

Report to Executive

Agenda
Item:

A.2

Meeting Date: 1st July 2013
Portfolio: Communities and Housing
Key Decision: Yes: Recorded in the Notice Ref: KD 08/13
Within Policy and Budget Framework YES
Public / Private Public

Title: SCHEME OF HOUSING ASSISTANCE (EMPTY PROPERTIES & DISABLED FACILITIES GRANT)
Report of: The Director of Community Engagement
Report Number: CD 33/13

Purpose / Summary:

The current scheme of housing assistance has been updated to reflect new services that Carlisle City Council can offer to private sector landlords on the back of successful funding bids to bring empty properties back into use. A revised scheme of assistance including empty property grants and loans is attached to this report (Appendix 1). The updated policy re-states the position with regard to Disabled Facilities Grants which remain mandatory.

Recommendations:

- That Members of the Executive agree the new Policy for Housing Assistance and the use of funds as described in Appendix 2 and recommend it to Council in accordance with the Council's Budget and Policy Framework.
- It is recommended that the use of the funds as outlined at Appendix 2 and granting of grants and loans will be the responsibility of Officers and as such delegated to the Director of Community Engagement and Director of Resources.
- That a decision to proceed with future Empty Property schemes be delegated to the Portfolio Holder.

Tracking

Executive:	1 July 2013	
Overview and Scrutiny:	30 May 2013	
Council:	16 July 2013	

1. BACKGROUND

- 1.1 The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (RRO) placed a duty on local authorities to publish a housing assistance policy for the private sector. The RRO was adopted by Carlisle City Council on 9th September 2003. The policy has been amended since its adoption to allow actions to be taken by officers relating to the Private Housing Sector.

2. HOUSING ASSISTANCE

- 2.1 Under the proposed Housing Assistance Policy, Disabled Facilities Grants will continue to be available. These grants are mandatory and funded via a separate funding stream. Any other grants and loans that the Council proposes to offer are discretionary and depend on the availability of resources.
- 2.2 Since April 2012 no housing assistance has been available in Carlisle for anything other than Disabled Facilities Grants. However successful bids for external funding in recent months have secured the finance necessary to enable assistance to be offered to the owners of empty homes to bring them back into use.
- 2.3 The funding must be used in accordance with the prescribed criteria but can be used to provide grants and loans. Most of the schemes currently being progressed have a finite lifespan with a cut-off date of March 2014. The conditions attached to the funding streams are included in the proposed housing assistance policy document in Appendix 1.
- 2.4 Approving the amended Housing Assistance Policy will enable the Council to offer financial incentives to empty property owners to bring those properties back into use and therefore increase the availability of much needed housing accommodation in the area. Appendix 2 summarises the sources of funding obtained and the match funding requirements for the current schemes.
- 2.5 Opportunities to bid for empty property funding often arise at short notice and delivery of such schemes is expected within a short timescale. It is therefore advantageous to build flexibility into the housing assistance policy.

2. PROPOSALS

- 2.1** To enable the provision of loans and grants to the owners of empty property to enable them to be brought back into use. To continue with the provision of Disabled Facilities Grants as described in the Housing Assistance Policy.

3. CONSULTATION

- 3.1** Consultation has taken place with primary stakeholders, including landlords and managing agents.

- 3.2** Community Overview and Scrutiny panel also received a report on the draft policy on 30 May. Their main concern was about the quality of work to potential properties. This will be addressed by:

- Having a clearly designated officer with responsibility for working proactively with owners and landlords to bring empty properties back into use. To date, over twenty applicants have confirmed their interest in the cluster bid scheme. The empty property officer provides technical advice and information and in doing so, incentivises participation and choice while minimising the risk of poor quality work.
- Establishing clear standards that the property must achieve on completion of the works. The draft policy proposes that properties must be free from significant defects and category 1 hazards and comply with the Housing Health and Safety Rating System where cluster bid grants are awarded; and meet the Decent Homes Standard, where a loan is required in addition to a cluster bid grant.
- Embedding a staged and targeted payment regime – where grant and loan finance, if required, is released on inspection and as a proportion of completed work. This will ensure that properties meet the required standard and public funding is used appropriately
- Establishing security over the property, where cluster bid loans are awarded to protect the Council's position.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 4.1** The revised housing assistance policy will enable the provision of loans and grants to be made to the owners of empty property and assist in bringing them back into use.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 5.1** The proposals will help support the Carlisle Plan priority to address Carlisle's current and future housing needs.

