

Cheltenham Borough Council

Cabinet - 5th March, 2002

Private Sector Housing Grant Allocation Policy 2002-03

Report of Deputy (Social)

1. Summary and recommendations

- 1.1 This report sets out the proposed private sector housing grant allocation policy for the new financial year 2002/03, following confirmation of housing capital budgets.
- 1.2 Section 2 explains the strong links between the Renovation Grant programme and key objectives set out in 'Our Town, Our Future' which has the support of many local people, businesses and voluntary groups. Increasingly, grant-related services are also helping to meet health improvement targets by reducing risks associated with residential property.
- 1.3 It is recommended that the £40,000 approved budget for the Cavity Wall Cash-back scheme be vired into measures for the benefit of Cheltenham residents under the county-wide Warm and Well scheme. This follows an agreement with Scottish Power which has secured large discounts on a range of energy efficiency measures to any private Gloucestershire householder from Energy Efficiency Commitment (EEC) monies.
- 1.4 **I recommend that cabinet approve:**
 - i) **the grant programme summarised in Section 3;**
 - ii) **the allocation policy for grants to landlords as set out in Section 4 (maintaining the existing policy);**
 - iii) **the allocation policy for home repairs assistance and renovation grants as set out in Section 5;**
 - iv) **the proposed scheme of grant assistance for property conversion as set out in Section 6 and Appendix A;**
 - v) **the increased funding of the energy efficiency initiative as set out in Section 7;**
 - vi) **the scheme to encourage the rehabilitation and reuse of long term vacant property as set out in paragraph 8.0;**
 - vii) **that if necessary to meet demand, priority will be given within the renovation grant programme to funding mandatory disabled facilities grant expenditure in order to ensure that the council meets its statutory obligations;**
 - viii) **the immediate commencement of a review of private sector housing activities in order to determine the council's approach to the government's neighbourhood renewal agenda in order to achieve a whole town approach;**

- ix) a review of options concerning support to private home owners, including the use of advice, loans and equity release as additional solutions to renovation grants from April 2003;
- x) investigation of the use of renovation grant resources to assist clients to relocate to more suitable accommodation where this would be an appropriate and less expensive alternative to renovation of their existing property, having regard to the factors set out in paragraph 5.6;
- xi) virement of £40,000 from the cavity wall cash back scheme proposed in 2002-03 to fund additional measures for Cheltenham residents under the county-wide 'Warm and Well' scheme.

2. Background

- 2.1 All areas supported by the Renovation Grant programme are the subject of council commitments set out in the plan for Cheltenham entitled 'Our Town, Our Future'.
- 2.2 In particular the programme is the principal means by which certain specific targets are being achieved:-
- working with householders and landlords to secure fire safety improvements to 1,750 homes by 2005 (page 4);
 - repairing and modernising 1500 private homes with renovation grant aid by 2005 (page 8);
 - working towards using less energy in our homes (page 12);
 - supporting and helping with the alterations to housing which are needed to allow people to remain independent (page 14).
- 2.3 The grant programme also contributes to other targets, including:-
- reducing the fear of crime and actual crime (page 4);
 - reducing the number of vacant properties in the town (page 8);
 - working to reduce incidents of illness - the link between poor housing and poor health (page 14).

3. Recommended grant programme

- 3.1 Members are recommended to approve the following expenditure targets and grant maxima for the renovation grant programme, the overall funding for which has already been approved. Budgets have been adjusted to include commitments carried forward from 2001-02.

2002-03 Programme	Budget Target	Maximum grant
<u>General Fund</u>		
Area Renewal (Lower High Street)	£ 250,000	N/A
Energy Efficiency Works (HRA*)	£ 177,000	£2,000
Warm and Well (£30,000 revenue)	£ 70,000	£5,000
HMO Fire Safety Works	£ 256,000	£2,000/dwelling
Home Repair Assistance and Renovation Grants		£5,000/dwelling
- Health and safety issues or relocation	£ 390,000	£20,000/dwelling
- Vacant property rehabilitation	£ 150,000	£20,000/dwelling

Property conversions	£ 100,000	£20,000/dwelling
Disabled facilities grants (private)	£ 390,000	£25,000/dwelling
<u>Housing Revenue Account</u>		
Disabled facilities grants (council)	£ 360,000	£25,000/dwelling
Totals	£1,753,000	

