



# REPORT TO EXECUTIVE

## PORTFOLIO AREA: SUSTAINABLE COMMUNITIES

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Date of Meeting: 22 JANUARY 2007

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Public

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Key Decision: Yes

Recorded in Forward Plan: Yes

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Inside Policy Framework

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**Title:** REVIEW OF THE REGULATORY REFORM (HOUSING ASSISTANCE) ORDER 2002 - PRIVATE SECTOR HOUSING RENEWAL POLICY

**Report of:** Director of Development Services

**Report reference:** DS.03/07

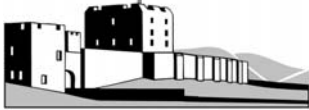
**Summary:** The attached report DS.108/06 was considered by the Executive on 18th December 2006. It was referred to Community Overview and Scrutiny and a minute from the meeting on 18th January 2007 will be made available to the Executive.

**Recommendations:** To consider the comments of Community Overview and Scrutiny Committee.

**Contact Officer:** Allan Dickson

**Ext:** 7339

**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



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## PORTFOLIO AREA: SUSTAINABLE COMMUNITIES

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Date of Meeting: 18 December 2006

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Public

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Key Decision: Yes

Recorded in Forward Plan: Yes/No

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Inside Policy Framework

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**Title:** Review of the Regulatory Reform (Housing Assistance) Order 2002 – Private Sector Housing Renewal Policy

**Report of:** Director of Development Services

**Report reference:** DS.108/06

**Summary:** To Review the Regulatory Reform Order document in light of

- (i) representations made to increase the maximum grant available for Disabled Facilities (Aids and Adaptations), and
- (ii) the continuing problems caused by vacant properties throughout the district, which are attracting anti-social behaviour, and causing blight in neighbourhoods.

### Recommendations:

1. It is recommended that Members note the retention of the vast majority of the current Regulatory Reform Order document, but consider the following amendments:-
  - (i) The introduction of Empty Homes Grants, at a maximum of 50% of a total approved expense of £20,000 – (maximum grant therefore £10,000). In order to minimise continuing problems with anti-social behaviour and neighbourhood blights caused by vacant properties and
  - (ii) (a) Retain the current £25,000 maximum Disabled Facilities Grant or

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(b) Recommend a higher DFG, by the introduction of a Discretionary DFG element to cover costs over the current prescribed maximum up to a maximum of £30,000.

2. That the report be referred to the Community Overview and Scrutiny Committee for consideration and comment.

**Contact Officer:** Allan Dickson

**Ext:** 7339

## **1. BACKGROUND**

- 1.1 The Regulatory Reform (Housing Assistance)(England & Wales) Order 2002 (R.R.O) came into force on 18<sup>th</sup> July 2002 and placed a duty on Local Authorities to adopt and publish a revised Housing Renewal Policy by 18<sup>th</sup> July 2003. This Policy was indeed adopted and enabled the City Council to continue to carry on its Private Sector Housing function.
- 1.2 The new policy was introduced (see Appendix 1), and approved by Council on 9<sup>th</sup> September 2003, (ES62/03) and was reviewed in October 2005 (EPS. 49/05), to ensure that the available tools being used to deliver housing renewal were appropriate. It was also reviewed to ascertain whether any additional tools that were regarded as being more appropriate, would need to be incorporated.
- 1.3 The Policy is provided to :-
- establish whether or not an intervention is necessary and appropriate, and if it is deemed to be so, where to direct Council resources to maximise the impact and effectiveness.
  - Provide clear and accessible reasoning as to how the Council deals with the important issue of housing renewal, and,
  - Assess those areas of housing that require further investigation before inclusion in the process.
- 1.4 In this review, a number of options have been presented, in light of representations made to the City Council, but the main content of the 2005 RRO document continue to be relevant to the housing situation in Carlisle. It is therefore proposed to leave the document in its original form, apart from considering the undernoted options.

## **2. OPTION**

### **GRANTS**

- 2.1 Representations have been made, that the maximum amount of funding available for individual Mandatory Disabled Facilities Grants (DFG'S), currently standing at £25,000, should be increased to take account of current construction costs.