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**Appendices
attached to report:**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's -

Community Engagement –

Economic Development –

Governance As stated in the Report, the ability of the Council to exercise its power to provide assistance for people to acquire, adapt or repair accommodation etc is dependent on the adoption of a relevant Policy pursuant to The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002. Such a policy was adopted by the Council and it forms part of the authority's budget and policy framework, therefore, any proposed amendment must be available for scrutiny before the Executive make a final recommendation to Council.

Local Environment –

Resources - Disabled Facilities grants funding from the Government in 2013/14 is estimated at £663,000 with the Council contributing a further £200,000.

The assistance schemes outlined in the report, to enable empty properties to be brought back into use, are backed by funding from the Homes and Communities agency (HCA). The Cluster Bid totals £254,000 with the funding being used to provide various grants and loans to property owners and will be registered as a land charge against the property. The

Director of Resources will have delegated authority to set an appropriate interest rate for the Cluster Bid loans.

It is recommended that the use of the funds as outlined at Appendix 2 and granting of grants and loans will be the responsibility of Officers and as such delegated to the Director of Community Engagement and Director of Resources

HOUSING RENEWAL ASSISTANCE

POLICY DOCUMENT

2013

Private Sector Housing
Community Engagement Directorate
Carlisle City Council
The Civic Centre
Carlisle
CA3 8QG

Introduction

The Regulatory Reform (Housing Assistance) Order 2002 equipped local authorities with a new wide ranging power to provide assistance for housing renewal based on the principle that repairs are fundamentally the responsibility of the property owner, and grant assistance should only be given in particular circumstances.

Poor quality housing can have an adverse effect on the health and well being of the occupants in an area and the presence of long term empty properties can be a blight on the neighbourhood and a waste of a precious resource.

The Council recognises that assistance cannot be made available to all residents. Disabled Facilities Grants will continue to be offered to applicants who meet the eligibility criteria. All forms of assistance beyond Disabled Facilities Grants are dependent on the availability of external funding. Carlisle has been successful in obtaining funding from a variety of sources which will enable assistance in the form of grants, loans or a combination of both to be made available to the owners of long term empty properties to improve the existing built environment, provide good quality affordable housing and to increase housing choice.

Types of assistance

Disabled Facilities Grants

The provisions governing mandatory Disabled Facilities Grant (DFG) are contained in the Housing Grants, Construction and Regeneration Act 1996 (the 1996 Act), as amended by the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002. The Order extended mandatory DFG eligibility to those occupying park homes and houseboats.

Provided they meet the defined criteria, all owner-occupiers and tenants, licensees or occupiers are eligible for DFG. Landlords may also apply for a DFG on behalf of a disabled tenant but must also satisfy the relevant requirements. Housing Association tenants are eligible to apply for DFG and are assessed for needs on the same basis as private owners and tenants and under the same means testing arrangements.

Riverside (Carlisle) pay for DFG adaptations to their own properties where the cost of the work does not exceed £7,000. Where works exceed £7,000 limit, Riverside will refer the application to Carlisle City Council who will process through the usual DFG route. On completion the £7,000 contribution from Riverside will be recovered.

It is the Council's policy to place a Land Charge on every property which is subject to a Disabled Facilities Grant. If such a property is sold within a 10 year period, starting on the date of completion of the work, the Council will use its discretion to reclaim the funding that exceeds £5,000, but may not require a repayment exceeding £10,000. In applying its discretion, the following criteria will be considered:

- The extent to which the recipient would suffer financial hardship if the grant were reclaimed

- Whether the disposal of the property was to enable the recipient to take up employment, or change the location of their employment
- Whether the disposal of the property is made for reasons of the recipient's mental or physical health or well being
- Whether the disposal is made to enable the recipient to live with, or near, any person who will provide care for the recipient by reason of their disability

Any decision on repayment will be made by the Director of Community Engagement in consultation with the appropriate Portfolio Holder.

Discretionary payments may be made where the maximum grant level has already been reached and

- Unforeseen works have arisen once work has commenced on site. For example discovering drain or sewers on the site which could not have been foreseen, major works to foundations etc.
- A change in an applicants circumstances has arisen between grant approval being given and works being completed making it unreasonable to expect a contribution from the applicant. For example, relationship breakdown between the original joint applicants, the death of a joint applicant.

