



CABINET 6 JANUARY 2003

PORTFOLIO: HOUSING

AMENDMENT TO THE HOUSING RENEWAL GRANTS POLICY

1 Introduction

1.1 The purpose of this report is to recommend amendments to the current Housing Renewal Grant Policy prior to a full review, which will be carried out in 2003/04. This report will set out the grants and general support available to people who need assistance to carry out repairs and adaptations to their home. The proposal in this paper follows increased flexibilities being made available by the Government.

2 Background

2.1 The current grant policy was agreed by Housing Committee in January 1997 and amended in 2001. The Regulatory Reform Order 2002 effectively brings to an end the current grant regime for renewal in the private sector, and imposes a duty on Local Authorities to review their grant policy by 18 July 2003. The Order gives Local Authorities the flexibility to continue to offer grants and for the first time offer loans and equity release loans

2.2 It should be noted that the legislation governing Disabled Facilities Grants remains virtually untouched so this report will not effect the way we assist disabled applicants who are applying to carry out adaptations.

2.3 During 2002 demand for Renovation and Home Repairs Assistance Grants has reduced. This coupled with the Reform Order mentioned above has made it clear that there is the need to carry out a full review of how we offer financial assistance to ensure we make best use of the new flexible arrangements and achieve value for money. We are therefore planning to carry out a House Condition Survey in 2003 which will inform the Private Sector Housing Strategy and the full review of the grant policy. The last survey was carried out 5 years ago. It is vital to complete a new survey otherwise there is danger that the Council could offer support to owners based on out of date information.

2.4 This report sets out amendments to the current grant policy and the financial assistance and general support that we will offer to applicants in 2003/04.

3 Revised Grant Policy

- 3.1 It is clear that whilst we carry out our review in 2003/04 it will be necessary to have some grant assistance available to ensure that we are able to provide some help to the most vulnerable who would otherwise not have the resources to carry out essential works. We should also take this opportunity offered by the Reform Order to cut away some of the regulations associated with previous grants and introduce new practices aimed at making the whole process quicker and more customer friendly. With this in mind it is proposed that the revised grant policy becomes operational on the 1 April 2003.
- 3.2 It is proposed that we continue to offer grants of up to £5,000 for qualifying applicants in order to carry out essential works to ensure their homes are safe for occupation. In doing so we will set our own conditions and use a simplified application form.
- 3.3 It is also proposed that we follow the principles of the Reform Order and encourage people to use their own equity where possible to pay for essential repairs to their home, which are not covered by grant.

4 Financial Assistance Available

- 4.1 It is proposed that a grant of up to £5,000 be made available for people on an income related benefit or who pass the means test (see paragraph 6), to help carry out essential works.
- 4.2 It is also proposed that where applicants are unable to use their own equity to pay for essential repairs we are able to offer a loan of up to £30,000. Such a loan would be recorded as a land charge and repaid with interest when the dwelling is sold or vacated by the applicant.

5 Essential work that may qualify for assistance

- 5.1 Works that would qualify for assistance would be essential works to ensure the dwelling meets the standard of fitness for human habitation, and is safe for occupation. Types of work that could qualify include:
- The treatment of rising damp, re-roofing, re-wiring if existing wiring is dangerous and the replacement of rotten windows and doors if they are leaking, rotten fascias and leaking gutters.
 - Dealing with safety issues and hazards.
 - Central heating and energy efficiency measures where not covered by other grants such as the WarmFront scheme (which provides help towards insulation).
- 5.2 It is likely that due to high demand that grant applications will have to be prioritised to ensure that funds are used to deal with the greatest risk to occupiers.

6 Eligibility

6.1 Two classes of eligibility are being proposed by this report, people who qualify for an income related benefit such as income support or council tax benefit and people on a low income, who do not have sufficient surplus capital (explained below) to carry out the essential works, and who would qualify following a test of financial resources.

- 'Surplus Capital' is all capital over £8,000 and may include bank, building society accounts, ISAS, Tescos, stocks and shares or other financial assets.
- The test of financial resources would be the same test as set by the Disabled Facilities Grant Regulations but would exclude any capital already included as Surplus Capital above.

