

**Report of Head of Housing Support**

**Report to Director of Environment and Neighbourhoods**

**Date: February 2016**

**Subject: Private Sector Housing Assistance Policy**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**1.0 Summary of main issues**

1.1 The Regulatory Reform (Housing Assistance) Order 2002 provides local housing authorities with a general permissive power to assist property owners with improving housing conditions. A local housing authority can only exercise these powers if it has adopted a Private Sector Housing Assistance Policy. The report sets out the key provisions within the proposed policy for Leeds including assistance to secure housing adaptations, security measures for people experiencing domestic violence, housing improvement loans and loans to facilitate bringing empty homes back into use. The policy represents an opportunity to align these funding streams and generate efficiencies and benefits from doing so. Funding for adaptations is part sourced from government allocation – Disabled Facilities Grant (DFG). There is no ring-fence attached to DFG allocations and funding can be used for wider housing improvement initiatives if a Private Sector Housing Assistance Policy has been developed.

**2.0 Recommendations**

2.1 Approve the proposed Private Sector Housing Assistance Policy.

2.2 Approve the proposal to fund staffing activity on bringing Empty Homes back into use to the value of £102k and £60k cost of Sanctuary installations from the £6.7m Disabled Facilities Grant budget, transferring the grant funding to the two new schemes, in both 2015/16 and 2016/17.

## **1.0 Purpose of the Report**

- 1.1 Approve the proposed Private Sector Housing Assistance Policy.
- 1.2 Approve the proposal to fund staffing activity on bringing Empty Homes back into use to the value of £102k and £60k cost in 2015/16 from Sanctuary installations from the £6.7m Disabled Facilities Grant budget – transferring the grant funding to the two new schemes.
- 1.3 Approve the proposal to fund staffing activity on bringing Empty Homes back into use to the value of £102k and £60k cost in 2016/17 from Sanctuary installations from the £6.7m Disabled Facilities Grant budget. This proposal will be further set out in a decision report for the 2016/17 Disabled Facilities Grant – transferring the grant funding to the two new schemes.

## **2.0 Background Information**

- 2.1 The Regulatory Reform (Housing Assistance) Order 2002 (RRO) gives local housing authorities a general permissive power to provide property owners with assistance to improve housing conditions. The powers can only be applied if the local housing authority adopts a Private Sector Housing Assistance Policy.
- 2.2 Paragraph 3 of the RRO states that local housing authorities can offer property owners assistance to acquire, adapt, improve, repair and demolish/re-build living accommodation.
- 2.3 The proposed Private Sector Housing Assistance Policy covers assistance that Housing Leeds can offer to households to adapt privately-owned/rented property, to provide security measures to create a 'safer' living environment for people who have experienced domestic violence or hate crime from someone who doesn't live with them, group repair to privately owned housing and equity release or interest loans to improve housing conditions or facilitate bringing empty homes back into use.
- 2.4 Housing adaptations are funded through the Disabled Facilities Grant (DFG) funding stream. The DFG is paid as an annual grant by government. DFG allocations have since 2010/11 been paid as a non-ring fenced capital allocation as part of the Single Capital Pot – in accordance with s31 of the Local Government Act 2003.
- 2.5 The 2013 Parliamentary report on DFGs (page 7) cites the government view on removing the ring-fence: 'This decentralisation will give local authorities the ability to commission services innovatively, for example by linking up with other related funding streams and programmes to produce better outcomes from available resources'<sup>1</sup>.
- 2.6 The RRO and the removal of the ring-fence of the DFG allocation gives local housing authorities the power to align housing adaptation funding with other private

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<sup>1</sup> <http://researchbriefings.files.parliament.uk/documents/SN03011/SN03011.pdf>

housing funding streams providing that a Private Sector Housing Assistance Policy has been adopted.

- 2.7 In September 2012 the Leeds City Council Executive Board agreed a £40m housing investment programme including an allocation for tackling empty housing and poor standards in the private rented sector. Concentrated areas of poor housing has been targeted using funding to cover loan payments to bring empty homes back into use, Compulsory Purchase Orders on specific properties, investment in partner services and the staffing of an Empty Homes team within the Private Sector Housing service of the Council. The 2015/16 funding for the team is £382k. The funding allocation establishes the principle that staffing related to tackling empty properties can be capitalised.

