

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE - COMMUNITY**  
**10 MARCH 2009**

**EXECUTIVE**  
**24 MARCH 2009**

**PRIVATE SECTOR HOUSING RENEWAL POLICY – 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. A copy of the Policy has been placed in the Members' Room and is available on the internet.

**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. 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 (e.g. 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 currently 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 2008-09**

**Financial assistance to improve or adapt homes**

- 3.1 95 Disabled Facilities Grants (DFGs) with a total value of £518,000 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 10 fewer adaptations than were achieved during 2007-08 but demonstrates that there continues to be a strong need for adaptations in the home and reflects changes introduced in 2007-08 which enhanced the scope of the DFG.
- 3.2 A total of 64 Renovation Grants with a total value of £421,000 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 decrease of 28 grants administered in 2007-08 but reflects the fact that the budget allocated by central government was over £200,000 less than that year.

- 3.3 Since Warm-up Exeter grants were started in July 2006 1463 householders have benefited from financial assistance with 1771 energy efficiency measures, such as loft and cavity wall insulation, being installed. 60% of these grants have gone to households in fuel poverty who would have been ineligible for other forms of assistance.

### **HMO Licensing**

- 3.4 Since the introduction of licensing in 2006, 771 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, over a 5 year inspection programme, with 142 completed this year. To date 265 have been inspected and brought up to the Council's standard.

## **4. PROPOSED CHANGES TO THE RENEWAL POLICY**

- 4.1 The Private Sector Housing Renewal Policy will continue to offer a range of financial assistance packages and from April 2009 this will include low interest loans.
- 4.2 As part of the new bidding arrangements for allocations from the Regional Housing Pot for 2009/10 the City Council was encouraged, by the Government Office South West, to bid for funding to join a consortium of local authorities which has been running a loan scheme throughout Somerset and North Devon for some years. The loan scheme was originally set up by the Government Office South West in an effort to break 'grant dependency' (where house owners become over reliant on grants to maintain their property). The grants are administered on the consortium's behalf by Wessex Reinvestment Trust, a not for profit social enterprise.
- 4.3 As a result of the bid £187,500 was allocated to the City Council to join the consortium. A further £736,500 was also allocated for the continuation of grant funding.
- 4.4 The allocation will not only be used to set up a 'revolving' loan fund, ringfenced to fund repairs and improvements and adaptations to properties in Exeter, but will also be used to pay the Wessex Reinvestment Trust's one-off set up fees of around £8000 and an ongoing annual subscription fee of around £13,000 and the subsidy that the Council must pay in respect of each loan. This will leave an initial loan fund of £166,600, subject to the set-up fees and subscription fee being agreed.
- 4.5 The Wessex Reinvestment Trust offer three types of loan:

### **i) Capital Repayment Loans**

- Minimum loan £1,000, Maximum £15,000
- Fixed term up to 15 years
- Fixed monthly repayment
- Available to all ages

A typical £5,000 loan taken out over 15 years will require a one off subsidy payment to Wessex Reinvestment Trust, of £1,171 and will cost the householder £34.53 a month

### **ii) Interest Only**

- Minimum loan £1,000, Maximum £15,000
- Fixed monthly interest payments

- The original loan capital will be re paid either when the house is sold (from the sale proceeds) or upon transfer of the property title
- Open to clients aged 66 and over
- The loan will continue as long as they remain living in the house

A typical £5,000 loan will require a one off subsidy payment to Wessex Reinvestment Trust, ranging from £1,833, for a 66 year old, to £706 for an 86 year old and will cost the householder £5 a month

### iii) Interest Roll Up

- Minimum loan £1,000, Maximum £15,000
- No monthly payments
- Open to clients over 71
- The loan will continue as long as the client remains in the house
- Interest accumulates at 3% yearly compound interest is added to the initial loan capital
- The loan and outstanding interest are paid upon sale or transfer of the property title

A typical £5,000 loan will require a one off subsidy payment to Wessex Reinvestment Trust, ranging from £1,833, for a 71 year old, to £1,312 for an 81 year old

