

PRIVATE SECTOR FINANCIAL ASSISTANCE POLICY

Approved July 2016

1.0 Introduction

- 1.1 There is a requirement under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 for local housing authorities to have a financial assistance policy. The key specific term used is to 'Improve Living Conditions in their area'. This assistance can take a number of forms and can include conditions that should be set by the Authority.
- 1.2 Hazards in private rented housing are dealt with under Part 1 of the Housing Act 2004 – advice and support is available for landlords to bring their property up to acceptable standards and where they don't, enforcement options are available.
- 1.3 Disabled Facilities Grants (DFG's) are subject to separate legislation; the 1996 Housing Grants, Construction and Regeneration Act, and any loan given to disabled people through this policy will be made in line with the requirements of the legislation.
- 1.4 Executive Board adopted the current Private Sector Housing Renewal Strategy on 6 June 2013. The strategy stated that the Council will maintain a Private Sector Housing Financial Assistance Policy and set out the overarching principles of such a policy. These are:
- To provide homeowner advice and support to obtain external funding (i.e. commercial loan, credit union, charities and equity release).
 - To consider direct financial assistance to support access to external funding, relocation and small scale work (handyperson service).
 - To provide additional support for disabled people in the form of grants or loans.
- 1.5 The current Financial Assistance Policy was approved in 2011. This was not updated as part of the Private Sector Housing Renewal Strategy in 2013. It is no longer relevant due to changes in grants and funding opportunities. The 2011 policy is attached as Appendix A

2.0 Local Context

- 2.1 North Kesteven District Council has two key functions in its relationship with the private rented sector. First, a strategic enabling role to help landlords provide an essential private rented housing service, and second, a regulatory role to ensure that the health, safety and welfare of tenants is protected.
- 2.2 Table 1 gives a comparison of the findings of the 2009 and 2014 private sector surveys for North Kesteven where direct data comparisons can be made.

	All stock		Private rented sector		
	2009	2014	2009	2014	Change
No. of dwellings	46910	47272	5,130 (11%)	6,595 (14%)	+1465
No. of dwellings falling below EPC rating E			687 (13.4%)	1600 (24.2%)	+1013
No. of Category 1 hazards			862 (16.8%)	1452 (22%)	+590
Fuel poverty (10%) definition 1 ¹			1443 (28.1%)	1627 (25%)	+184
Average simple SAP score			53	50	-3 (E rating)

Table 1: comparison of private sector surveys for 2009 and 2014

2.3 In addition to data where direct comparisons can be made between 2009 and 2014, the 2014 survey identified:

- 1,137 incidents of Category 1 excess cold hazards; and
- 1,580 incidents of fuel poverty determined where tenants have required fuel costs that are above the national median level and were they to spend that amount, they would be left with a residual income below the official poverty line.

2.4 The local trend shows that privately rented housing is increasing in the district, both in real terms and as a proportion of overall stock, and that category 1 hazards and fuel poverty, by all accepted definitions, is significant in private rented properties.

3.0 Proposed Policy Initiatives to provide assistance.

3.1 It is proposed that where financial assistance is offered, it will be provided on the basis of an interest free loan. Requests for financial assistance will be considered and approved by the Head of Housing and Property Services.

Equity release

3.2 Equity release is where funding can be released by a homeowner by selling off a stake in the equity of their property. The Council will promote and provide guidance on schemes known to be safe such as Just Retirement Solutions. If the money released is to fund disabled adaptations or necessary repairs, the set up costs, if appropriate, may be funded by the Council in the form of an interest free loan up to a maximum of £1,000.

Discretionary assistance for disabled people

3.3 The Council may provide a package of additional assistance for disabled people above that provided for by the mandatory Disabled Facilities Grant (DFG). This applies to all tenures and can take the form of one or more of the following:

- Assisting with the acquisition of alternative accommodation, and where necessary, carrying out adaptations, where the total cost will be the same or less than adapting their existing home.
- Providing help to a DFG applicant to meet their assessed contribution to the cost of works when no other form of external funding is available and where the applicant

¹ A household is said to be fuel poor if it needs to spend more than 10 per cent of its income on fuel to maintain an adequate level of warmth

cannot fund the contribution themselves.

- Make a contribution to larger schemes where the cost of works exceed the maximum DFG limit (currently £30,000).
- Funding work for the health and wellbeing of the disabled occupant but falling outside the mandatory DFG criteria (i.e. provision of adaptations to assist a disabled person to work from home).

3.4 Other cases will be considered on merit. In all cases, the applicant's financial standing will be assessed by the Council's Money Advice service. Where agreed, interest free loans of up to a maximum of £10,000 may be available in all instances.

Small scale assistance

3.5 For those over the age of 60 or disabled, and in receipt of a qualifying income related benefit (to replicate the passporting benefits criteria for a disabled facilities grant and to include Council Tax benefit), an interest free loan of up to £1,000 may be made available to home owners for small scale repairs to remove a serious hazard, to prevent a defect leading to a more significant problem or to provide security measures.

