

Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance

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Purpose of the Report

For members to consider and adopt the Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance in Appendix 1 of this report. This is an updated version of the previously agreed policy and reflects minor changes that have occurred in the last two years since that policy as agreed. Rather than just highlighting such changes the entire policy is produced in Appendix 1 to allow members to consider it in full to ensure they are happy with it. The adoption of this policy does not commit nor imply that any funds will be available to be spent on this policy but rather sets out the criteria which will be applied in awarding financial assistance if and when funds are available.

Recommendations

That the Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance in Appendix 1 concerning the provision of financial assistance for dealing with private sector housing matters be adopted as the future policy of the Council.

Background

The last Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance was adopted in February 2013. In November 2014 the Council adopted a Housing Strategy Implementation Plan and in order for elements of that plan to be delivered it is necessary to have a policy in place for the awarding of financial assistance to the private sector. As it has been two years since the last policy was approved members are now given the opportunity to review and agree future policy. Alasdair Bell, the Environmental Health Manager has delegated authority to approve all grants and loans under this policy.

Public Interest

With increased housing pressures the Government sees working with the private sector as being increasingly important in order for local authorities to meet their statutory responsibilities to deal with empty properties, disrepair, homelessness, overcrowding and other related housing matters. The provision of financial assistance is considered an integral part of any strategy to improve housing conditions.

Financial Implications

All capital spending associated with this updated policy are subject to the usual capital bidding process. No new money is being asked for at this time.

Carbon Emissions and Climate Change

The adoption of this policy will have clear implications for the climate change agenda. All grant aided works will meet the latest building Regulation requirements to reduce carbon emissions.

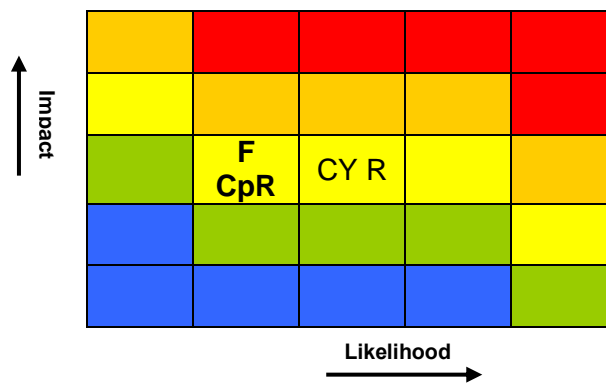
Equality and Diversity Implications

A stage 1 Equality Analysis (EqA) has been completed and a full EqA has been previously completed on the Loans Policy for Gypsy and Travellers:

<http://www.southsomerset.gov.uk/communities/equality-and-diversity/equality-analysis/>

In drawing up this policy document consideration has been given to all of the Protected Characteristics. This has included Religion or Belief, where for instance specific policies have been drawn up to provide capital appreciation loans that are Sharia compliant. In the case of Race/Disability - Disabled Facilities Grant are made available to the occupants of mobile homes, thereby ensuring that Gypsy residents, with a local connection can apply.

Risk Matrix



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Implications for Corporate Priorities

This revised policy falls clearly within the Corporate Plan priority on Homes;

- Homes - We want decent housing for our residents that matches their income.

Background Papers

Private Sector Housing Strategy 2010-12(currently under review)

Empty Homes Strategy

Housing Strategy Implementation Plan (November 2014)

Policy for Awarding Private Sector Housing Grants/Loans and other Financial Assistance

Introduction

This policy document describes the purpose for which grants, loans and other financial assistance will be provided by South Somerset District Council for private sector housing. This is to meet both targets set down in the corporate plan, the Housing Strategy Implementation Plan as well as legal requirements. Such grants, loans and other financial assistance are awarded under the provision of the Regulatory Reform Order 2002 and in accordance with other relevant legislation. Grant aid will be available for the provision of Home Repairs Assistance Grants, Disabled Facilities Grants (DFGs), Empty Property Grants and HMO Grants. Loans will also be available for similar purposes. Wherever possible loans will be used in preference to grants as it is clearly more cost effective to do so. All grants awarded are discretionary, with the exception of DFGs, and will only be awarded subject to the funds available within the capital programme.

