

TONBRIDGE & MALLING BOROUGH COUNCIL

STRATEGIC HOUSING ADVISORY BOARD

21 February 2011

Joint Report of the Director of Health and Housing and Cabinet Member for Housing

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 HOUSING ASSISTANCE POLICY

Summary

This report proposes changes to the existing Housing Assistance Policy, to reflect the housing assistance budget that is available for 2011/12.

1.1 Background

1.1.1 The Council's housing assistance budget for 2011/12 is £137,000 with provision in the Capital Plan from 2012/13 to 2016/17 of £106,000 per annum. Over the last three financial years we have had a significantly higher budget than this - £505,551 in 2008/09, £984,387 in 2009/10 and £781,000 in 2010/11. This was due to the very successful North & West Kent Private Sector Renewal Partnership which this Council led in securing Regional Housing Board funding for private sector renewal.

1.1.2 With the considerable reduction in available budget from 2011/12, we need to completely overhaul the existing Housing Assistance Policy in terms of what assistance we are able to offer.

1.1.3 The provision of housing assistance funding for private sector renewal is discretionary but is essential if we are to help improve the quality of the existing housing stock and help meet climate change targets.

1.2 Current Assistance

1.2.1 We currently offer the following grants under our Housing Assistance Policy which are in the main repayable to the Council on sale of property:

- First time buyers assistance;
- Decent Homes assistance;
- Empty Homes assistance;

- Home Owners Options assistance (never utilised);
- Decent Homes Landlord assistance;
- Warm Homes assistance;
- Renewable Energy assistance;
- Solar Hot Water assistance;
- Hard to Heat Homes assistance;
- Discretionary adaptation works (never utilised);
- Relocation assistance; and
- Child Safety Equipment assistance (not operational for last 18 months).

1.2.2 At the last major review of the Housing Assistance policy in 2007/08 (to prepare for the required focus on the Regional Housing Board funding) there was a major shift from grants with limited repayment conditions (for example repay if sold within 5 years of completion of grant) to most of the grants offered being repayable on sale of property in the future, whenever that may occur. This repayment mechanism is instigated by the Council placing a local land charge on the property when the housing assistance works are completed. When the property is sold in the future and searches are instigated, the local land charge is highlighted. On sale of the property the original housing assistance grant funding is repaid to the Council and the local land charge is removed.

1.2.3 It was a requirement of the Regional Housing Board that the funding should become 'recyclable' and move towards a loans culture. The repayable grant was seen as the first step in moving to this loans culture. This shift to what some describe as an "interest free loan" has not discouraged take up of the assistance and does go some way to ensuring the home owner is ultimately taking responsibility for the upkeep of their property.

1.2.4 Approximately £1.5 million of the Regional Housing Board funding will be repaid to the Council's private sector renewal budget in the future but unfortunately it is extremely difficult to predict when that will be. This makes it difficult to plan budgets for future years.

1.3 Future assistance

1.3.1 The Government has confirmed there will be no external funding available for private sector renewal and therefore with the limited funding we have, it is clear that we should now take the next step and consider loans as the way forward. It is however accepted that certain situations exist, especially for vulnerable households, where a loan is not the most appropriate assistance either due to

urgency or affordability. It is therefore proposed that the Council's housing assistance policy consists of the following elements from April 2011:

- Decent Homes/Energy Efficiency loan product (details at 1.3.2);
- No Use Empty loan interest payment scheme (details at 1.3.4);
- energy efficiency repayable grant to provide/repair central heating where there is no heating for vulnerable households (in receipt of a means tested benefit) (details at 1.3.5); and
- relocation assistance to assist households living in property that does not meet their needs to move to an adapted/adaptable property (details at 1.3.6).

1.3.2 The North and West Kent Private Sector Renewal Partnership has had some provisional discussions with South Coast Moneyline (SCML) which is a not-for-profit lending organisation trading since 2000. It currently offers a secured loan called the Home Trust Loan across local authorities in Hampshire, Surrey and Sussex to help those who are finding it difficult to find the finance for home improvements elsewhere. The Home Trust Loan is available as a capital repayment loan, interest only loan or an interest roll-up loan at a typical interest rate of 5.0 percent fixed for the term of the loan. Under the scheme the local authorities subsidise the interest to provide a low interest loan. SCML are interested in expanding their business into Kent and are currently gauging the level of interest there may be across the county. They are willing to do some business planning "at risk" with local authorities in Kent to look further at developing a loan product across our area. We are aware there are a number of issues to be fully investigated before this could be agreed, not least of which is procurement and financial viability, and looking at other viable loan schemes.

1.3.3 We would like to see loans as a way forward within the current review of the Housing Assistance Policy, with the proviso that the commitment to any such scheme is subject to further Management Team and Member approval. Provisional figures provided by SCML for 2011/12 suggest we would need £45,000 to start our loan pot, £10,000 to subsidise the loan interest rate and a further £10,000 for SCML to administer the loan scheme. The applicant's loan repayments are then recycled into the loan pot. Once the initial set up costs are in place we understand the only cost to the Council would be the annual administration fee and the subsidy for the loan interest rate. At this stage we are unable to confirm what these subsequent annual costs would be.