In ensuring that the funding available for Disabled Facility Grants can benefit the maximum number of recipients, a scheme of re-commissioning items of key equipment such as shower room pods, stairlifts etc., will be applied.

The Council will charge professional fees for providing services for owners or occupiers of dwellings which are subject to DFG applications. These fees will be assessed in relation to individual grant applications.

Other housing assistance

The following types of grant assistance may also be available, depending on the availability of external funding:

Empty Property Grants

Grants will be made available to allow the delivery of the Clusters of Empty Homes programme between £2,000 and £5,000 to owners of properties which have been empty for longer than 6 months and in areas where there are clusters of empty properties, as a 'quick fix' incentive for the owner to re-let the property.

The property, on completion of works, must be free from Category 1 Hazards under the Housing Health and Safety Rating System (HHSRS) and must be re-let, at an affordable rent, within 12 weeks of completion of the works, for a minimum period of 12 months.

Repayment of the grant will be required if these conditions are contravened.

Empty Property Loans

These loans are available to eligible owners to assist with bringing empty properties, which have been vacant for more than 6 months, back into use for residential occupation. These will be made available to contribute towards the cost of carrying out an agreed package of works to properties. It will normally be expected that the property will be brought up to the Decent Homes Standard as defined in Schedule 1.

Contribution to the Community Grant Programme

The Community Grant programme managed by the YMCA, offers grants to property owners to assist them in bringing long term empty properties back in to use. In return for the grant, the applicant must agree to lease the property to the YMCA for a 5 or 10 year term.

The Council is supporting this programme by providing technical assistance with the grant process, identifying properties suitable for the scheme and carrying out initial negotiations with property owners.

Cluster Bid Loans

Alongside the Empty Homes grants described above, Carlisle in conjunction with Allerdale and Copeland, have secured Cluster Loan funding from the Homes and Communities Agency. This is available in areas where clusters of empty properties have been identified. The loans may be used for individual dwellings, to bring empty residential accommodation above commercial premises, (such as flats above shops) into use and to convert commercial property to residential accommodation. On completion of the works, the property must achieve the Decent Homes Standard.

Landlords must re-let their property within 4 months of the work being completed, otherwise immediate repayment of the loan will be required. The landlord will be required to set up a payment plan to repay the loan. It is expected that loans will be in the region of £8,000 to £10,000. The maximum loan payable will be £15,000. A variable rate of interest determined by the Director of Resources will be applied. A condition of the loan will be that the property is re-let for a minimum period of 5 years.

Under this scheme, the repaid loan money will be recycled and ring fenced for empty homes to ensure that long term empty property intervention measures continue to be delivered.

Conditions attached to grants and loans

All grants and loans which have been paid will be registered as a Local Land Charge. Immediate repayment of grant will be required if grant conditions are not met. Immediate repayment of loan will be required if loan conditions are not complied with.

Decent Homes Standard

For the purposes of awarding Decent Homes, the following failures shall be considered:

- Dwellings containing one or more hazards assessed as serious ('Category 1') under the HHSRS.
- Dwellings not in a reasonable state of repair due to **either** one or more of the key building components are old and, because of their condition, need replacing or major repair; **or** two or more of the other building components are old and, because of their condition, need replacing or major repair.
- Dwellings without reasonably modern facilities and services, by virtue of lacking three or more of the following:
 - ◆ a reasonably modern kitchen (20 years old or less);
 - ◆ a kitchen with adequate space and layout;
 - ◆ a reasonably modern bathroom (30 years old or less);
 - ◆ an appropriately located bathroom and WC;
 - ◆ adequate insulation against external noise (where external noise is a problem);
 - ◆ adequate size and layout of common areas for blocks of flats.
 - ◆ A home lacking two or fewer of the above is still classed as decent, therefore it is not necessary to modernise kitchens and bathrooms if a home meets the remaining criteria;
- Dwellings that do not provide a reasonable degree of thermal comfort by virtue of not having both effective insulation and efficient heating;

More detailed definitions of the reasons for failure of the Decent Homes Standard can be found in the Department for Communities and Local Government publication *Decent Homes, definition and guidance for implementation: June 2006 update*.