### **3.0 Main Issues**

- 3.1 The Private Sector Housing Assistance Policy sets out the framework for administering Disabled Facilities Grants (DFGs). DFGs are mandatory means-tested grants that assist disabled home-owners, private tenants and housing association tenants to live independently in their own homes by funding housing adaptations to create an accessible living environment.
- 3.2 DFGs are ordinarily capped at £30k with a means-test applied based upon the disabled person's income and savings. Applicants in receipt of specific personal benefits are automatically eligible for the full cost of adaptations. The means-test is not applied to applications to assist disabled children. The policy sets out the capacity of Housing Leeds to waive the £30k cap/need for specific applicants to make a contribution to the cost of adaptations.
- 3.3 The policy sets out the capacity for the Council to apply a charge on adaptations costing over £5k when the property is sold within a ten year period. The Council can recover adaptation costs up to a maximum value of £10k. The Council will assess each case on its individual merits and this is useful tool to ensure that funding is used as effectively as possible in relation to funding accessible living environments for disabled people.
- 3.4 The policy sets out the capacity for DFG funding to be used to provide an equity release loan for the cost of the eligible works that exceeds this £30k cap. This interest free loan is registered as a local land charge and is recovered by the Council at the point of sale of the property. There are a number of exemptions that are applicable and the Council judges each case on its individual merits before recovering costs.
- 3.5 The policy includes the Council's provisions relating to equity release and interest free loans that help vulnerable home-owners to improve their homes if they are in poor repair, have Category 1 hazards present or are not water/weather tight. The equity release loan option (up to £15k per property) is for home-owners who cannot access commercial borrowing and have sufficient equity in their home. There is a current regional budget of £2m (administered by Sheffield City Council) to support borrowing. The interest free loan option is for households who can afford to pay up

to £5k over a maximum five year term. There is £50k budget for this scheme – which is continually replenished by repayment.

- 3.6 The policy includes the Council's provisions relating to equity release and interest free loans to support owners to bring empty properties back into use. Maximum loans are £30k, are subject to interest and repayable within five years. Repayments are recycled to support further borrowing. The Council, in partnership with Leeds Credit Union, supports the offer of interest free loans of up to £5k, repayable within two years, to cover the cost of minor repairs and facilitate bringing empty homes back into use.
- 3.7 The policy covers the Leeds Neighbourhood Approach (LNA) which targets poor standard housing, landlordism and empty homes in specific areas. The policy specifically focuses on the option for the Council to initiate compulsory purchase action when a property refuses to take action to bring property up to an acceptable standard of maintenance or back into use.
- 3.8 The policy covers the provision of the Sanctuary scheme that offers people who have experienced domestic violence/other hate crime, and the perpetrator is not living in the family home, a range of security measures to create a 'safer' living environment. There is no cost to property owners for works carried out although a recommendation to proceed is required from West Yorkshire Police. The works are carried out by Housing Leeds – Property and Contracts.
- 3.9 The development of the Private Sector Housing Development will promote the alignment and pooling of different private sector housing funding streams. For example, it may well be appropriate to offer a DFG applicant a mandatory grant up to a specified value to deliver adaptations and to complement this with an equity or interest free loan to carry out wider housing improvement work. The use of the same contractor may well generate cost savings to both the Council and the property owner.

### **Funding and Staffing**

- 3.10 The DFG budget comprises a government allocation (£2.93m in 2015/16) and council contribution (£3.77m in 2015/16) with a combined value of £6.7m. The budget covers staffing costs relating to assessing adaptation need (£200k cost of ASC managed Occupational Therapists) and drawing up adaptation schemes/processing DFG applications: £708k in 2015/16. The principle that capital eligible staffing costs can be funded through the DFG budget is established.
- 3.11 Since 2010 the ring-fence relating to DFG funding has been removed and the funding can be used for any capital purpose – in accordance with s31 of the 2003 Local Government Act.
- 3.12 DFG funding can be used for the purposes of wider housing improvement, in accordance with the Regulatory Reform Order (Housing Assistance) 2002, providing the Council has an approved Private Sector Housing Assistance Policy.

- 3.13 Staffing activity, within the Private Sector Housing Team, relating to bringing empty homes is capitalised through the New Homes Bonus programme. This decision was approved by Executive Board in September 2012. A budget of £382k, covering 13 FTE posts, is in place.
- 3.14 It is proposed to capitalise a further 3 FTE posts, 1 PO2 Principal Housing Officer and 2 SO2 Senior Housing Officer posts, as the officers carry out work relating to bringing empty homes back into use and are not included within the existing £382k capital budget. The cost of capitalising the three posts is £102k in 2015/16. It is proposed to use available funding within the DFG budget to cover the cost of the three posts. There is available budget within the 2015/16 DFG budget to cover the cost. The DFG government allocated national pot is increasing from £220m in 2015/16 to £394m in 2016/17 (and will rise to £440m by 2019/20) and therefore it is highly likely that the current funding pot of £6.7m will be maintained – any increase in government allocation can be offset by a reduction in the council contribution. Officers can therefore be confident that the £102k staffing contribution from DFG for bringing empty homes back into use can be maintained in 2016/17 and future years.
- 3.15 The capitalisation of £102k in staffing costs will generate a saving to the General Fund of the same value. This funding could be used to cover the cost of Housing Inspector posts, within the Private Sector Housing Team, that are used to inspect private rented properties that are used to end or prevent a homelessness situation. The post holders contribute to improving housing standards in the private rented sector and to helping maintain the current low level of temporary accommodation placements. The post holders will also be needed to carry out inspections prior to properties being accepted onto the proposed Council's Private Rented Lettings scheme – which will generate income for the Council.
- 3.15 It is also proposed to use available DFG funding to part fund the Sanctuary scheme. The Sanctuary scheme has been in place since 2003/04 and is an established capital budget. The provision of the Sanctuary option makes an important contribution to the city's Breakthrough Project on Domestic Violence and Abuse with customers often accessing the service through the Domestic Violence Front Door Hub. The 2015/16 capital (HRA sourced) Sanctuary budget is £110k. The service is cross-tenure and therefore the HRA should not be wholly funding the service. 383 customers had taken up a Sanctuary offer in 2015/16 (up to 11 January 2016) at a cost of £80k. The forecast is that spend in 2015/16 will be at least £110k. It is therefore proposed to set aside £60k of DFG funding in 2015/16 to ensure that the Sanctuary scheme can continue to be provided. There is sufficient budget in 2015/16 to make this allocation. The budget for 2016/17 will be made up of £60k DFG contribution and £50k HRA contribution. Officers are confident, in line with the points made in paragraph 3.14, that there will be available funding through the DFG budget in 2016/17.