Home Loans

The Council has been running the Home Loan Scheme in partnership with the Wessex Reinvestment Trust (now operating as Wessex Home Loans) since 2006. A variety of loan products are available at a 4% fixed interest rate as well as a new zero percent loan product. Under the contractual arrangements, Wessex Home Loans will only provide loans to clients referred by SSDC. Under the scheme the Council pays to subsidise the loans as well as providing some or all of the loan capital. The Government is very keen to promote loan schemes and in effect replace grants with loans where possible so as to recycle available funding. It is recognised however that grant aid in some form or other will always be needed as a safety net for vulnerable people where loans are not an appropriate option and as an incentive for various types of work. In certain cases a combination of grants and loans may be awarded. The following forms of loans will be available:

Loan Policy 1: Loans for homeowners

Loans will be available to homeowners for the following purposes:

- 1) To bring privately owned properties up to the Decent Homes standard (see definition at end of report) or to work towards the Decent Homes standard ensuring all Category 1 Hazards are dealt with under the Housing Health & Safety Rating System (HHSRS).
- 2) To bring homes purchased by first time buyers up to the decent homes standard or to work towards the Decent Homes standard ensuring that all category 1 Hazards (under HHSRS) are remedied.
- 3) To improve energy efficiency measures and assist in carbon reduction measures within the home environment, including the provision of energy efficient heating measures and renewable energy products.

- 4) To help fund 'Green Deal' type initiatives including dealing with 'hard to treat' properties.
- 5) To top up Disabled Facilities Grants (DFGs) where the cost of works exceed the maximum mandatory limit (currently £30,000), to fund discretionary DFG work or to help pay for the clients contribution towards the overall cost of the works.
- 6) To improve the condition of mobile/park homes on permanent licensed residential sites including energy efficiency measures.
- 7) To assist in the purchase of mobile homes for local residents on permanent residential sites.

Where loans are provided in conjunction with other SSDC grants, they shall be provided to meet the purposes of the grant in question.

Loans will be available where the following criteria is met:

- 1) The applicants must own and occupy the property as their sole residence and as their only or principal home and must be over 18.
- 2) The applicants must have sufficient disposable income to cover the loan repayments and must have sufficient equity in their property to secure the loan.
- 3) Where individuals or couples are applying they must have an individual or joint of disposable income less than £125 per week.
- 4) The applicants must be living in non-decent accommodation
- 5) To qualify as a local resident in 7 above, the applicant must have lived in the district for at least three years
- 6) In the case of 2 above, provided the applicants are vulnerable they need not have an equity stake in the property. In such cases the Council may underwrite the loan. If the criteria in 2 above cannot be met zero percent loans may be available. In all other cases a 4% interest loan product will be offered.

The maximum loan available will be £15,000 the minimum loan will be £1000.

Loan Policy 2: Loans for landlords

Loans will be available to landlords for the following purposes:

- 1) To bring rented accommodation up to the Decent Homes standard.
- 2) To enlarge property to create extra living space where there is overcrowding.
- 3) To improve conditions in houses in multiple occupation to meet statutory requirements regarding amenities, means of escape in case of fire and disrepair.
- 4) To improve the energy efficiency of the property and meet 'Green Deal' criteria.
- 5) To bring empty property back into use or to convert under-utilised property into units of accommodation.

Loans will only be available where the landlord:

- a) Is an accredited landlord under SSDC's Landlord Accreditation Scheme
- b) Has sufficient disposable income to cover loan repayments and has sufficient equity in the property to secure the loan.
- c) Will or intends to charge a fair rent.
- d) Will be expected to provide nomination rights in most cases(as per Empty Property Grant policy 4)

The maximum loan available will be £15,000 and the minimum loan £1,000.

Landlord loans will only be available at a 4% fixed interest rate.

