

Title: Housing Renewal Policy
Portfolio Holder: Councillor Tom James
Reporting Officer: Paul Yeomans, Housing Renewal Manager
Key Decision: No

Purpose

This report introduces the first revision of the Council's Housing Renewal Policy, which sets out how we will promote the repair and improvement of houses in the private sector. A significant part of the policy considers the financial assistance, particularly grants, which we will make available to implement the policy.

Background

In 2003, the government repealed much of the legislation which prescribed the formal regime of grants for the repair, improvement and adaptation of private housing. The only statutory grant which remains is the mandatory Disabled Facilities Grant. Local housing authorities were given the freedom to develop their own forms of assistance to promote the aims of their housing strategies. In order to provide such assistance, they are required to have a Housing Renewal Policy which sets out the terms and conditions under which assistance is given.

The principal reasons for this change were

- most authorities had lengthy waiting lists of applications for renovation grants which they had no realistic prospect of funding; and
- the national scheme of grants was not sufficiently flexible to allow for local circumstances.

The government anticipated that councils would set up various forms of loan schemes to replace grants. However, this has largely proved impracticable due to the lack of financial and administrative capacity within councils themselves, and the unwillingness or inability of the private finance sector to develop products which are affordable and acceptable to the target client group.

The Council adopted the current Housing Renewal Policy in July 2003. The current policy made little significant change from the previous statutory grants regime, and was considered an interim policy to enable the Council to continue to give grants whilst new forms of finance are developed.

The CPA review in 2004 was critical of the Council's limited approach to housing renewal, and highlighted poor performance in returning empty homes to use and the few unfit houses which had been improved.

The policy takes account of the guidance in ODPM Circular 5/2003, and the good practice guide 'Delivering Housing Adaptations for Disabled People' issued jointly by DES, DoH and ODPM in 2004.

Main Issues

The revised policy proposes:

- **Discretionary Disabled Facilities Grant** will be limited to a maximum of £15,000 (currently £25,000).
- A new **discretionary Children's DFG** will be introduced, which effectively removes an applicant's contribution towards the cost of adaptations for a disabled child (to a maximum of £25,000)
- A new **Urgent Discretionary DFG** is proposed, to a maximum of £5,000. This is to help ensure that urgent works can be commenced more quickly to speed hospital discharge or where speed is of the essence.
- A new **Relocation Grant** is proposed to help a disabled household with the cost of moving into more suitable accommodation. The grant is a maximum of £2,500 for removal into rented accommodation or £5,500 for purchase of and removal to another property. This grant is not repayable.
- A new **Decent Homes Grant** of up to £10,000 to help vulnerable owner-occupiers to bring their homes up to the Decent Homes Standard. The grant is subject to a 20 year payback condition. This replaces the current **Home Repair Assistance**, which provides a non-repayable grant of up to £2,000 (£5,000 in approved cases) for basic repairs for owner-occupiers in receipt of means-tested benefits.
- A new **Loan Arrangement Assistance**. A grant of up to £750 to help an owner occupier in Council Tax bands A,B and C with the costs of arranging a loan through an approved scheme to pay for works to bring their property up to the basic national housing standard.
- A new **Discretionary Repair Grant** of up to £10,000 to help an owner occupier in Council Tax bands A,B and C who is ineligible for Decent Homes Grant or ineligible for an approved loan to pay for works to bring their property up to the basic national housing standard. This grant has a 20-year repayment condition.

The combination of Loan Arrangement Assistance and Discretionary Repair Grant replaces the **Renovation Grant**, a means-tested grant of up to £25,000 to make a property fit for habitation, which was subject to a 5-year repayment condition.

- A new **Contaminated Land Grant** is a means-tested grant to help householders who would otherwise have to pay for the cost of remediation of contaminated land. There is no maximum grant, as this is directly funded by the government.

- A new **Empty Homes Grant** of up to £10,000 towards the cost of bringing a property on the Council's Vacant Property List back into use. The Vacant Property List is a list of 25 or so target properties which have been empty for 6 months or more and which are considered to be of highest priority to return to use. The grant is subject to a 20 year repayment condition.
- A new **First Time Buyer Grant** of up to £2,000 for a first time buyer purchasing and occupying a property on the Vacant Property List, and subject to a 20 year repayment condition.
- The policy continues the provision for grants to be made in **exceptional circumstances** where the Council considers it necessary or desirable.