## **5.0 Corporate Considerations**

### **5.1 Consultation and Engagement**

- 5.1.1 No customer consultation has been carried out in respect of the proposals set out in the report. Officers have had regard for the Private Sector Housing Assistance Policies established by other authorities. Officers have also had regard for the 2013 Parliamentary report on DFG that states the funding can be used for a range of capital purposes if a Private Sector Housing Assistance Policy is in place.

## **5.2 Equality Diversity Cohesion and Integration**

- 5.2.1 The majority of people in Leeds live in private housing (including 76% of older people) and the poorest quality housing is also found in the private sector. The establishment of a Private Sector Housing Assistance Policy, with the accompanying alignment and potential pooling, will contribute to the Council's plans to improve the quality of private sector. The provision of housing adaptations makes an important contribution to the Breakthrough Project of making Leeds the best city to grow old in and the Sanctuary scheme the Breakthrough Project to tackle Domestic Violence and Abuse.

## **5.3 Council Policies and City Priorities**

- 5.3.1 The establishment of a Private Sector Housing Assistance Policy, with the accompanying alignment and potential pooling, will contribute to the Council's plans to improve the quality of private sector. The provision of housing adaptations makes an important contribution to the Breakthrough Project of making Leeds the best city to grow old in and the Sanctuary scheme the Breakthrough Project to tackle Domestic Violence and Abuse.

## **5.4 Resources and Value for Money**

- 5.4.1 DFG funding can be used to cover wider housing improvement work providing the Council has an approved Private Sector Housing Assistance Policy. There is sufficient budget in place to cover the cost of the proposals. The capitalisation of staffing costs relating to bringing empty homes back into use and the part funding of the Sanctuary scheme will alleviate budget pressure in the General Fund and HRA.

## **5.5 Legal Implications, Access to Information and Call In**

- 5.5.1 There is no ring-fence attached to the capital use of DFG funding (s31 2003 Local Government Act) and can be used for a wide range of housing improvement options (in accordance with the 2002 RRO (Housing Assistance) providing that a Private Sector Housing Assistance Policy is in place.
- 5.5.2 The proposals set out in the report represent a significant operational decision.
- 5.5.3 The report contains no confidential information.

## **5.6 Risk Management**

- 5.6.1 The proposals set out in the report conform to the relevant legal framework. There is sufficient budget within the DFG to cover the cost of the proposals in 2015/16 and in future years.

## **6.0 Conclusion**

- 6.1 The establishment of a Private Sector Housing Assistance Policy, with the accompanying alignment and potential pooling of budgets, will make an important contribution to the Council's priority of improving private sector housing. The proposals to use DFG funding to further fund empty homes staffing activity and part fund the Sanctuary scheme is in accordance with the relevant legal framework and there is sufficient budget within the DFG to cover these costs.

## **7.0 Recommendations**

- 7.1 Approve the establishment of a Private Sector Housing Assistance Policy.
- 7.2 Approve the use of £102k from the DFG budget, transferring the budget to the new scheme, to fund staffing costs relating to bringing empty homes back into use for 2015/16.
- 7.3 Approve the use of £60k from the DFG budget, transferring the budget to the new scheme, to part fund the Sanctuary scheme for 2015/16.
- 7.4 Approve the use of £102k from the DFG budget, transferring the budget to the new scheme, to fund staffing costs relating to bringing empty homes back into use for 2016/17.
- 7.5 Approve the use of £60k from the DFG budget, transferring the budget to the new scheme, to part fund the Sanctuary scheme for 2016/17.

## **8.0 Background**

- 8.1 Parliamentary Report on Disabled Facilities Grant (2013).
- 8.2 Regulatory Reform (Housing Assistance) Order 2002.

The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.