

EXETER CITY COUNCIL

**SCRUTINY COMMITTEE - COMMUNITY
3 JUNE 2008**

**EXECUTIVE
17 JUNE 2008**

PRIVATE SECTOR HOUSING STRATEGY – ANNUAL REVIEW

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.

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 large number of houses in multiple occupation (HMOs), 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 2007-08

Financial assistance to improve or adapt homes

- 3.1 105 Disabled Facilities Grants (DFGs) with a total value of £540,000 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 is 15 fewer adaptations than were achieved during 2006-07 but demonstrates that there continues to be a strong need for adaptations in the home.
- 3.2 A total of 92 Renovation Grants with a total value of £650,000 were awarded to address hazards in private sector houses and to undertake improvements to ensure that dwellings meet the decent home standard. This represents a significant increase over the 57 grants administered in 2006-07 which had a value of £241,000.

- 3.3 There was also an increase in the number of Private Sector Renewal Grants which were administered, with 43 grants, compared with 30 in the previous year, being awarded. The value of these grants was nearly double the previous year at £114,000. Private Sector Renewal Grants are used to bring dwellings up to an appropriate standard either for private sector leasing or to be let through the ExtraLet scheme.
- 3.4 A total of 926 households benefited from Warm-up Exeter Grants, an increase of 54 over the previous year, which resulted in 1113 energy efficiency measures (loft or cavity wall insulation) being installed.
- 3.5 A disproportionate number of households in the privately rented sector suffer from fuel poverty but 140 of which 82 were priority households (over 60 years old or low income) in privately rented dwellings were able to benefit from the provision of insulation measures, together with either the installation of central heating or the replacement of old, inefficient boilers, through the PLEA Grants issued.

HMO Licensing

- 3.7 705 of the larger, higher-risk HMOs within the city have been issued with mandatory HMO licences (minute 85/05 refers). These properties have been prioritised on the risk they present to tenants and 123 were inspected and brought up to standard during the year.

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 DFGs, will be funded by the Regional Housing Pot allocation, set at £583,000 for 2008-09, a reduction of nearly £300,000 on the 2007-08 allocation.

Financial assistance maxima

- 4.2 Following a review by Communities and Local Government, the maximum level for mandatory DFGs has been increased from £25,000 to £30,000 with immediate effect. Very few DFGs have exceeded the £25,000 limit in the past so it is not anticipated that this higher limit will have a significant effect on the number of disabled households that will be assisted within the £450,000 budget set for 2008-09, although it is likely to constrain the total number.
- 4.3 The increased maximum has not only been introduced to reflect rising building costs but also to enable mandatory DFG funds to be used to provide disabled applicants access to their gardens which up until now has not been the case.
- 4.4 Another welcome result of the review is that a mandatory DFG of over £5,000 can be registered as a local land charge for a period of 10 years. The maximum charge is limited to £10,000. This means that if the property is sold within that period the Council will have discretion to reclaim the charge and recycle the money into the DFG programme. It is proposed that all mandatory DFGs over £5,000 are registered as a local charge for the value of the grant, up to a maximum of £10,000
- 4.5 The maximum level for Home Repair Assistance Grants was increased to £1000 in the 2007 Private Sector Housing Renewal Policy. It is now proposed to increase the maximum to £1200. It is also proposed to permit this grant to be used to fast-track

the installation of reconditioned stairlifts, where following the normal DFG procedure would seriously disadvantage the disabled applicant. It is estimated that 15 clients may be assisted in this way in 2008/09.

Assistance where all owners are not in agreement

- 4.6 At present when an application for assistance is received it is the practice to undertake a means test of all the people named on the deeds of the property concerned. Since this amendment was introduced into the Private Sector Housing Renewal Policy it has become clear that this is not practical in all cases, particularly where the name of ex-partners remain on the deeds and where there is a reluctance to co-operate with the partner in occupation. In those cases where there are Category 1 and/or Category 2 hazards which need addressing, but which cannot be programmed due to refusal of one or more owners, then it is proposed that the necessary works will be dealt with by service of an Improvement Notice on all owners, requiring the necessary works to be carried out.
- 4.7 The necessary works would then be carried out on the default of the Notice, and a primary charge placed on the property to safeguard the cost of the works. It is also proposed that the funding for these works will be taken from the Renovation Grant budget, following approval by the Head of Environmental Health Services, in each case.

Reduction of the 3 year residency rule

- 4.8 Under the current policy applicants for Renovation Grants must either be first time buyers or have been resident in the property to which the application relates for at least 3 years.
- 4.9 First time buyers very rarely qualify for assistance as they 'fail' the means test. However young families and divorcees, who in many cases move house as a result of their personal circumstances, are often in financial need but are ruled out from applying for a grant as they have not been resident for 3 years.
- 4.10 All renovation grants are secured by a 25 year repayment condition and registered as a local land charge which will ensure that any grant monies, together with interests in certain circumstances, is re-paid if the property is sold. As a result it is proposed that the 3 year residency rule is replaced with a 1 year residency term.

Private sector renewal grants

- 4.11 For the past four years Private Sector Renewal Grants have been funded through the Renovation Grant budget. These grants have been used to support the Extralet Scheme. Unlike other forms of financial assistance 70% of the value of these grants is clawed back over the period of the lease.
- 4.12 During the period that these grants have been operated sufficient money has been clawed back to enable this grant scheme to be self-funding. It is therefore proposed that these grants are no longer supported by the renovation grant budget.

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 £500,000 of the £750,000 overall budget is allocated to renovation grant budget. It is further proposed that discretionary funding for DFGs will be met from this budget.
- £500,000**
- 5.2 It is proposed that funding for Warm-up Exeter Grants is increased from its present level of £100,000 to £130,000 to assist the Council in achieving its targets in relation to decent homes and to support the expected increase in applications as a result of the introduction of the Exeter Warmzone.
- £130,000**
- 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. These grants will also support the work of the Exeter Warmzone.
- £120,000**

6. FINANCIAL IMPLICATIONS

- 6.1 The amended policy will be funded from the 2008-09 budget allocation. The financial implications of the changes will be closely monitored and the information used to inform the next review of the policy.

7. RECOMMENDED that

- 1) 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) 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/608SCC6
20.5.08

COMMUNITY & ENVIRONMENT DIRECTORATE

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