Loan Policy 3: Loans for Gypsies and Travellers

- 1 Loans will be made available to Travellers (this definition includes Gypsies for the purpose of this policy) to either provide services to their land (e.g. mains water, electricity or sewage connections), to assist in the purchase of land with planning permission or to purchase mobile homes.
- 2 Loans will only be offered in cases where SSDC could expect to have a duty to otherwise accommodate the Travellers.
- 3 Priority will normally be given to those Travellers that have a close local connection (they must have lived in the district for at least three years) with South Somerset.
- 4 Loans will only be offered in cases where the Travellers have no known serious disputes or outstanding debt owing to the Council or any other Local Authority. In all cases the provision of unsecured loans will be at the discretion of the appropriate Director and Portfolio Holder.
- 5 Loans of up to £15,000 may be offered to Travellers in cases where the loan can be secured against their land.
- 6 Loans of up to £5,000 only will be offered in situations where the loan cannot be secured against land. This situation will normally apply where SSDC owns the site and will usually only be for the purchase of mobile homes. The loan offered to assist with the purchase of a mobile home will be secured, in principle, against the value of the mobile home in question.
- 7 It is agreed that SSDC will underwrite all such loans and will meet any outstanding payments should the Travellers default on their loans (otherwise Wessex Home Improvement Loans (WHIL) will not be prepared to offer loans). Recovery of these amounts will be treated as a civil debt.
- 8 In order to restrict potential losses to SSDC, in the event of default on loans by Travellers, no more than £45,000 worth of unsecured loans are to be agreed by SSDC.
- 9 Loans will only be provided on a discretionary basis from within budgets previously agreed by the District Executive. Loans will only be approved subject to available funding

Grant Policy 1: Home Repairs Assistance - Dealing With Essential Repairs

Home Repairs Assistance grants are available to provide grant aid to enable vulnerable people keep their homes wind and weatherproof and meet the "Decent Homes" standard.

To be eligible for this type of assistance an applicant must:

- 1) Be an owner or legal occupant of a dwelling who lives in the dwelling as his/her only or main residence.
- 2) Be aged 18 or over on the date of application

- 3) Have an owner's interest in the dwelling, alone or jointly with others, or be occupying the dwelling under a right of exclusive occupation granted for life with at least five years to run.
- 4) Have a legal duty or power to carry out the works in question
- 5) Be in receipt of one of the following income related benefits; income support, income based job seekers allowance, working tax credit with a total annual income of less than £16040 (this figure subject to periodic review) or equivalent, housing benefit, Council tax benefit or disabled persons tax credit
- 6) As an alternative to 3) above, an applicant may be an occupier of a mobile/park home, who has lived in it for at least three years and is presently living on a permanent licensed residential site and is liable to pay Council tax.

The purposes for which Home Repairs Assistance can be used are outlined below. All applications would be prioritised with those with the most pressing needs being dealt with first.

- a) General Repairs-for urgent and essential repairs to keep properties wind and weatherproof and prevent them falling into unfitness. To deal with other repairs and improvements concerning matters that could adversely affect the health of the occupant such as serious rising damp, the renewal of old lead pipes, dangerous electrics and gas fittings or missing standard amenities. To also deal with any other matters to enable the home meet the Decent Homes standard
- b) Radon Remediation-for works to reduce radon levels in domestic property where it exceeds the radon action level (200 Bqm³).
- c) Energy Efficiency- to contribute towards the making of properties more energy efficient where cost effective in situations where full funding from other sources is not available. This form of grant aid would allow people to apply for the cost of gas condensing and other energy efficient boilers, cavity fill, solar panels or double glazing as well as more usual things, such as loft insulation, lagging of cylinder tanks, thermostatic radiator controls and energy saving light bulbs, etc. Grant aid could be used to fund or top up 'Green Deal' type initiatives.
- d) Home Security Grants-to pay for works to improve the security of homes not covered by other Home Security Schemes. This could include items such as deadlocks to front and rear doors, patio door locks, window locks, security spy holes, the toughening up of substandard doors and the installation of smoke alarms.

The amount of Grant awarded will be as follows:

The maximum Homes Repairs Assistance Grant awarded will be of £5,000 in any three-year period. This grant will be entered as a charge on the Land Charge Register. The grant shall be repaid in full if the house/mobile home is sold within ten years.

When offering grant aid an initial grant offer of only £1000 will be made. The client will be offered a loan to pay for any outstanding work costing more than this. In emergency situations however a full £5,000 grant may be offered.

Non means tested grants of £2,500 will be available to deal with 'Hard to Treat' properties. The council currently operates a 'Hard to Treat Scheme' to insulate hard to treat properties with a combination of grants and loans. Typically these are older properties with solid walls and inaccessible roofs that are difficult and expensive to insulate and hence the higher rate of grant.