Housing Assistance Policy – Financial Information

External Funding Source	Funding Bid	Match funding	Estimated number of empty homes made ready for occupation
Cluster Bid – awarded to Carlisle City Council by the HCA for designated streets within designated wards, including empty properties within the Settle to Carlisle Conservation Area	£254,000	Empty Homes Officer - Year 1 £36,800 Empty Homes Officer - Year 2 £37,200 Housing Apprentice - Year 1 £5,700 Housing Apprentice - Year 2 £9,600 From DFG Department of Health £109,400 Conservation Rolling fund £75,000 ----- Total £273,700	Up to 45 properties by March 2015

EXCERPT FROM THE MINUTES OF THE COMMUNITY OVERVIEW AND SCRUTINY PANEL HELD ON 30 MAY 2013

COSP.39/13 SCHEME OF HOUSING ASSISTANCE (EMPTY PROPERTIES DISABLED FACILITIES GRANTS)

The Director of Community Engagement submitted report CD.34/13 that provided an updated housing scheme of assistance that reflected services that the Council undertook in relation to dealing with empty property and Disabled Facilities Grants (DFGs) in the private rented sector.

The report had previously been considered by the Executive on 7 May 2013 who had decided:

1. That the Executive approved the new Policy for Housing Assistance and the use of funds as described in Appendix 2 to Report CD.31/13.
2. That the use of funds, as outlined in Appendix 2 and granting of grants and loans, would be the responsibility of Officers and as such delegated to the Director of Community Engagement and Director of Resources.
3. That a decision to proceed with future Empty Property Schemes be delegated to the Portfolio Holder.

The Director of Community Engagement that the report would enable the Council to make loans to private landlords to bring empty properties back into use. There would potentially be an impact on homelessness and improve the environmental quality of Carlisle. The work could be undertaken following a successful application to the Government and would work in parallel with the Government to support grants to DFGs. The Communities, Housing and Health Manager and the Housing and health Services Manager had worked on the report and the Director acknowledged the amount of work they had undertaken in preparation of the report.

By way of background, the Communities, Housing and Health Manager reminded Members that the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (RRO) placed a duty on local authorities to publish a Housing Assistance Policy for the private sector. The RRO had been adopted by the City Council on 9 September 2003 and subsequently amended to allow actions to be taken by Officers in relation to the private housing sector.

Se added that Disabled Facilities Grants, which were mandatory and funded via a separate funding stream, would continue to be available under the proposed Housing Assistance Policy. Any other grants and loans which the Council proposed to offer would be discretionary and dependant upon the availability of resources.

Since April 2012 no housing assistance had been available in Carlisle for anything other than Disabled Facilities Grants. However, in recent months, successful bids for external funding had secured the finance necessary to enable assistance to be offered to the owners of empty homes to bring them back into use.

The funding had to be used in accordance with the prescribed criteria, but could be used to provide grants and loans. Most of the schemes currently being progressed had a finite lifespan with a cut off date of March 2014. The conditions attached to the funding streams were included in the proposed Housing Assistance Policy document (Appendix 1).

The report emphasised that approval of the amended Housing Assistance Policy would enable the Council to offer financial incentives to empty property owners to bring those properties back into use, and in so doing increase the availability of much needed housing accommodation in the area. A summary of the sources of funding obtained and the match funding requirements was provided at Appendix 2 to report CD.31/13 that had been considered by the Executive at their meeting on 7 May 2013. .

Opportunities to bid for empty property funding often arose at short notice and delivery of such schemes was expected within a short timescale. It was therefore advantageous to build flexibility into the Housing Assistance Policy.

The report also outlined the circumstances in which the Council could reclaim the grant and who would make that decision ie the Director and the Portfolio Holder.

Any work would have to be to a minimum standard and where there was a larger amount of work Officers would want to ensure a higher than basic decent homes standard.

The proposal would enable the Council to hold a recyclable loan fund which would enable the Council to do more work as there would be more funds available and that would be in line with Government policy to provide a recyclable loan policy. The Communities, Housing and Health Manager confirmed that the loan rate had not yet been set.

In considering the update Members raised the following comments and questions:

- *How many empty properties were there in Carlisle?*

The Communities, Housing and Health Manager advised that there were up to 45 houses at present and there had been a number of applications from the owners of properties with a cluster of bids operating in various areas of the City.

- *Would the Council require a list of work to be undertaken before approval of a loan?*

The responsibility for the work would be on the owner of the property. The Council could prescribe the standard of the work but not the actual work to be undertaken. The property would be checked before work commenced by the Empty Properties Officer

and advice on consents given. The property would again be inspected on completion of the work by the Empty Properties Officer who would be qualified to inspect the property. The reputation of contractors would be the responsibility of the owners of the properties and if the work was not completed to standard the loan would not be paid.