* HRA = Home Repair Assistance

- 3.2 The private stock condition survey showed that over 4000 Cheltenham households have inadequate provision for heating. We will continue to work in partnership with the Gloucestershire Energy Efficiency Advice Centre to deliver energy efficiency and heating measures to help combat fuel poverty.
- 3.3 Works to improve the energy efficiency of properties in the Renewal Area will continue to be considered as a component of any grant scheme.
- 3.4 It is recommended that grants to landlords of Houses in Multiple Occupation (HMO's) continue to be restricted to those requiring fire safety or improvement works to meet the council's adopted registration standards, as set out in Paragraph 4.0 below. This funding will also help meet the significantly increased income target from registration fees in 2002-03.
- 3.5 Resources within the total renovation grant budget may be reallocated at the discretion of the Head of Private Sector Housing to help ensure that the council's property improvement targets (as set out in 'Our Town, Our Future') are achieved. Every effort will be made to adjust targets in the subsequent year to maintain the intended programme balance.

4. Grants for fire safety or improvement works in HMO's

- 4.1 There are approximately 2005 HMO's in the town and surveys which the council has undertaken have shown that many of these represent a considerable risk to the occupying tenants in that they are three or more storeys high and have inadequate means of escape in case of fire (400 approx.).
- 4.2 2000-01 saw the successful completion of the three year inspection and enforcement programme aimed at ensuring that the council complies with its statutory obligations to inspect certain categories of such premises. However, some of these high risk properties are in the process of being improved and remain without adequate means of escape in case of fire. Some of these properties also still need to be registered pursuant to the council's HMO registration scheme.
- 4.3 Given the level of funding available and the council's priority within its Housing Strategy for ensuring that high risk HMO's in the town are safe, I recommend the following grant policy in respect of such properties is continued:-
- 4.4 That grant continue to be made available to landlords served with:
- a notice under Section 352 of the Housing Act 1985 (as amended); or
 - a notice advising the landlord that the council is minded to serve such a notice;
- 4.5 and
- landlords obliged to register under the council's HMO Registration scheme, all at the rate of 50% of the cost of eligible works, subject to:-

- i) a usual maximum payment of £2,000 in respect of each unit of accommodation;
- ii) a maximum total spend of £256,000 in 2002-03 (including commitments carried forward);
- iii) compliance with the other legal grant qualifying criteria.

The council is advised by the guidance provided by the government in (the then) Department of the Environment Circular 17/96 not to have a blanket policy in respect of grants to landlords. Having regard to this advice, it is therefore recommended that in the event of any representations, each case should be considered on its merits having regard to:-

- the cost of all the works required to the property (including repairs);
- the current notional rental income from the property and whether the works are considered affordable from that income;
- any increase in the capital value of the property which will result from the work;
- the landlords record in respect of the property for which grant is sought and any other property within the Borough of Cheltenham;
- any other matter considered by the Head of Private Sector Housing to be relevant to the particular case.
- any case considered so exceptional as to warrant grant in excess of £2,000 per unit will be referred back to the Committee with grant recommendations.

- 4.6 Note: A section 352 notice is used to require a HMO to be made fit for the number of occupants in respect of fire safety and amenities, it does not require repairs to be carried out. Where a landlord has first been served with a 'minded to' notice under section 352 of the Housing Act 1985 (as amended), but has not undertaken the works following an offer to carry out works within an agreed period, members are recommended not to make grant aid available if the service of a formal s.352 notice is subsequently necessary.

5. Home repair and renovation grant assistance

- 5.1 There is on-going pressure on the council's ability to fund capital projects and a future reduction in the resources available for renovation grants to private home owners is likely.
- 5.2 In their Housing Policy Statement 'The Way Forward for Housing' of December, 2000, following consultation on the Housing Green Paper, the government announced that they intend to replace existing renovation grant provisions in 2003.
- 5.3 *'We propose to introduce a new general power for local authorities to give financial assistance, or to provide labour and materials, for home improvement and repair. The new power would replace renovation grants, Houses in Multiple Occupation grants and common parts grants, home repair assistance and group repair. It would be subject to a minimal level of regulation. Local authorities would be able to choose between giving grants, loans or other forms of financial assistance such as loan guarantees, and to decide how much assistance to give and what conditions to attach. We will expect local authorities to set out their policies in their housing strategy. They can deliver these policies themselves or through other bodies, such as Home Improvement Agencies, for which we have provided additional financial support following the Spending Review. To ensure propriety, we will require authorities to publish their policy for giving assistance under their new power, and to have regard to the guidance we issue.'*