1.3.4 The No Use Empty loan scheme offers interest free loans to help landlords, owners and developers bring properties that have been empty for more than six months up to the Decent Homes Standard and consequently back into use. The loan is funded and administered by Kent County Council (KCC). However, since KCC is not a Housing Authority it is unable to provide an interest free loan and

interest must therefore be charged. For the scheme to be attractive to owners with empty properties the Council must enter an agreement with KCC to fund the interest, at a maximum £5,000 over the period of the loan, by offering the owner a grant payable to KCC to cover the cost of the interest. In return, the council can recover officer costs, for example for determining and monitoring eligible works, from KCC. These costs are recovered at the same intervals as the interest payment to KCC. In accordance with the No-Use Empty Loan scheme agreement between the Council and KCC they will not exceed the owner's loan interest cost, and it is likely to be cost-neutral to the Council. It is a useful tool to bring long term empty properties back into use and it is currently in use within Kent in five districts and boroughs. KCC confirm that for all authorities, the scheme has been cost neutral so far.

- 1.3.5 The energy efficiency repayable grant to provide/repair energy efficient heating would be available to home owners in receipt of a means tested benefit only. This grant recognises that excess cold remains a significant hazard in the home and impacts greatly on health and well-being. All applicants will have to have explored other funding streams first, for example the national Warm Front grant scheme. A maximum limit of £5,000 would apply and a local land charge will be placed against the property and the money recovered at sale of property. We anticipate allowing a budget of £57,000 for this area of assistance.
- 1.3.6 The relocation assistance allows us some flexibility when difficult DFG referrals are made. Where a decision is taken that an owner occupied property cannot easily be adapted to meet the occupants' needs (as identified by an Occupational Therapist) and it is not reasonable or practicable to do so, a maximum of £5,000 will be available to assist the household to move. This funding could be used to offset legal and removal costs. It does allow for residents to move out of our local authority area. This Council and the occupational therapist would need to agree that the proposed new property does meet the occupants' needs or can be more easily or cost effectively adapted. I anticipate allowing a budget of £15,000 for this area of assistance.
- 1.3.7 As in the existing policy there will be provision for cases that fall outside the policy but which exhibit extenuating circumstances, to be reported to the Director of Health and Housing who in consultation with the Director of Finance will make a decision on approval. There will also be the flexibility to move funding between the activities should the need arise.

1.4 Consultation

- 1.4.1 The amendments to the Council's Housing Assistance Policy will be the subject of consultation with key stakeholders and made available on the council website for comment for ten days. A copy of the draft Housing Assistance policy is included at **[ANNEX 1]**. Members will be updated on the outcome of the completed consultation at the meeting.

1.5 Legal Implications

- 1.5.1 If the Council is to provide financial assistance it is required to publish a policy on how it intends to use the powers under the Regulatory Reform (Housing Assistance)(England and Wales) Order 2002 to provide housing assistance.
- 1.5.2 There will be an agreement between the nominated loan providers and the Council, which sets out their respective rights and obligations under the scheme and in the case of the loan provider directs them to comply with the terms of the scheme when dealing with applicants for Housing Assistance. This will be checked by Housing officers, Legal and Finance to ensure it meets the Council requirements.

1.6 Financial and Value for Money Considerations

- 1.6.1 The recycling of funds into the Council's capital resources will boost future capital funding for housing improvements, as will the provision of loans.
- 1.6.2 In the unlikely event of any additional officer cost not recovered from KCC in processing the No Use Empty Loan scheme this will be captured in the officer's normal empty homes work.

1.7 Risk Assessment

- 1.7.1 As a statutory Housing Authority the Council has a duty to review the housing conditions in the area and respond to requests for inspections. It is important that where funding is offered to improve housing conditions it is spent wisely and to best effect to achieve the desired outcomes.
- 1.7.2 Failure to provide housing assistance to private sector homeowners may contribute to rising levels of poor quality private sector housing and result in damage to the Council's reputation.

1.8 Equality Impact Assessment

- 1.8.1 See 'Screening for equality impacts' table at end of report

1.9 Policy Considerations

- 1.9.1 The Housing Assistance Policy changes will make a positive contribution to targeting financial assistance to those most in need to improve their living conditions; thereby impacting the policy agenda in relation to housing, healthy lifestyles, safeguarding children and sustainability.

1.10 Recommendations

CABINET is RECOMMENDED to

1.10.1 **AGREE** that the South Coast Moneyline loan scheme be explored further.

1.10.2 **AGREE** to sign up to the No Use Empty Loan scheme.

1.10.3 **AGREE** the changes to the Council's Housing Assistance Policy.

The Director of Health and Housing confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

contact: Hazel Skinner

Nil

John Batty
Director of Health and Housing

Councillor Jill Anderson
Cabinet Member for Housing

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	Yes	Some religious beliefs exclude people from taking out financial loans.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	Yes	The Relocation Assistance in the Policy helps those disabled home owners to access housing that more suits their needs.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		Investigate alternative organisations to provide funding for improvements to the home for those where their religious beliefs exclude them from taking loans. Ensure staff have information available to signpost interested persons to alternative sources of finance.

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.