7 Grant and Loan Conditions

7.1 The conditions proposed are:

- Grants of up to £5,000, and loans of up to £30,000 are discretionary and are only available whilst the budget has sufficient funds.
- Homeowners can only apply for one grant in each financial year.
- Homeowners may apply for more than one loan, but may only receive total of £30,000 in any five-year period.
- The Grant will be registered as a local land charge and must be repaid to the New Forest District Council (plus interest added annually) if the property is disposed of within five years from the completion of the grant.
- The loan will be registered as a local land charge and must be repaid to the New Forest District Council (plus interest added annually) when the property is disposed of, or when the applicant leaves the dwelling.
- Grants and loans are only available to carry out works to the main family home and not a holiday home, and must be occupied by the applicant or applicant's family for the five-year period after the grant has been completed.

8 Other assistance available to the applicant

- 8.1 Applicants may be assisted by New Forest District Council to find a suitable loan to meet their costs, or to fund the works completely if they do not qualify for a grant or loan from the New Forest District Council, or if the grant funds have been used up.
- 8.2 It is recognised that taking on such a commitment will worry many applicants and that it may reduce the value of any inheritance. However we recognise that for many people equity release loans will be the most cost effective, if not the only way that funds for repairs and improvements may be raised. We also believe that looking after a home will result in it maintaining its best possible market value.
- 8.3 In all cases where applicants are being advised to consider equity release loans the New Forest District Council will advise the applicant to seek advice from at least one of the following organisations:
- New Forest Care and Repair who may be able to assist finding a suitable independent financial advisor.
 - The Home Improvement Trust.
- 8.4 New Forest Care and Repair and the Home Improvement Trust are non-profit making organisations who help vulnerable, elderly or disabled people to find charitable funding or suitable equity release products to pay for home repairs and improvements.

9 Maintenance Club

- 9.1 A major concern for many homeowners is not only ensuring a property is up to a reasonable standard of repair but also ensuring it stays that way. The maintenance club is an innovation, which we hope to pioneer in the New Forest. It would be made available to all vulnerable people who are paying directly or taking out an equity release loan to pay for works to their home.
- 9.2 The principle is that we (in partnership with Care and Repair) offer a planned and reactive maintenance service to homeowners similar to the service offered to council tenants. Such a service would give people peace of mind by taking away the worry of looking after their own home and dealing with builders.
- 9.3 The maintenance work will then be organised throughout the agreed period by the New Forest District Council or our Care and Repair Agency who will use suitable builders and ensure the works is carried out to a reasonable standard and price. This scheme will only be able to progress when suitable equity release products are identified.

10 Financial Implications

- 10.1 In 2002/03 the budget for discretionary improvement grants was £635,000. Due to a slow down in applications, this budget was reduced by £200,000 to £435,000 for the year.
- 10.2 In any year, commitments are entered into. An applicant for an Improvement Grant has 1 year to spend the grant, starting from the date of approval, so commitments often carry over financial years. Bearing in mind, at the time of writing this report, there are 3 months of this financial year remaining; the commitment into 2003/04 is expected to be £275,000. This though, is not a precise figure.
- 10.3 Looking ahead to the next financial year, it is proposed that the budget to be spent on discretionary improvements should be £435,000 (the same as the revised figure for 2002/03).
- 10.4 The effect of this is that the saving on this budget will be spent on providing new homes to those on the joint housing register.

11 Environmental Implications

- 11.1 One of the principles behind this amended improvement grant policy is to help people to remain in their own home.

12 Crime and Disorder Implications

- 12.1 There are no direct implications.

13 Consultations with the Portfolio holder for housing

- 13.1 The Portfolio holder for housing has been consulted and says:

Central government expect a review of our grants system. We are doing this in a way which still gives us an allocation to assist those most in need. It is a requirement for us to undertake the private stock condition survey as part of our housing strategy, that requires additional funding in the region of £45,000, there are no additional funds for this from central government. It is right that we explore other sources of funding for grants other than as burden on the council tax payer. Given that many properties have substantial equity it is right that we look at equity release schemes and other options to fund the grant system. The survey will assist us and I have an open mind at present pending the results of the survey as to the best way forward. However, it is not my intention that we will have no grants system at all, after the 12 months review; there will be a funding mechanism. Following the stock survey we should be better placed to improve the grants system, and direct resources to those most in need.

14 Recommendations

- 14.1 The Cabinet is asked to consider the principles set out in this report and to consult the Housing Health and Social Inclusion Panel later this month, with a view to making a final decision on this matter at February Cabinet.

For further Information

Rob Easton

Housing Improvements Manager

Tel: 023 802851534

email: rob.easton@nfdc.gov.uk

[rob/housing reform/grant policy amendment](#)