5.4 *We want local authorities to make effective use of the full range of options at their disposal. We therefore propose to allow them to offer assistance under their general power to help people to buy another property where this is a better option than repairing or improving their existing home, or where demolition is the only answer to tackling low demand. This would replace the limited power currently available through relocation grants. In addition, local authorities would be able to offer a grant, loan or other assistance under their new powers to help disabled people with the cost of adapting their home or buying another property. This would not affect the statutory entitlement to a disabled facilities grant, which will remain unchanged.'*

5.5 Following on-going consultation with Care and Repair (Cheltenham) Ltd, it is recommended that the following works continue to be considered for grant assistance for the time being:-

- Repairs that are essential to protect the health and safety of the applicant, where there is some degree of imminence attached to that risk (e.g. dangerous electrical installation, repairs to prevent severe penetrating dampness to a main habitable room or rooms, collapsing floor or staircase etc.) We will continue to assess eligibility using Band D of the housing health and safety rating system as the trigger point for grant eligibility;
- Works to secure an access point to a property where the owner occupier, or tenant with repairing obligations has been the victim of a break in or is considered at high risk of a break in;
- Works to improve domestic energy efficiency under the county-wide Warm and Well scheme;
- Minor works which would otherwise qualify for a mandatory Disabled Facilities Grant but can be undertaken less bureaucratically through this route (e.g. stairlift, central heating, access ramp);
- Works to facilitate a mandatory Disabled Facilities Grant, where it would otherwise be impossible to satisfactorily complete the adaptation and leave the property safe for the occupier(s).

5.6 Eligible Applicants

5.7 An applicant must be in receipt of a means-tested benefit and/or be over 60 years of age to qualify for Home Repairs Assistance.

5.8 In the case of clients aged over 60 but not in receipt of a means tested benefit, it is recommended that they be required to complete a full Renovation Grant test of resources and that they will only be eligible for assistance if they are assessed to be a 'nil contributor', i.e. they must not be assessed to have an income in excess of their disregards (unless they are effectively a nil contributor as the result of an eligible application for DFG under which they are making a contribution equal to their assessed affordable contribution).

5.9 In addition, it is recommended that any applicant not in receipt of a means-tested state benefit with savings or other capital which exceeds £16,000 in value will not receive assistance unless their excess savings and/or capital over £16,000 amount to less than the cost of the works necessary to render their property fit for human habitation.

5.10 Eligibility under the 'Warm and Well' scheme will be determined in consultation with the other Gloucestershire districts authorities through the project steering group.

5.11 Other Relevant Factors

In determining whether the payment of grant assistance is an appropriate response to the case in question, it is recommended that the Head of Private Sector Housing should have regard to the following factors:-

- Whether or not the property in question is considered to be unfit for habitation;
- Whether the proposed work will render the property fit for habitation;
- Whether the applicant is considered able to remain living in the property without additional support from the statutory agencies and if additional support is needed, whether that can be provided or facilitated at an acceptable cost;
- The wishes of the occupier(s);
- Whether the applicant has made or has considered making an application to be placed on the council's housing needs register and whether rehousing of the applicant in supported or other suitable accommodation is likely or desirable;
- The ability of the applicant to meet the expected future maintenance costs in respect of their property;
- How fully the property is occupied;
- The circumstances of any other joint owners of the property who live in or intend to live in it;
- Where the value of applications for assistance exceeds the available discretionary budget, the assessed priority of the application when compared to other applications received.

6. Grants for property conversion

- 6.1 Part of the recommended grant programme for 2002-03 comprises continued funding for the conversion to residential use of existing non-residential buildings, both in the Renewal Area and elsewhere, and where appropriate the self-containment of existing residential accommodation to form flats or houses with their own separate amenities.
- 6.2 This part of the grants programme has been particularly successful in encouraging the provision of both new and improved (self-contained) rented accommodation, whilst at the same time encouraging private investment in the built fabric of the renewal area. It has also had a significant impact in reducing unused commercial space (including that above shops) and the number of vacant properties, particularly in the town centre.
- 6.3 It is important that the council is responsive to prospective developers and that projects which might offer the potential for considerable investment of private resources are encouraged. Cabinet is therefore recommended to maintain the scope of the 'Grants for Property Conversion' scheme as set out in Appendix A.

