

PRIVATE SECTOR FINANCIAL ASSISTANCE POLICY (REVIEW OF GRANT POLICY AND INTRODUCTION OF LOANS)

1. INTRODUCTION

- 1.1 The reason for this report is to recommend some variations to our existing Financial Assistance Policy and to recommend a new policy to enable us to give loans to low income private sector households in the district to carry out repairs and improvements. It does not include any changes to the mandatory Disabled Facilities Grant which remains the same.

2. BACKGROUND INFORMATION

- 2.1 The current policy was agreed by Cabinet in July 2006, and it has enabled us to help low income and vulnerable homeowners with repairs and improvements to their homes, whilst at the same time enabling them to 'stay put' within the community. The current annual budget is £102,000, and this assists approximately 20 – 30 households per year. Grants of up to £5,000 are currently offered to those in receipt of a specified means tested benefit where their property is within council tax banding A – E.
- 2.2 We have recently been awarded additional funding from the Regional Housing Board (RHB), and this report seeks to amend our current Financial Assistance Policy to incorporate this, and also to vary the financial products offered in light of our experience to date. Over the last two years we have come across an increasing number of vulnerable households in need of financial assistance of up to £40,000 to ensure their homes meet the Decent Home Standard.
- 2.3 The RHB funding was awarded to New Forest District Council as part of a consortium of local authorities under the PUSH umbrella. The consortium is known as Push 4 Safer Homes, and this set up enables the members to draw upon the expertise of the lead authority Southampton City Council. This means that we are able to utilise (with minor variations) their application forms, term and conditions etc which are tried and tested in this environment.

3. POLICY CHANGES - MINOR WORKS GRANT ASSISTANCE

- 3.1 It is proposed that the maximum grant is increased from £5,000 to £10,000 with the eligibility criteria and grant conditions remaining the same.
- 3.2 A homeowner applying for financial assistance will be offered a grant in the first instance (assuming they meet the eligibility criteria), and where the cost of the works exceeds £10,000, this can be topped up with a Home Improvement Loan (see paragraph 5.4). Where the homeowner does not meet the eligibility criteria for a grant, they would be offered a Home Improvement Loan (again assuming they meet the eligibility criteria).

4. PUSH FUNDING BUDGET

- 4.1 The total budget over the three year period of the PUSH funding is £442,000, and this is broken down into annual figures (£97,000 for 2008/09, £172,000 for 2009/10 and £172,000 for 2010/11). Due to the lateness of the award in 2008, the RHB has agreed that the balance of funding from 2008/09 can be carried over to 2009/10.
- 4.2 Spending will be monitored by the local steering group with 6 monthly reports being submitted to the RHB.

5. PUSH FUNDING POLICY

- 5.1 The PUSH funding bid was submitted to assist local homeowners who are unable to access funding in the market place due to their low income or vulnerability. The eligibility criteria we propose to use reflects this, and the majority of the funding will be offered as 0% loans which would normally be repayable on disposal of the property. There will be some situations where this will not be applicable, and the existing legislation relating to the disposal of Disabled Facilities' Grants will be applied.
- 5.2 It will be a requirement that the loan applicant must hold sufficient equity in their home to ensure repayment is possible and this is particularly important in the current financial climate. We would not be able to accept applications from private tenants or from owners of mobile homes because the loan could not be secured against the property.
- 5.3 Loans will be means tested based on the existing Disabled Facilities Grant test of resources. The threshold for consideration for a PUSH loan will be a contribution of £15,000 or less using this test of resources. Applicants in receipt of certain specified benefits will be passported through the system.
- 5.4 Except where itemised the loan will normally be up to a maximum of £30,000 and the purposes for which they will be available are outlined below:

Home Improvement Loans will be available to carry out repairs and improvements to help ensure homes are safe and free from significant health and safety risks (as defined by the Housing Act 2004, Category 1 hazards). Examples would include treating rising dampness, dangerous electrics and heating systems and leaking roofs. At the same time we would aim to improve homes to achieve the Decent Homes Standard which would help reduce the number of vulnerable people living in non-decent private accommodation.

In exceptional cases it is proposed that the Home Improvement Loan can be increased to £40,000 subject to the agreement of the Portfolio Holder.

Accessible Home Loans will be offered to support the Disabled Facilities Grant Policy in the two following areas:

- To top up mandatory Disabled Facilities Grant projects where the cost of the scheme is in excess of the grant. The loan will be up to a maximum of £30,000.

- To help disabled homeowners move to a new home where it is not feasible to adapt their existing property (to include removal expenses, legal fees etc but not any increase in value of the new home). The loan will be up to a maximum of £5,000

Landlord Loans to help reduce the number of empty homes and provide additional accommodation in the district. Landlord Loans will be up to a maximum of £30,000 and will be for the following situations in support of the existing role undertaken by our Empty Homes Officer.