Where energy efficiency grants are given through third parties such as the Centre for Sustainable Energy (CSE) in Bristol that operate the Warm Streets Scheme, the

eligibility criteria shall be that which pertains to their scheme at the time. Payment into such schemes will usually be made from funds taken from the HRA budget.

Grant Policy 2: Disabled Facilities Grants – Helping Disabled People In Need

Disabled Facilities Grants (DFGs) are awarded to disabled applicants to provide specialist facilities to enable them to remain in their homes. Typically these include stairlifts, handrails, bathroom/kitchen adaptations and heating as well as larger scale extensions for more complex needs. In the recent years demand for these grants has steadily increased due to increasing elderly population and to increased expectations from the public. Many grants tend to be awarded to elderly people who, due to general infirmity associated with old age can no longer use their baths or climb stairs and consequently have a need for replacement showers or stair-lifts. In all cases we act upon the recommendations of Occupational Therapists from Somerset Social Services. It is recognised that by providing such facilities the need for re-housing is reduced, as is the need for lengthy hospital stays.

We enjoy a good working relationship with the Occupational Therapist Service of Somerset Social Services and have an agreement by which all DFGs are prioritised according to a points rating system. Those with highest points are approved first. DFGs continue to be mandatory for approved works and mean testing procedures continue to apply. Currently the limit for mandatory DFGs is £30,000.

Whilst most of the conditions that apply to DFGs are statutory, the following additional policy will apply:

- 1) Mandatory DFGs of up to £30,000 will be awarded with the discretion to pay grant aid up to £35,000 on six separate occasions. Any requests for funding other than this will be referred to the Exceptions and Appeals Panel.
- 2) DFGs will be available to the occupants of mobile homes as well as traditional houses.
- 3) DFGs will be available to adapt a dwelling to enable a disabled person who lives or proposes to live in the dwelling as his or her only or main residence to be cared for (this allows for a situation where someone wishes to bring an elderly disabled relative to come and live with them).
- 4) Relocation Grants-funding of up to £5,000 will be provided to assist with the cost of moving house if this is the most cost efficient option for the Council. This is in the case of properties that cannot easily be adapted for disabled people. This could also include the cost of providing temporary mobile home accommodation in situations where someone's house was beyond the cost of economic repair.

Note: Extra DFG funding is available for Ex Service personnel.

Grant Policy 3: Empty Property Grants – Creating Affordable Accommodation

The Council has a joint Empty Property Strategy with Mendip District Council aimed at bringing as many empty properties as possible back in to use. Several high profile

schemes in town centre locations have recently enabled unoccupied accommodation above shops and offices to be brought back into use. This has both helped provide much needed accommodation as well as assisting in town centre regeneration. All empty properties brought back into use attract New Homes Bonus of approximately £8000 per property. It is therefore recommended that the existing scheme be continued and that grant aid of up to £11,000 per unit be awarded to create flats or other accommodation in property that has stood empty for at least six months. To be eligible for an empty property grant the landlord will be required to give the Council nomination rights for five years to re-house tenants from the South Somerset Housing Register. The property will also have to be let at an agreed fair rent.

The maximum figure of £11,000 will only be available for a full-sized two bedroom flat or similar and lower figures will be negotiated for smaller units of accommodation. In addition to the £11,000 grant for repair and refurbishment an extra £1000 will be allocated for energy efficiency work. Higher rates of grant may be available in exceptional circumstances in exchange for longer nomination rights.

Empty Property Grants of up to £12,000 will therefore be offered to owners of empty properties for conversions and for flats over shops, subject to:

- 1) The amount of grant, being based on a percentage, of the actual cost of the works. A grant of 80% of the cost of the agreed works will be awarded until the maximum amount is reached (to achieve a grant of £11000, £13,750 of work must be carried out).
- 2) Prior to the making of the grant application, it can be clearly demonstrated that the property has been stood empty for at least 6 months. Where property has been empty for less than 6 months applications can be referred to the Exceptions and Appeals Panel where they will be considered.
- 3) Agreement that rents charged during the five-year letting period would not exceed the Local Housing Allowance rate.
- 4) That the property is let to tenant(s) nominated by the Council from the South Somerset Housing Needs Register for five years from the certified completion date of the grant.
- 5) That all of the other regulations in the Department of the Environment circular 17/16, that apply to renovation grants hereby apply to Empty Property Grants.
- 6) That in addition to this grant being awarded in 1 above, up to an extra £1,000 be awarded for energy efficiency measures.
- 7) Empty property grants will also be available where an empty property is demolished and replaced with a new building.