Energy Efficiency

3.6 Homeowners who cannot access sufficient funding through external initiatives such as Energy Company Obligation (ECO) or Responders to Warmth, may be offered an interest free top up loan of up to £5,000 to repair or replace defunct heating systems, or to improve the energy efficiency of the home through recognised means, such as loft, cavity or solid wall insulation.

Relocation assistance

3.7 Where a home owner wishes to move home as an alternative to carrying out significant repairs or adaptations, the Council will consider providing financial support toward the associated costs (e.g. Legal and selling expenses, furniture removal etc.) where the move may be jeopardised because of financial constraints. This will take the form of an interest free loan of up to £2,500

Initiatives to provide financial assistance to Private Landlords

3.8 Landlords who cannot obtain a commercial loan may be offered an interest free loan of up to a maximum of £10,000 in order to improve their rental property where:

- a) The Council has identified a CAT 1 or CAT 2 hazard, as defined by the Housing Health and Safety Rating System (HHSRS); or
- b) The property has a SAP rating of D or below – the SAP rating must be carried out by a qualified energy assessor (NKDCs Building Control unit can provide this service) – and the financial assistance offered will improve this to a SAP rating of C or above.

3.9 Should a landlord seek funding to rectify both a) and b) above, any support provided will be limited to £10,000.

Cases needing greater support

3.10 Where a case falls outside the above criteria, and where no alternative funding or other suitable housing options are available to the homeowner, the Head of Housing

and Property will consider the provision of financial assistance on merit. In reaching a decision, consideration will be given to the recommendations of the Housing Renewal team following liaison with the Housing Needs team. Financial assistance will be limited to an interest free loan of up to an interest free loan up to a maximum of £10,000.

4.0 Who Can Apply

4.1 The legislation does not define who can or cannot apply for assistance. For the purposes of the proposed policy, it is considered that assistance will be offered to homeowners, private landlords and private and housing association tenants. The conditions of the assistance will differ depending on the residential status of the applicant. Where a tenant applies, they must first receive prior written consent from their landlord giving permission for the work to be carried out.

5.0 Loans Repayment and Conditions

Repayment

5.1 In all cases, the loan will be recovered by one of the following means:

- a) secured as a Land Registry Charge placed upon the property and recovered when the property is sold; or
- b) repaid instalments over an agreed period of time not exceeding 60 months.

5.2 For homeowners and private landlords either a) or b) may be used. For private or housing association tenants only b) will be agreed as it would not be possible to apply conditions against a property they do not own.

Conditions of the loan - Private Landlords

5.3 In order for a private landlord to take advantage of the loan they must have no alternative means of funding available and gain accreditation under the DASH landlord accreditation scheme. By doing this they will be committing to being a good landlord with good standards of rental properties.

5.4 The amount of loan and repayment period will be considered on a case by case basis by the Head of Housing and Property. Landlords are required to obtain three itemised quotations.

5.5 A loan can only be offered to remove any CAT 1 and CAT 2 hazards or to improve the SAP rating to at least a 'C' rating. If the works costs more than £10,000, the landlord must show that the additional funds are available before any loan can be offered.

5.6 The money will be paid direct to the contractor who carries out the work upon the production of satisfactory invoices and inspection by the Council to check that the work has been completed to an appropriate standard.

5.7 If the landlord fails to gain DASH accreditation within one year of receiving the loan, they will be required to repay the money in full.

Conditions of the loan - Homeowners and Private Tenants

5.8 Homeowners and private tenants will be required to provide the Council with the necessary financial information in order to carry out a means test and/or to evidence receipt of benefits.

5.9 It will also be a condition that, where appropriate, the applicant engages with the Council's Money Advice service to evidence their financial position and to determine an affordable repayment term.

6.0 Resourcing the Policy

6.1 Uncommitted Department of Communities and Local Government (DCLG) grant remaining in reserves to fund the policy initiatives currently stands at £183,370.33. This is the maximum amount available, and if expended the funding of the policy would need to be reconsidered.

6.2 Current staff resources in the Housing Renewal team and Environmental Protection team will deliver the policy with support from the Housing Needs team, Wellbeing Service and Money Advice Service where appropriate.

6.3 Although there is a requirement to offer financial assistance, it has not in the past been widely used. The Policy is not, therefore, seen to present a resource implication for the Council.

BACKGROUND PAPERS

The following background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report but if none were used then please state

Title	Location of Background Papers
Regulatory Reform (Housing Assistance) (England and Wales) Order 2002.	http://www.legislation.gov.uk/uksi/2002/1860/contents/made
Part 1 of the Housing Act 2004	http://www.legislation.gov.uk/ukpga/2004/34/part/1
Private Sector Housing Renewal Strategy	https://www.n-kesteven.gov.uk/EasySiteWeb/GatewayLink.aspx?allId=5819
1996 Housing Grants, Construction and Regeneration Act	http://www.legislation.gov.uk/ukpga/1996/53/contents