

CABINET MEETING – 9 MARCH 2011

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Housing Financial Assistance Policy (FAP) 2011-14

Author(s):

Executive Director of Health, Housing and Adult Services

Purpose of Report:

To seek Cabinet's approval to the Housing Financial Assistance Policy (FAP) 2011-14 which provides the policy framework for the range of assistance available through the Council's strategic housing functions

Description of Decision:

Cabinet is asked to approve the FAP, which is appended to this report

Is the decision consistent with the Budget/Policy Framework? Yes

If not, Council approval is required to change the Budget/Policy Framework

Suggested reason(s) for Decision:

To ensure that the Council has an effective Housing FAP that is responsive to government initiatives and is aligned with regional policy

Alternative options to be considered and recommended to be rejected:

The Regulatory Reform Order (England and Wales)(Housing Assistance) 2002 requires councils to produce a Private Sector Housing Policy outlining where it intends to use the powers provided by the Order. Without a Policy, the Council would be unable to administer a financial assistance scheme.

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the Forward Plan? Yes

Relevant Scrutiny Committee:

Sustainable Communities
Health and Well Being

REPORT OF THE EXECUTIVE DIRECTOR OF HEALTH, HOUSING AND ADULT SERVICES**HOUSING FINANCIAL ASSISTANCE POLICY 2011-14****1. PURPOSE OF THE REPORT**

- 1.1 To seek Cabinet's approval to the Housing Financial Assistance Policy (FAP) 2011-14 which provides the policy for framework for the range of assistance available through the Council's strategic housing functions

2. DESCRIPTION OF DECISION

- 2.1 Cabinet is asked to approve the FAP, which is appended to this report

3. BACKGROUND

- 3.1 In December 2007 Cabinet approved a new Financial Assistance Policy (FAP) 2008-11. The revised FAP was developed in response the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 (the RRO) which gives Local Authorities the power to assist residents to improve, repair, adapt and rebuild their property as well as assisting those requiring relocation in clearance areas. The revised FAP for 2008 – 11 shifted the emphasis from a grant led approach to a loan led approach however still offered grants as a last resort. A further amendment in 2009 introduced a complete move to loans for the purpose of home improvements for homeowners.
- 3.2 The RRO radically changed the way in which government seeks to encourage private sector home improvement in England and Wales. The RRO removed much of the prescriptive nature of previous legislation, instituting a general power on local authorities to provide "assistance", "in any form", "to any person", "to improve, repair, adapt or rebuild residential premises".
- 3.3 The revised FAP is also reflective of the Government's view that it is primarily the responsibility of home owners to maintain their own property. However, it is recognised that some vulnerable homeowners do not have the necessary resources to ensure that their homes are in a decent state of repair. The Department for Communities & Local Government (CLG) has emphasised the need to use resources efficiently to help more vulnerable residents, achieved through the recycling of loan funding.

Background for products that are new to the FAP

- 3.4 Whilst the RRO only stipulates that the powers afforded under the Order need to be publicised through Financial Assistance Policies, Sunderland's FAP 2011-14 details all forms of assistance offered by the Council's strategic housing functions. The purpose of amending the FAP in this way is to make information more accessible to customers in order to enable them to make informed housing choices.
- 3.5 An amendment was made to the previous FAP in July 2009, introducing Council Mortgages to meet the needs of prospective homeowners who can not access a mortgage the commercial market but meet the eligibility criteria for purchasing a home in an area that supports the council strategic housing objectives. This amendment was the first step towards the creation of a more holistic Housing FAP, more specifically to increase the range of options available to residents of Sunderland to enable them to access housing of their choice.
- 3.6 In 2002 the Government amended the Homelessness Legislation through the Homelessness Act 2002 and the Homelessness (Priority Need for Accommodation) (England) Order 2002. In part this amendment aimed to ensure a more strategic approach to tackling and preventing homelessness. As this preventative agenda continued to grow, a new revised Code of Guidance was published in 2006 which a local authority is required to have regard to in exercising their functions under part 7 of the Housing Act 1996. The Council has fully embraced this preventative agenda and has ensured that the prevention of homelessness is at the fore of all housing advice enquiries. As part of this agenda a number of new function have been created within the Housing Options Team to assist customers and as such the following products are now included within the FAP:
- Bond guarantee scheme
 - Repossession prevention fund
 - Mortgage rescue scheme