Consultation

Copies of the draft strategy were sent to a wide range of organisations and individuals, with an invitation to comment on the proposals. As a result of the comments received, a number of changes were made, particularly to the detail of certain grants:

- It was originally proposed that there would be a condition which effectively required the repayment of all forms of discretionary DFG when the subject property was sold or the disabled person vacated. However, this would have adversely affected disabled tenants, who would have no equity to draw on to make such a payment. We considered applying the condition only to owner occupiers, but this would also discriminate against disabled people on the grounds of their tenure. We do not anticipate that the cost to the Council of removing the repayment condition will be significant, and believe that the benefits of removing the repayment condition outweigh those costs.
- The maximum discretionary DFG was increased from £10,000 to £15,000 to align with the limits applied in neighbouring Wiltshire councils.
- The Relocation Grant was revised to include an element of up to £500 to pay for rent in lieu of notice to cover such costs where a tenant needed to take up an offer of suitable accommodation at short notice.
- The maximum loan arrangement assistance was increased from £500 to £750, as this more realistically covers the arrangement costs and fees.
- Decent Homes Grant was made subject to a test of resources, as some of the qualifying benefits (e.g. attendance allowance) are not otherwise means tested.

Other comments recommended changes which have not been adopted:

- There remains no provision for assistance to landlords to repair and improve their properties. However, we have stated that we will aim to set up an accreditation scheme for private rented housing, and provide incentives to good landlords, rather than paying grants to those who fail to maintain their properties.
- A number of consultees recommended that we should not restrict Discretionary Repair Assistance to Council Tax Bands A, B and C, quoting examples of elderly people on restricted incomes living in large houses.

However, such households can still be considered under the 'exceptional circumstances' provision. This will ensure that a range of options is considered rather than directly passporting such properties into assistance.

Financial Considerations

Mandatory DFG

The council is under a legal obligation to approve all applications for mandatory DFG which meet the appropriate criteria within 6 months of receipt of application. The grants are payable on the completion of the necessary works, but we also make interim payments as works achieve various stages of completion. Councils have an option to approve a grant subject to a condition that payment of some or all of the grant may not be paid until some date no more than 12 months after completion of the works.

Each year we receive a Credit Approval from the government which represents a subsidy of 60% towards the cost of payment of mandatory DFG. The system is flawed from housing authorities' perspective because the total pot provided for the country is insufficient to meet the demands placed on the system. All councils have to provide significantly more funding to meet mandatory DFG than their level of subsidy would suggest.

Last year, we received £191k in government subsidy for mandatory DFG. To draw down all of this subsidy, we needed to provide capital funding of approximately £127k, making a total sum of £318k available. However, our budget for mandatory DFG was £675k, and our actual spend was £629k.

Demand far exceeds the resources available, and is likely to continue to grow. Factors which contribute to the growth include:

- We have established efficient procedures with our Home Improvement Agency and Social Services which have reduced unnecessary delays in the system, making it easier for eligible households to access the system, and filtering out ineligible enquiries at an early stage.
- Social Services has an almost full complement of Community Occupational Therapists in our district who are well-informed and able to refer more clients more quickly into the system than in other areas.
- We have established a list of good quality contractors who have developed expertise in carrying out disabled adaptations and are therefore able to complete works more quickly.
- The Housing Society's Decent Homes and bathroom refurbishment programmes have reached the peak of their activity, and are identifying significant numbers of additional households eligible for grant.
- In common with most of the country, we have a population who are living longer but require more assistance to stay in their own homes due to the infirmity that often accompanies old age.

- The County Council and the NHS and Primary Care Trusts also face severe budgetary pressures, and they may reduce spending in some areas which increase the likelihood of referral to DFG.

It is difficult if not impossible to quantify the potential demand for mandatory DFG. Although there are a number of 'proxy' datasets (such as take-up of certain state benefits) which allow us to compare relative rates of disability, these do not directly indicate likelihood of entitlement to DFG.