- 2.2 Currently, the City Council do not consider the payment of Discretionary Disabled Facilities grants, as at the previous review in 2005, it was considered that £25,000 was a satisfactory maximum.
- 2.3 Members may wish to consider the following options, however, bearing in mind that we have a finite Capital Funding pot, should the maximum grant be increased, this may be to the detriment of other recipients, as the DFG budget is always over committed at the end of each financial year.
- 2.4 It has been noted that a number of DFG applications have exceeded the £25,000 maximum grant (say where an extension is required to provide ground floor bedroom/en-suite shower room facilities). These particular applications can cost upwards of £30,000, and Members may wish to consider introducing a Discretionary DFG in these instances to cover the cost of the works over the current £25,000 grant maximum.

However, it should be noted that there have been no applications which have not gone ahead, where the cost of the works was estimated as being more than the current £25,000 grant maximum. Applicants have the option of

- (1) seeking loan facilities from their bank.
- (2) extending their mortgage facilities or.
- (3) looking to release equity from their property,

to cover the shortfall between the grant maximum, and the total cost of the works.

### **3. EQUITY RELEASE**

- 3.1 GONW (Government Office for the North West) are now encouraging Local Authorities to reconsider how funding is provided to current grant applicants, to try and ensure that applicants make more use of the equity in their properties, rather than rely on Local Authority grants.
- 3.2 One option being considered, it to move away from the current grant-based scheme, to one where there is some initial grant assistance to those most in need, but to substitute the remaining grant funding with an equity loan produce for the remainder

of the necessary work. The equity release funding would still be provided by the City Council, but instead of what is done currently, (i.e after 5 years, the grant conditions cease to exist, and the applicant need not repay the grant funding) the equity release funding would be made as a local land charge on the property, and the City Council would then receive full repayment of the equity loan funding given to the applicant, either on the death of the applicant, or when the property is eventually sold.

3.3 Officers are currently investigating the possibilities of introducing this particular product, but a considerable amount of work needs to be done before this can be brought back to Members for their consideration. The ongoing work on this issue is being led by officers of the City Council, but is being discussed with all other Cumbrian Local Authorities, in order to come up with a scheme that could be rolled out throughout Cumbria.

#### **4. Empty Properties**

4.1 There are a considerable number of empty properties in the District, some of which are the subject of complaints to the Housing Section. In 2002, government figure indicated that there were 732,000 empty homes in England, and of these, 80% were in the private sector, and half had been empty for more than 6 months. In times of high demand for housing, low supply rates, and high levels of homelessness, it is clearly desirable to attempt to secure occupation of these properties. However, not all those properties that are on the Council Tax register as being empty, would lend themselves to being dealt with to bring them back onto the housing market. (Second/holiday homes).

There are probably between 400/500 which could be dealt with under a scheme to refurbish and re-let them to people who are in priority housing need, and it is therefore

proposed to introduce a specific grant scheme to deal with these specific properties, and to link this to 5 years nomination rights to the City Council, to assist in dealing with those people who are homeless, or in other priority need.

- 4.2 In order to provide encouragement to owners of empty properties to bring them back into use, and prevent deterioration of the neighbourhoods in which they are located, it is proposed to introduce a 50% grant to those owners who refurbish the property and bring them back into use, provided they agree to give the City Council the 5 years nomination rights. At present, all landlords can access a 25% grant towards property improvement, but no nomination rights are asked for.
- 4.3 This particular grant would be targeted at currently empty properties, which have been vacant for more than 12 months. The maximum approved expense would be £20,000 (the same as Renovation Grants) and the maximum grant would be restricted to £10,000 (50% of the approved expense). It is anticipated from anecdotal evidence that the maximum grant would not be paid in all cases, as most properties do not require complete renovation, before being able to be let out.
- 4.4 Although funding would be provided by the Council by way of a grant, the condition that requires repayment of the grant would still apply, and if the property were to be sold within 5 years, the whole of the grant would require to be repaid. In the same way, if equity release products were introduced in the future, the same land charge process would be approved to this type of grant assistance.
- 4.5 The benefits of giving grant assistance in this way would result in a number of benefits both the City Council, the local environment and to the people in the area where empty homes are prevalent. Not only would there be increased income to the City Council by way of council tax payments on properties that received exemptions, but this policy would reduce blight in an area; would reduce vandalism and graffiti and therefore crime statistics, and would result in properties being made available for those people in priority housing need, through the nomination right process.