4. CURRENT POSITION

Improvement and repair assistance for homeowners

- 4.1 The loans led FAP has been operational since August 2008 with Sunderland being one of the first authorities in the region to adopt a loans led approach. Sunderland has demonstrated considerable success in terms of achieving the outcomes set out within the policy of supporting people to improve and repair their homes both using their own finances and through the provision of loans . The model of delivery in Sunderland is being promoted as good practice throughout the region due to the fact that a strong casework approach has been developed meaning even where homeowners do not qualify for financial assistance they are supported through the repair process.

- 4.2 The North East Home Loan Partnership (HLP) was established in 2008 to progress the introduction of loans across the region. Through the appointment of a Project Manager, the HLP has made significant progress resulting in the appointment of a Loan Administrator who provides a range of services to each local authority in the region and the production of a Regional Private Sector Housing Renewal Financial Assistance Policy.
- 4.3 To date the HLP has been funded solely by Single Housing Investment Pot (SHIP) funding from the Regional Housing Board which ceases to exist on March 31 2011. Funding opportunities are currently being explored by the HLP, in partnership with local authorities, to ensure that the partnership can continue to operate and that financial assistance to support vulnerable homeowners to improve and repair their homes can be available. This form of financial assistance will only be available to homeowners if funding is secured.
- 4.4 The three types of loan offered by the Council within the Financial Assistance Policy are Equity Loans, Capital and Interest Repayment Loans and Interest Free Loans. It is intended that these can be used flexibly to target home improvement, adaptation, renewal and relocation purposes. The products are summarised within the attached policy document.

Promoting Independent Living

- 4.5 Financial assistance offered via Disabled Facilities Grant (DFG) remains unchanged under the new policy and is based on a mandatory grant regime. As was the case in the previous FAP, and following guidance contained within the RRO and CLG best guidance, discretionary assistance may be available in circumstances where:
- A contribution to the DFG is required but the applicant is unable to meet the costs;
 - Whereby the cost of adapting a disabled person's property is above the mandatory grant allocation;
 - Where relocation may be a more practical option than carrying out an adaptation;
 - In palliative care cases; or
 - Where the applicant is a child and the parents are separated but have joint custody arrangements, assistance may be available to provide adaptations in the secondary home.

Fees associated with the delivery of home improvements and adaptations

- 4.6 In order to provide a balanced budget it is proposed to increase the fees charged for the technical customer service support from 11% to 12%. Calculations to quantify the work associated with technical support have verified that the cost of this service is proportionate with

the 12% fee. This increase will bring us in line with the majority of Local Authorities in the region.

Area Renewal

- 4.7 Various forms of assistance may be available for the interventions identified as part of the area renewal schemes. This includes a combination of grants and loans to deliver a range of interventions including Block Improvement Schemes and relocation from clearance areas. The detail will be determined on a scheme by scheme basis in conjunction with relevant partners and will be presented to Cabinet in each occurrence.

Access to Housing

- 4.8 The provision of Council Mortgages provides a viable alternative for people who want to get on the housing ladder but are prevented from doing so by the unavailability of mortgage finance from mainstream lenders. All mortgages are offered in accordance with the requirements of schedule 16 of the Housing Act 1985. Rates are variable and reviewed annually. Specific eligibility criteria are outlined in the FAP.
- 4.9 The bond guarantee scheme is available where a privately rented tenancy has been identified as the most appropriate housing option for someone who is at risk of homelessness. The bond is in the form of a written guarantee to the landlord and will only be paid to the landlord in the event of breach of tenancy.

Coalition Government proposals to use the private rented sector as a means of discharging homelessness duty will see a greater use of private landlords and consequently a rise in the number of bonds to be underwritten is predicted.

