

EXETER CITY COUNCIL

SCRUTINY COMMITTEE – COMMUNITY 8 MARCH 2011

PRIVATE SECTOR HOUSING POLICY: FINANCIAL ASSISTANCE PACKAGES 2011/12

1. PURPOSE OF THE REPORT

- 1.1 This report informs Members of the financial assistance awarded to private sector households in 2010/11 and proposes changes to the types and levels of financial assistance that will be available in 2011/12 in light of the Government's removal of the entire private sector renewal allocation and the Regional Single Housing Pot. Financial assistance packages form one of the policy tools available to improve housing conditions in the private sector. A review of the other policy tools will be contained in the Private Sector Housing Renewal Policy that will form a sub-strategy of the Housing Strategy, which will be reported to this committee in September.

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 39,600 dwellings in the owner-occupied and privately rented sectors. Consecutive house condition surveys have identified that the poorest housing conditions are found in the private rented sector, which is larger than the national average at 22% of the private stock, and particularly in houses in multiple occupation (HMOs) which represent 7% of the private stock, twice the national average.
- 2.2 Under the Housing Act 2004, the Council also has a legal duty to remove or reduce Category 1 Hazards (e.g. excess cold, severe dampness, and overcrowding) from dwellings in its area, and a discretion to deal with lesser Category 2 Hazards.
- 2.3 In addition to the policy tool of enforcement, the Council currently offers financial assistance in the form of means-tested loans, administered through Wessex Home Improvement Loans and, in some cases grants, to assist and encourage home-owners to repair their properties in order to remove hazards. The advantage of loans is that the funding is recycled either by re-payment over a term or when the house is sold. Energy efficiency grants through Warm-up Exeter and PLEA (Private Landlord Energy Action) grants are also made available to improve the energy efficiency of private sector houses. These grants are administered through the Cosy Devon Scheme, a pan-Devon local authority partnership.
- 2.4 With the removal of the Regional Single Housing Pot allocation, which was formally used to fund grants, including energy efficiency grants, and to top up the Wessex Home Improvement Loan fund, the only allocation the Council receives from Central Government is a subsidy to fund Disabled Facilities Grants. The removal of the Regional Single Housing Pot allocations represents a reduction in Government funding specifically aimed at safeguarding private sector housing of £750,000 compared to the allocation for 2010/11.
- 2.5 The Government announced in the October comprehensive spending review that the Regional Single Housing Pot will not receive funding for 2011/12 nor for the 2 financial years afterwards. Without this funding financial assistance to address poor housing, the deterioration of Exeter's ageing private sector housing stock will accelerate, and Category 1 and 2 Hazards will materialise more often and sooner in future. In order to fulfil its statutory duties, this will mean that the Council will have greater need of using enforcement powers in order to address hazards in both the owner occupied and private

rented sectors. This would normally entail service of an Improvement Notice, but in extreme cases this could result in owner occupiers being prohibited from living in their homes because the property is in such severe disrepair.

- 2.6 The 2010 private sector house condition survey for Exeter has estimated that £23 million is needed just to undertake remedial repair to address Category 1 Hazards in the private sector, rising to over £115 million to undertake comprehensive repairs, and it is likely that these sums will increase, in the absence of the Regional Housing Pot funding.
- 2.7 In the case of adaptations, the 2010 private sector house condition survey has estimated that nearly £11 million worth of adaptations are required to address current needs which is liable to increase with an ageing population.

3. PERFORMANCE IN 2010-11

Financial assistance to improve or adapt homes

- 3.1 To date 72 Disabled Facilities Grants (DFGs) with a total value of £248,000 have been awarded with an additional 21, (with a value of £53 000) in the pipeline. DFGs ensure that clients can remain living independently in their own homes, and include adaptations such as replacing baths with level access showers, and installing stair-lifts. The demand demonstrates that there continues to be a strong need for adaptations.
- 3.2 To date 27 Renovation Grants with a total value of £248,000 have been awarded, many of which were ongoing just as loans were introduced. A further 11, with the value of £11,000 are awaiting approval. These grants address hazards in private sector houses and are only awarded in the place of loans where clients cannot, due to their financial circumstances, fund the repayment of a loan. They also are used for priority repairs costing less than £1200, which is the minimum loan amount that can be economically administered.
- 3.3 Since renovation grants were substantially replaced by low-interest loans in November 2009, 31 loans with a value of £208 000 have been awarded with a further 23 loans totalling £199 000 in the pipeline. £25 000 has already been repaid on the loans that have been awarded which will be recycled into the loan fund which currently stands at £448 000.
- 3.4 During the financial year to date a total of 422 households received financial assistance through the Cosy Devon Scheme to fund loft and/or cavity wall insulation and make their homes warm. Of these, 282 low income householders have received funding from the Council, the remaining 140 were insulated free of charge, funded by our partners Eon energy. These grants are instrumental in eradicating excess cold, by far the most common health hazard found in homes, and fuel poverty.

4. PROPOSALS FOR SPENDING THE FINANCIAL ASSISTANCE ALLOCATION

- 4.1 The total amount of capital funding for housing renewal and adaptations for 2011/12 is £681,000, of which £400,000 is approved from the Council's own capital programme and £281,000 from government for DFGs.
- 4.2 Given the removal of the Regional Single Housing Pot allocation, it is proposed that £100,000 will be paid into the loan fund administered on the Council's behalf by Wessex Home Improvement Loans. This will bring the loan fund up to £548 000 for the financial year.

£100 000

- 4.3 It is proposed to allocate £75,000 to fund Home Repair Assistance and Renovation Grants. Home Repair Assistance is used to fund the removal of Category 1 Hazards costing below £1,200 (for which a loan is not available) and Renovation Grants will be used to assist households who cannot access the Council's loan mechanism, (these will be paid in exceptional circumstances to remedy Category 1 Hazards only).

£75 000

- 4.4 It is proposed that the £225 000 will be allocated to provide financial assistance to improve the energy efficiency of the private sector housing stock by funding Warm-up Exeter and PLEA grants which improve the energy efficiency of private sector homes in conjunction with the Cosy Devon scheme.

£225 000

- 4.5 It is proposed that the £281,000 subsidy for DFGs is specifically used to fund mandatory DFGs. However, due to the reduction in funding for DFGs overall, there will be close monitoring of the demand on this budget, and priority given to any re-allocation of uncommitted parts of the respective budget allocation between financial assistance tools, in order to reconcile any unmet demand.

£281 000

5. FINANCIAL IMPLICATIONS

- 5.1 The amended policy will be funded from the 2011-12 budget allocation.

6. RECOMMENDED that

Scrutiny Committee - Community supports and Executive approves:

- 1) the financial assistance tools outlined in this report, and their respective budget allocation; and
- 2) that the Head of Environmental Health Services in consultation with the Portfolio Holder for Housing and Community Involvement, may re-allocate uncommitted parts of the respective budget allocation between financial assistance tools, in order to meet need.

HEAD OF ENVIRONMENTAL HEALTH SERVICES

S:LP/Committee/311SCC1
21.2.11

COMMUNITY & ENVIRONMENT DIRECTORATE

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