- 4.6 It is proposed that all householders approaching the Council for financial assistance, other than mandatory Disabled Facilities Grants which are funded separately, will be provisionally screened and householders considered eligible for a loan will be referred onto Wessex Reinvestment Trust for a thorough financial assessment. In most cases an offer of a loan will follow. It is proposed that in cases where the amount of the loan offered is insufficient to finance the full cost of necessary repairs or improvements to the applicant's property the loan will be topped up from the renovation grant budget, within prescribed limits.
- 4.7 In both cases the repairs and improvements for which the loan and/or grant is offered will be specified by the Council's Grants Section who will authorise payment on satisfactory completion of the works
- 4.8 In all cases, other than when Wessex Reinvestment Trust refuse to offer a loan, it is proposed that any offer of grant aid will be conditional upon the householder taking on the maximum level of loan offered.
- 4.9 In those cases where a loan is refused, the reasons for refusal will be examined and a decision whether to offer a grant will be determined on a case by case basis by the Head of Environmental Health Services.
- 4.10 Where applicants decline a loan, financial assistance will not be offered. If, as a result, a category 1 hazard remains present in the applicant's home, appropriate enforcement action will be taken as described in the Private Sector Housing Renewal Policy. This action is necessary to discharge the Council's mandatory duty to deal with such hazards.

### Financial assistance maxima

- 4.11 It is proposed that the maximum level of renovation grant is reduced from £25,000 to £15,000. This reduction reflects the support that will be offered by the loan. In exceptional circumstance, any level of grant beyond £15,000 may be agreed by the

Head of Environmental Health Services. In the main, very few grants exceed £15,000, the average grant administered during 2008/09 being £7,000.

- 4.12 It is proposed that renovation grants are no longer made available for residential mobile homes due to the difficulty of enforcing the 25 year grant conditions. The sale and purchase of such dwellings rarely involves a solicitor or land registry searches with the result that the repayment conditions are virtually impossible to enforce. Wessex Reinvestment Trust are only prepared to offer Capital Repayment Loans for the repair of mobile homes but because the loan is effectively 'unsecured' they require the loan to be underwritten by the City Council in the event of default. It is proposed, therefore, that the loan maxima for mobile homes is limited to £3,500

### **Licensing fee**

- 4.12 The fee for licensing licensable HMOs has been set at £400 for a five year licence since the outset of licensing in 2006. The fee has been reviewed and it is proposed that it is increased to £600 in order to fully cover the costs involved.

## **5. PROPOSALS FOR SPENDING THE FINANCIAL ASSISTANCE ALLOCATION**

- 5.1 It is proposed that the £187,500 allocation from the Regional Single Pot, specifically awarded to set up and run a low interest loan scheme in conjunction with Wessex Reinvestment Trust, is utilised for that purpose. Although the set up and subscription costs have yet to be finalised it is anticipated that there will be approximately £160,000 available to put into the loan fund.

**£187 500**

- 5.2 It is proposed that Home Repair Assistance and HMO Grants will continue and that Renovation Grants will be offered in conjunction with the Wessex Reinvestment Loans. It is proposed that £555,250 of the Regional Single Pot allocation is allocated, in the first instance, to renovation grant budget but that this is kept under review with the prospect of using a percentage of this budget to 'top up' the loan fund if necessary.

**£555,250**

- 5.3 It is proposed that the £181,250 allocation from the Regional Single Pot, specifically to provide financial assistance to improve the energy efficiency of the private sector housing stock is utilised to fund Warm-up Exeter and PLEA grants.

**£181,250**

- 5.4 It is proposed that the £270,000 DFG allocation is specifically used to fund mandatory DFGs. It is anticipated that this will fund 50 DGFs in 2009/10. In circumstances where a mandatory DFG is unable to proceed due to the inability of the applicant to fund their contribution, then the applicant will be permitted to apply for a Disabled Facilities Loan to fund that contribution or part (offered by Wessex Reinvestment Trust). In the cases where a loan is refused, the reasons for refusal will be examined, and a decision as to whether to offer a discretionary DFG will be determined on a case by case basis.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The amended policy will be funded from the 2009-10 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 amended or further schemes can be approved by the Head of Environmental Health Services in consultation with 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/309SCC6  
24.2.09

COMMUNITY & ENVIRONMENT DIRECTORATE

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