- To landlords to bring empty homes back into use to rent to homeless persons through the Council or a partner RSL.
- To landlords to convert space over shops to flats for homeless persons through the Council or RSL.
- To fund our works where we serve an Empty Dwelling Management Order.

All landlord loans would have to be repaid from the rental income generated over the duration of the agreed letting period (which must be a minimum of 5 years).

5.5 The PUSH funding will also be used for small grants for three purposes outlined below. A maximum figure is not specified for the Warm Front Grant top up or the Fuel Poverty Grant as these will be limited by the scope of the eligible works.

- To assist applicants who fail to meet the criteria for a Warm Front Grant but are in fuel poverty (e.g. spending more than 10% of their household income just to keep warm). The works to be grant aided would be the same as the Warm Front Grant (central heating, insulation and draft proofing etc). There will be no repayment condition attached to this grant.
- To top up Warm Front Grant applications where this grant does not meet the entire cost of the eligible works. There will be no repayment condition attached to this grant.
- To top up the £102,000 grant budget if necessary to continue to offer grants of £10,000 where appropriate. Any grants offered in these circumstances would be subject to the same eligibility criteria and conditions as the Minor Works Assistance Grants (regardless of source of funding).

6. FINANCIAL IMPLICATIONS

6.1 There are no additional funding implications as the budget for the loans has been agreed until 2011 and grant budget is agreed annually.

7. ENVIRONMENTAL IMPLICATIONS

7.1 This policy will help vulnerable people to maintain and remain in their own homes and communities. Where financially viable, options will be given to loan applicants to support the use of renewable technologies.

8. CRIME AND DISORDER IMPLICATIONS

- 8.1 Some works carried out under this policy will include measures to make homes more secure.

9. EQUALITY AND DIVERSITY IMPLICATIONS

- 9.1 This policy will enable more low income, vulnerable and disabled people remain in their homes by ensuring the homes are safe and free from significant hazards.

10. PORTFOLIO HOLDER COMMENTS

- 10.1 The Portfolio Holder for Housing has been consulted and says: 'This policy will enable us to help the most vulnerable home owners in the New Forest to keep their homes safe from health and safety risks and in helping them remain in their own homes and communities reduce the demand on social housing. I am also pleased to see that the money we give as loans will eventually come back to the council to be re-cycled and used for more loans in the future.'

11. RECOMMENDATION

The Cabinet is asked to approve the amendments and additions to the Financial Assistance Policy as detailed in paragraphs 3 and 5 within this report and summarised below:

- To increase the maximum grant for Minor Works Assistance Grant from £5,000 to £10,000. All eligibility criteria and conditions to remain the same as our current policy agreed in July 2006.
- To offer Home Improvement Loans of up to £30,000 to low income households (using the RHB funding) to assist with repairs/improvements to meet prescribed housing standards (e.g. Housing Health and Safety Rating System and Decent Home Standard). The maximum loan can be increased up to £40,000 in exceptional circumstances with the agreement of the Portfolio Holder
- To offer Accessible Home Loans of up to £30,000 (using RHB funding) to low income households to 'top up' mandatory DFGs (where the cost of the scheme is in excess of the mandatory DFG limit).
- To offer Accessible Home Loans of up to £5,000 (using RHB funding) to low income households to assist disabled homeowners to move to a new home where it is not possible to adapt their existing property (this will include removal expenses, legal fees etc but not any increase in value of the new home).
- To offer Landlord Loans of up to £30,000 (using RHB funding) to help reduce the number of empty homes, and provide additional accommodation over shops. It will be a condition of the loan that the property is let to a tenant nominated from our register, and that the loan repaid via the rental income generated by the end of the agreed letting period (minimum of 5 years).

- To offer Warm Front Top Up Grants (using RHB funding) where the Warm Front Grant does not meet the cost of the eligible works.
- To offer Fuel Poverty Grants (using RHB funding) to assist low income homeowners who do not meet the Warm Front Grant eligibility criteria but are living in fuel poverty (defined as having to spend more than 10% of their income on keeping warm). The works to be grant aided will be the same as the Warm Front Grant.
- To offer grants of up to £10,000 (using RHB funding) to supplement the Minor Works Assistance Grant budget if necessary. Any grants offered in these circumstances would be subject to the same eligibility criteria and conditions regardless of source of funding.

For Further Information:

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Background Papers:

Current Housing Assistance Policy
(July 2006 Cabinet report)
PUSH Loan Documentation (Southampton City
Council