- *The loan would be needed for the work to be undertaken and therefore the loan would be spent before substandard work was identified. Therefore there needed to be sanctions if the work was not to standard.*

The Communities, Housing and Health Manager confirmed that the loan would be backed up by a charge on the property so the Council's position would be protected.

- *There may be some private landlords who may try to take advantage of the loan.*

The Communities, Housing and Health Manager was confident that procedures would be in place to safeguard the Council. Officers would work with landlords and the interest rate would be attractive to the Council.

- *Officers would not be able to determine whether the work was to standard until the work was completed and the Council could not realise any charge to the property until the property was sold.*

The Communities, Housing and Health Manager explained that Officers would need to look at the timing of loans. The Director advised that there would be a phased payment of the loan to reduce that risk which he believed to be modest and would not have a significant impact on the Council. In most cases Officers had a good relationship with the landlords or contractors and payment would be made in stages.

- *The Council would need to ensure that good quality work was provided as the loan was public money. Would it be possible to provide a list of approved contractors?*

The Communities, Housing and Health Manager advised that if the Council produced an approved list of contractors it would take on the liability that the work would be completed to an acceptable standard. Officers could signpost people to contracts used by the Council but could not produce an approved list.

- *How would the empty properties be identified?*

The Communities, Housing and Health Manager explained that Officers were working with colleagues in Revenues and benefits to identify empty properties from the annual return of the Council Tax list. Officers would go out and inspect properties that had been empty for 6 months or more.

The Private Sector Housing Technical Team Manager advised that the funding was only available in certain wards and did not relate to all properties. For example only part of Brompton town was included. The funding would be provided to areas where 10% of the properties were empty. Individual properties in rural areas would be excluded but there was scope to find other funding streams.

- *After a property had been empty for 6 months rates became payable. How often were the records updated?*

The Communities, Housing and Health Manager advised that some of the properties identified were not actually empty and Officers were working with other agencies and had identified 40 properties from the list only 2 of which were actually empty. Officers would continue to check the properties. When the scheme was promoted a lot of people made enquiries and if more funding was available the Council would have targeted other areas. However the scheme had been useful to a lot of people within Carlisle.

- *It was imperative that contractors were vetted in some way. A contract had recently been awarded for work at the Botcherby Community Centre and whilst the contract was not the cheapest the Member believed the work would be to a good standard.*

The Communities, Housing and Health Manager thanked Members for their feedback which had been useful. She confirmed that she would look at monitoring the quality of contractors and build that into the process.

The Council had dedicated Officers who worked with landlords and inspected the properties. They would specify the standard of work and the message would be clear about what standard the Council would accept.

- *Some small business do not complete relevant forms because of the bureaucracy attached to them and therefore would not be included in any list of contractors. It would be a shame for such businesses to be excluded.*
- *A recommended list could include smaller businesses. By keeping checks on the work and being clear how the process would work, including staged payments, would be a common sense approach.*

The Communities, Housing and Health Manager advised that at present the DFG payments were staged and the empty homes payments would be implemented in a similar manner.

- *Would the project refer to the Community Grant Project?*

The YMCA had successfully applied for funding from the Homes and Communities Agency for empty homes. The Council would provide the technical information and there were currently 12 referrals to the YMCA.

The Private Sector Housing Technical Team Manager confirmed that properties would need to be re-let within 4 months of completion of any work undertaken. The Communities, Housing and Health Manager advised that anyone undertaking work would need to provide a scope of works and that would be agreed with the builder. Once work was completed the owner would have 4 months to re-let the property. If the

work did not meet the required standard on completion sanctions could be taken. There would be a charge on the property that would enable the Council to recover the loan.

The Portfolio Holder confirmed that any decision on repayment would be made by the Director of Community Engagement and the Portfolio Holder which was the current policy.

- *Funding pockets were available regarding fuel poverty. Would such funding assist the empty properties scheme?*

The Communities, Housing and Health Manager confirmed that other products could be brought in where relevant but a lot would depend upon the circumstances of the owner of the property.

RESOLVED – 1) That Members were concerned about the quality of potential work to be undertaken on empty properties

2) That the Communities, Housing and Health Manager would monitor the work and follow up the issues raised