Sustaining Home Ownership and Tenancies

- 4.10 The aim of the repossession prevention fund is to target financial assistance to households who are at risk of homelessness through repossession or eviction. Financial assessments will take place to assess eligibility for the fund and payments will only be made to households who genuinely can not make payments on their rent or mortgage and where they are willing to act on debt or money advice. It must also be ascertained that once the payment has been made, the rent or mortgage can be sustained by the applicant.
- 4.11 The mortgage rescue scheme is available to homeowners who are struggling to meet their mortgage payments. A Registered Provider of Social Housing, working in partnership with the Council, will purchase the property and become the owner of the property. Eligible applicants will stay in the property and pay 80% of the market rent back to the Registered Provider.

- 4.12 All of the financial provisions that are detailed within the FAP are subject to the necessary finance being available.

5. REASONS FOR DECISION

- 5.1 The introduction of a more holistic FAP which details all of the assistance available through the Council's strategic housing functions will ensure that there is one place where the broad range of housing information can be accessed to enable people to make informed housing choices.

6. ALTERNATIVE OPTIONS

- 6.1 The alternative option is to do nothing. The Regulatory Reform Order 2002 requires all Councils to produce a Private Sector Housing Policy outlining where it intends to use the powers provided by the order. Without the Policy, the Council would be unable to administer the private sector elements of assistance outlined in this report. The extension of this to other housing provisions ensures a joined up approach and one point of access for customers.

7. RELEVANT CONSIDERATIONS/CONSULTATION

- 7.1 Financial Implications / Sunderland Way of Working

The Director of Commercial and Corporate Services has been consulted on the ongoing development of the FAP and confirms that there are no direct financial consequences as a result of the recommendations contained within this report. Offers of financial assistance will only be made where financial resources are available.

- 7.2 Risk Analysis

Risk management arrangements in relation to the delivery of the policy are in place through Health, Housing and Adult Services financial and reporting and risk management processes.

- 7.3 Legal Implications

The Chief Solicitor has been consulted during the development of the FAP to ensure the legality of the Policy and financial transactions that will take part as an outcome of the FAP have been considered in a formal and structured way.

- 7.4 The Public

The FAP has been informed by a wide range of research designed to understand the housing needs of Sunderland residents, These include the Housing Market Assessment, Private Sector Stock Condition Survey and Older Persons' Lifestyle and Housing Aspirations Survey

7.5 Reduction of Crime and Disorder

The FAP aims to offer assistance to the most vulnerable households and focuses on neighbourhoods that have been identified as in need of intervention. Therefore the assistance offered via the FAP will contribute to improving the sustainability of neighbourhoods, so helping to reduce the levels of crime and disorder.

7.6 The Race Relations (Amendment) Act 2000 and the Council's Race Equality Scheme

This policy has been subject to an Impact Needs Requirements Assessment to ensure that it reflects the diversity of Sunderland's population appropriately. Nothing has been identified within the policy that is incompatible with Sunderland City Council's Equalities Scheme.

The loan products offered within this Policy are considered by most commentators to be Sharia compliant. The policy will be continually reviewed to ensure that it is meeting the needs of minority groups.

7.7 Disability Discrimination Act

The FAP includes provides the policy framework for meeting the needs of disabled residents via the provision of Disabled Facilities Grants and Discretionary Funding for adaptations.

The FAP has been through a level one Impact Needs Requirements Assessment and is compatible Sunderland City Council's Equality Scheme.

7.8 Children's Services

The FAP provides the framework for the provision of adaptations to the property of disabled children within the City. The FAP also makes provision for children living with disabilities who are living in Foster Care in accordance with the Housing Construction and Regeneration Act 1996.

7.9 Procurement

Sunderland City Council led on the procurement of a Regional Loans Administrator.

7.10 Sustainability

The Housing Financial Assistance Policy supports the aims of the Sunderland Strategy. This has been demonstrated through a Sustainability Impact Appraisal which has been undertaken for this cabinet report which also found that the Housing Financial Assistance Policy will help to improve the council's sustainability and recorded no negative impacts. The sustainability team has been consulted on this appraisal.

8. BACKGROUND PAPERS

Regulatory Reform (Housing Assistance) (England and Wales) Order 2002

Housing Grants, Construction and Regeneration Act 1996

Housing Act 2004

Homelessness Act 2002

Homelessness (Priority Need for Accommodation) (England) Order 2002

9. APPENDICES

Appendix 1 – Housing Financial Assistance Policy (FAP) 1 April 2011 – 31 March 2014.