decent home standard.

£100,000

- 5.3 It is proposed that funding for Warm-up Exeter Grants, in conjunction with British Gas, continues as a means of assisting the Council achieve its targets in relation to decent homes in the Private sector. £100,000 will improve the energy efficiency, and reduce poor insulation in 750 dwellings.

£100,000

- 5.4 It is proposed that funding for Private Landlord Energy Action (PLEA) grants continues to fund energy efficiency measures, including the provision of central heating, the replacement of old boilers with energy efficient boilers, and insulation measures in privately rented properties, up to a maximum of £2000 per application. It is anticipated that based on current expenditure £120,000 will improve the energy efficiency and help reduce excess cold and fuel poverty to over 100 rented dwellings.

£120,000

- 5.5 The proposals listed above account for £820,000 of the allocation. The take-up of all the proposed grants is dependant upon their attractiveness and competitiveness, for example there are many other insulation schemes in the market place. It is proposed, therefore, that the remaining £38,000 of the allocation is used, with the approval of the Portfolio Holder, either to fund other schemes that may become available or to provide additional funding for the schemes that are proposed, including project management and marketing of the schemes.

£38,000

6. FUTURE DEVELOPMENTS

- 6.2 A regional loan scheme, to provide low cost loans either to top up grants or as an alternative to grants where householders are considered financially able to service a loan, has been launched in Somerset. The South West Housing Board are currently evaluating the success of this scheme and if it is found to be an appropriate and successful means of supplementing grant regimes it is envisaged that it will be made available to all local authorities in the South West. Other potential schemes will also be explored.

- 6.3 The Devon District and Unitary Councils are currently developing a scheme to encourage householders to install solar thermal hot water systems, which are recognised as an effective method of reducing energy consumption. It is envisaged that the Devon Solar Club will be supported through the provision of grant assistance and a further report will be brought before Committee once financial details have been explored.

7. FINANCIAL IMPLICATIONS

- 7.1 The amended policy will be funded from the 2007-08 budget allocation. The financial implications of the changes will be closely monitored and the information used to inform the next review of the policy.

8. RECOMMENDED:

- 1) that Scrutiny Committee - Community supports, and Executive agrees to adopt the changes to the Private Sector Housing Renewal Policy outlined in this report;
- 2) the expenditure of the single pot allocation is monitored and that the proposed financial allocation to each of the schemes proposed or further schemes can be developed with the approval of the Portfolio Holder for Housing & Social Inclusion;
- 3) that the Policy is reviewed annually, or sooner if needs be, in order to ensure that it addresses local needs and/or government policy.

HEAD OF ENVIRONMENTAL HEALTH SERVICES

S:LP/Committee/607SCC9
14 May 2007

COMMUNITY AND ENVIRONMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended) Background papers used in compiling the report:

Private Sector Housing Renewal Policy
Housing Act 2004
The Management of Houses in Multiple Occupation (England) Regulations 2006