Grant Policy 4: HMO Grants – Improving Rented Accommodation

HMO Grants are grants designed to upgrade facilities, deal with disrepair and upgrade the means of escape in case of fire in houses in multiple occupation. HMOs are key providers of rented accommodation for single people, often housing the young and vulnerable.

With recent changes in housing benefit regulations they will continue to meet an essential and increasing need. HMOs are in fact the main type of accommodation used to deal with single homelessness, and the rent deposit scheme has been used to help young people gain access to HMO accommodation. With the 'bedroom tax' demand for HMOs has continued to increase.

Recent surveys of HMOs have shown that they tend to be the poorest form of any housing tenure. In recent months increased efforts have been made via enforcement work to upgrade substandard HMOs. The Council has a published HMO Policy 2008-2013 that outlines the standards expected and the steps being taken to upgrade HMOs. The Housing Act 2004 also introduced the licensing of HMOs over three or more storeys with five or more residents.

Experience has shown that when trying to upgrade substandard HMOs, it is best to develop a policy of coupling firm enforcement action with the provision of grant aid where appropriate. It is therefore proposed that our existing policy be continued whereby the Council gives HMO Grants as an incentive to assist good landlords to improve substandard HMOs.

HMO grant levels

To enable the upgrading of HMOs the following grant policy will apply. The grant aid offered will enable the upgrading of existing HMOs but could also be used towards the creation of new HMOs. The policy will be that:

- 1) Grant aid will be available to fund up to 60% of the cost of providing adequate means of escape in case of fire in HMOs.
- 2) Grant aid will be available to fund up to 40% of the cost of providing necessary amenities and of carrying out other essential repairs in HMOs.
- 3) The limit for grant aid be set at £11,000 plus an energy efficiency contribution (see 4 below).
- 4) That up to £1,000 is awarded to pay for energy efficiency measures.
- 5) Grant aid will only be available if the HMO is licensed and/or has planning permission as appropriate.
- 6) Grant aid will only be available to accredited landlords under the SSDC Landlords Accreditation Scheme.
- 7) HMO landlords can also apply for loans on top of an HMO grant.

Grant Policy 5: Exceptions and Appeals Panel

In framing any grant policy there will inevitably be exceptions to the rules and it is likely that there will be appeals made against officer's decisions concerning grants. It is proposed that the Portfolio Holder for Strategy & Policy, the Environmental Health Manager and two elected members make up the Exception and Appeals Panel and be given delegated authority to deal with any exceptions to the agreed policy and deal with any appeals concerning grants made by the public. It is also recommended that the Portfolio Holder for Strategy & Policy be given delegated authority to select new

members for the Exception and Appeals Panel as and when members retire from the panel.

Whilst the Council will have an agreed policy in place, it is suggested that the Exceptions and Appeals Panel be given the authority to consider any grant applications that falls broadly in line with the policy. This would allow financial and other assistance to be given in exceptional circumstances where it is clearly to the benefit of the Council and the applicant to do so.

Grant Policy 6: Repayment of Grant

The Council currently has a policy of demanding the repayment of grants where the future occupation and/or associated conditions of the grant are breached. It is intended that this policy should generally continue with any requests for the waiving of repayment conditions being referred to the Exceptions and Appeals Panel. The agreement to waive such conditions only being given in exceptional circumstances.

Grant Policy 7: Return of Equipment

Where grant aid is provided for specialist medical equipment (e.g. stairlifts etc) and it becomes surplus to the needs of the client during the clawback period the council will exercise its right to reclaim the equipment and allocate it for the use of another needy individual.

Grant Policy 8: Fees

Fees-The council will pay fees of up to 12% for home improvement agency or other professional fees (architects, surveys etc) for the preparation of grant/loan applications.

Grant Policy 9: Grant processing

The processing of all grants should comply with the guidance in DOE Circular 17/96 where not covered elsewhere in this policy

Definition of Decent Homes

The criteria defining decency require of a home that:

- a) It meets the current statutory minimum standard for housing (HHSRS);
- b) It is in a reasonable state of repair;
- c) It has reasonably modern facilities and services; and
- d) It provides a reasonable degree of thermal comfort.