7. Home energy conservation act - progress update

- 7.1 The council was required by the Home Energy Conservation Act (HECA) to seek to bring about a 30% reduction in domestic energy consumption over the ten years from 1st April, 1996.
- 7.2 A telephone survey carried out last year indicated that improvements to properties in the Borough had brought about a reduction in energy consumption of 10.2% to 1st April, 2001. This keeps this authority's performance to date on track to meet the 30% energy efficiency improvement target within fifteen years.
- 7.3 Energy Efficiency Grant Initiatives in 2002-03
- 7.4 It is proposed that the 'Warm and Well' initiative is used as the principal means of encouraging the installation of energy efficiency measures in private homes in Cheltenham during 2002-03.

- 7.5 More than 250 Cheltenham households have already been provided with advice through 'Warm and Well' and it is already clear that demand for financial assistance from low income households is likely to exceed available resources.
- 7.6 The project will be successful in combating fuel poverty and it is recommended that grant resources previously used for other energy efficiency grant initiatives be channelled through the 'Warm and Well' scheme.
- 7.7 The 'Warm and Well' scheme has secured competitive bulk discount prices on a range of energy efficiency measures including cavity wall, loft insulation and central heating. This aspect of the initiative is not means-tested and can be accessed by any Gloucestershire household. Prices have been further discounted following successful negotiation with Scottish Power which is providing cash discounts using monies provided through the Energy Efficiency Commitment (EEC). This means for example, that cavity wall insulation can be installed at lower cost than through the council's cavity wall cash-back scheme which it is recommended is discontinued, with the resources vired into the 'Warm and Well' project.

8. Vacant property rehabilitation

- 8.1 It is proposed that discretionary renovation grant assistance should remain available to prospective landlords and owner occupiers to encourage the rehabilitation of vacant properties that are listed on the council tax register as having been vacant for more than a year.
- 8.2 In these circumstances, the usual three year residency requirement in respect of owner occupiers should continue to be waived.

9. Conclusions

- 9.1 This report sets out a proposed private sector grant allocation policy for the council in 2002-03 and seeks to balance the strategic priorities of the council within the context of the latest Housing Strategy, our allocation of resources from central government and the agreed budget.
- 9.2 Given the government's agenda, it is likely that there will be a significant shift in respect of private sector renewal activity, with increasing emphasis on alternatives to renovation grant assistance. The council's will need to develop new policies and mechanisms to deliver this agenda.
- 9.3 Increasingly, private sector housing activities will need to be responsive to the priorities determined by the community plan and the local strategic partnership.

10. Implications

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| 10.1 | Financial | None arising directly from this report. |
| 10.2 | Legal | None. |
| 10.3 | Personnel | None. |
| 10.4 | Equal opportunities, social justice and anti-poverty | Renovation grants are one of the most direct forms of assistance which the council can provide to assist those who are financially and/or socially disadvantaged or who live in areas exhibiting high levels of deprivation. |

10.5 Environmental

The energy efficiency initiatives proposed are a major plank of the council's HECA strategy which seeks to bring about significant improvements at a local level recognising the threat posed by global warming and the need to manage finite resources in a more sustainable manner.

Background Papers

None.

Contact Officer

Mike Redman, Head of Private Sector Housing, 01242 264209 MikeR@cheltenham.gov.uk

Private Sector Housing Division



Renovation Programme 2002-03 - Grants for Property Conversion

Grants Available from 1st April, 2002

During 2002-03, the council has decided to continue to encourage the provision of properties to rent within the Lower High Street Renewal Area and elsewhere, by offering renovation grant assistance towards the cost of property conversions.

The council is particularly keen to encourage the provision of new accommodation within the important town centre area, by the conversion of existing vacant non-residential buildings to a residential use (subject to applicants obtaining planning and building regulation approval and any other relevant statutory permissions), particularly vacant space above shop premises.