The 2001 Census indicates that there were 19,000 households containing at least one person with a limiting long-term illness; however, not all of these would require an adaptation to their property, and some adaptations would fall below within the £1,000 threshold for a minor work provided directly by the Social Services Authority.

There are two important state benefits associated with health that are paid to people who need help with personal care. They are the Disability Living Allowance and the Attendance Allowance.

The Disability Living Allowance is a benefit paid to people under 65, who are disabled, and need help with personal care and/or getting around. In August 2003, 3,160 people in West Wiltshire received this benefit. This represents 3.1 per cent of all people under the age of 65 living in the area, compared with 5.1 per cent of the population in England and Wales.

Attendance Allowance is paid to people aged 65 or over who are disabled, either physically or mentally, and who need supervision or assistance with personal care over a prolonged period of time. In August 2003, 2,605 people in West Wiltshire received this allowance, which represented 12.3 per cent of all those people aged 65 and over living in the area; this compares with 14.4 per cent in England and Wales.

In August 2003, 3,395 people in West Wiltshire between the ages of 16 and 65 claimed Incapacity Benefit or Severe Disability Allowance because they had been unable to work for at least 28 consecutive weeks because of illness or disability. Of these people, 11 per cent were under the age of 30.

In total, more than 9,000 households were claiming a state benefit associated with long-term illness or disability. Not all of these would be eligible for mandatory DFG, but on the other hand the take-up rate for these benefits is notoriously lower than the number entitled to claim.

If we make an arbitrary assumption that 25% of claimants may be entitled to a mandatory DFG, this indicates a potential case load of 2,250 cases. The average value of a DFG is approximately £4,500. This would indicate a total cost in excess of £10,000,000.

In practice, the determining factor is the capacity of the system to deal with applications; there are always bottlenecks in the system, whether it be the awareness of family doctors that their patients may be entitled to assistance; the capacity of social services to assess the needs of households; the ability of the Council to administer the grant; or the ability of the building trades and specialist suppliers of equipment to meet demand.

The table below demonstrates how demand for DFG has grown over the past 10 years since the last major revision of the grants system in 1996.

Year	No. of DFGs approved	Value of DFGs approved
1996	76	261,108
1997	75	303,735
1998	60	228,901
1999	107	397,289
2000	100	403,250
2001	134	409,771
2002	159	721,756
2003	145	652,524
2004	183	746,312

As we become more efficient, the overall capacity of the system to meet demand increases, and the brakes on the system move out of our domain. The system capacity is likely to increase faster than the resources which are available. Without any other outside factors, it is likely that the system could deal with up to £850,000 of adaptations each year.

Of course, we are aiming at a moving target: each year, some disabled people go into long term residential or medical care, or die, but on the other hand, otherwise healthy people become disabled and those who have already received a DFG return for further assistance as their needs change.

We have compared our performance against 13 councils in our NAO 'nearest neighbour' group. In 2004/05, we dealt with more mandatory DFGs than all but one of these and our average DFG was the third lowest.

In order to reduce costs we have

- agreed with WWHS that they will contribute £1,800 towards the cost of each bathroom adaptation identified in the course of their refurbishment programmes;
- found more appropriate housing for households who would otherwise have required expensive adaptations;
- extended the range of eligible works to allow the use of temporary structures instead of permanent (and more expensive) building works;
- considered joint commissioning with other Wiltshire districts for certain standard works to obtain economies of scale;
- worked with WWHS to help establish a database of adapted Housing Society properties to match householder needs to suitable properties;

- reviewed our systems to see whether a different priority system would be more effective in distributing the scarce resources;
- introduced grant conditions so that certain specialised equipment (e.g. stairlifts, demountable ramps) can be recovered by the Council or its agents when it is no longer required so that it can be reused, and we are working with a stairlift company to implement this.

The government has been undertaking a review of the DFG system, and was due to undertake consultation regarding proposed changes in May this year; however, this process was postponed due to the general election, and they have not announced a revised timetable. The little information which has been available from ODPM suggests that there are no radical changes proposed, and that there will certainly not be any additional resources.