As a guide, the council has approved the following criteria against which applications for grant assistance will be judged:-

- 1) Conversions must provide self-contained units of accommodation, preferably from buildings which do not currently have a residential use (although other applications will be considered);
- 2) Applicants must obtain all necessary statutory permissions before an application will be approved;
- 3) The minimum size of unit should be in line with the following specification:

	Minimum size
At least one bedroom	10 sq. metres (110 sq. ft.)
Living room	13 sq. metres (130 sq. ft.)
Bathroom/shower room	3.7 sq. metres (40 sq. ft.)
Kitchen	5.0 sq. metres (55 sq. ft.)

- 4) The accommodation provided will be expected to offer a thirty year life expectancy without requiring further major repairs and the specification of works should therefore be drawn up accordingly. In addition, the following will be expected:-
 - i) Independently metered supplies of electricity, gas and water;
 - ii) Central heating;

- iii) An electrical installation which provides adequate lighting and power outlets, fully in accordance with the current edition of the I.E.E. Regulations.

The council has set the ‘target’ grant payable per unit of accommodation at £10,000 or 50% of the eligible conversion costs (whichever is the lower), although applications requiring a larger public subsidy will be considered subject to an absolute maximum of £20,000 per dwelling unit in grant aid.

The total maximum sum available in 2002-03 is £100,000.

Grant Conditions

1. In approving an application for a grant, the council may require that the eligible works are carried out in accordance with any specification they decide to impose. Any variation to the scheme submitted will be agreed with the applicant prior to grant approval.
2. The eligible works must be carried out within twelve months from the date the application is approved. The council may extend this period, but will only do so in exceptional circumstances, for example, where other works which could not have been reasonably foreseen when the application was made are found to be necessary.

In determining which schemes to approve, the council may have regard to the likelihood of any individual scheme being completed within the financial year.

3. Applications for assistance must be accompanied by a certificate of availability for letting, setting out the intention of the applicant to let the property for five years from the certified date of completion. Failure to comply with this stated intention, or the disposal of the property concerned may result in a requirement by the council for the grant to be repaid.

If this condition is breached, the owner for the time being of the dwelling, shall pay the council on demand the total amount of the grant, together with compound interest on the amount as from the certified date, calculated at such reasonable rate as the council may determine and with yearly rests.

This condition is a local land charge and is binding on any person who is for the time being an owner of the premises concerned.

4. It is a condition of a renovation grant that if an owner makes a relevant disposal of the premises to which the application relates, (other than an exempt disposal):
 - (a) of the whole or part of the premises to which the application relates,
 - (b) after any instalment of grant has been paid, and
 - (c) before the certified date,he shall repay to the council on demand the amount of grant that has been paid.
5. It is a condition of a renovation grant that if an owner makes a relevant disposal of the dwelling to which the application relates or, in the case of a conversion application, any dwelling provided by the works (other than an exempt disposal):
 - (a) of the whole or part of the dwelling,
 - (b) on or after the certified date, and
 - (c) before the end of five years from the certified date,

he shall repay to the council on demand the amount of grant that has been paid.

In the case of a conversion application, the grant will be treated for this purpose as apportioned equally between the dwellings provided.

This condition is a local land charge and is binding on any person who is for the time being an owner of the premises concerned.

The term 'exempt disposal' is defined by the Housing Grants, Construction and Regeneration Act 1996, Section 54 and includes a disposal of the whole or part of the premises which is:-

- i) a conveyance to the owner or one of the joint owners of the dwelling or to a wife or husband, or former wife or husband of one of the joint owners, or a member of that person's family, or in the case of a company, it is an associated company;
- ii) a vesting in a person taking under a will or an intestacy;
- iii) by court order in the course of a domestic/marital breakdown;
- iv) a compulsory disposal, or by agreement, to a public body with compulsory purchase powers, or
- v) of land which is 'included land' under Section 184 of the Housing Act 1985.

For you require further advice about the scheme or the conditions attached to the grant offer, please contact **Mike Redman**, Head of Private Sector Housing, direct on **Cheltenham 264209**.

If you have any suggestions as to how you believe the scheme could be improved, or you wish to register your interest so that you can be kept informed of future developments, please do not hesitate to 'phone, e-mail or write to us.

Private Sector Housing Division
Cheltenham Borough Council
Municipal Offices
Promenade
Cheltenham Glos. GL50 1PP
Telephone: (01242) 264207 or 775008

e-mail: privatehousing@cheltenham.gov.uk