Our budget for DFG this year is £575k, of which £195k is government subsidy. £334k of this budget has been spent to date. We have commitments of £281k in DFGs which have been approved, and a further 91 enquiries waiting to be dealt with at an estimated cost of £380k.

Last year our DFG budget was £675k, and during the equivalent period we had spent £236k of a final out-turn of £630k.

We are facing a significant overspend on this year's budget, and difficulties in adequately funding future programmes.

The Council has limited options to finance mandatory DFG:

1. Make sufficient finance available to meet the demand from existing capital or through prudential borrowing;
2. Approve grant subject to postponement of payment of up to 12 months from completion of the works;

Although within the scope of the law, the practical effects will be to delay works for vulnerable households which have already been assessed as priority, or to alienate the contractors who are valued partners in delivering adaptations. The benefit to the council is limited, as this merely postpones the problem which will recur in no more than 12 months time.

The Deputy Prime Minister has stated his view that use of this power should be used sparingly and not where it would cause hardship or suffering to an applicant, or where the long term costs of doing so would be disproportionate to the short-term savings.

3. Stop approving applications once the budget is fully committed;

Once an application has been received, the council is legally bound to approve it within 6 months. Failure to do so would render the Council liable to legal sanction and may result in the reduction of government subsidy.

Discretionary grants

Last year we spent £100k of a budget of £175k for discretionary grants. £80k of this was spent on the renovation of just three properties which required extensive repairs. The revised policies aim to avoid this situation, by making it a condition that applicants must first apply for an equity release loan to fund

such repairs, and only if they are ineligible for such a scheme would they qualify for grant.

In addition, the new policy proposes that discretionary grants which are not discretionary DFGs will be subject to a condition that the grant is repayable if the property is sold or vacated within 20 years, so a significant proportion of such expenditure may eventually be repaid to the Council. The maximum value of such grants has been reduced to £10k, although this can be increased in exceptional circumstances.

The overall effect of the proposals is to make a greater range of grants available, but targeted on specific policy areas (e.g. decent homes, empty homes) and thus with more limited eligibility.

It is difficult to quantify the likely cost of the proposed discretionary grant regime, because it depends significantly on demand, and we have generally sought to depress demand by limiting the publicity given to the availability of grants. Everything else being equal, the changes in discretionary grants should be fairly neutral, and are unlikely to cause a significant increase in expenditure. However, these grants exist as tools to deliver wider strategic aims; if we limit their use, then we restrict our ability to achieve those aims, particularly the national target for decent homes in the private sector.

We could decide not to provide any discretionary grants, and to use the resources this would release to support mandatory DFG; however, this would be directly contrary to the direction in ODPM Circular 5/2003 which states that a blanket 'no assistance policy' would be unacceptable.

The funding for the housing renewal policy will be subject to the procedures established for Service and Resource Plans.

Conclusion

The revised housing renewal policy aims to target assistance more closely to meet the Council's strategic objectives;

- it introduces requirements that certain applicants must first attempt to use the equity in their properties to fund repairs before being considered for grant aid;
- most forms of discretionary grants which are not DFGs will be subject to 20 year repayment conditions.

The overall cost of discretionary grants is unlikely to increase beyond the current provision in the absence of a wider promotion of the service. However, there remains the difficult problem of funding the programme, given the requirement to meet the costs of mandatory DFG. These costs are difficult to quantify due to the complexity of requirements and the processes designed to meet them, but it is considered that £850,000 per annum is a realistic figure which represents the maximum value that the present system could deal with.

Legal Implications

There are no legal implications.

Options

The Council is required to have a Housing Renewal Policy in order to be able to provide discretionary assistance for housing renewal. The government has issued policy guidance which makes it clear that it would be unacceptable to adopt a policy which made no provision for discretionary grants and loans. We have a legal duty to pay mandatory Disabled Facilities Grant where an applicant is eligible. We have considered a number of options relating to

- entitlement to discretionary assistance
- repayment of grants
- availability of loans to replace or supplement grant payments
- prioritisation of mandatory disabled facilities grants

Recommendation

Cabinet is recommended to adopt the revised Housing Renewal Policy, with effect from 1st January 2006.

Human Rights

There are no human rights implications.

Plain English Guidance