


Cabinet	
5 April 2016	
Report of: Aman Dalvi, Corporate Director, Development and Renewal	Classification: Unrestricted
Private Sector Renewal Policy	

Lead Member	Councillor Rachel Blake, Cabinet Member for Strategic Development
Originating Officer(s)	Martin Ling
Wards affected	All Wards
Key Decision?	Yes
Community Plan Theme	A Great Place to Live

1 Executive Summary

- 1.1 The Council has a duty under Part 1, Chapter 1, Section 3 of the Housing Act 2004 to review housing conditions in its area.
- 1.2 Where housing conditions are found to require improvement, assistance can be provided under the terms of Article 3 of the Regulatory Reform (Housing Assistance) Order 2002; Under these terms a local authority is also required to have adopted a Private Sector Renewal Policy. The Policy should set out how the Council is able to assist in improving the living conditions for residents who live in private sector housing within the Borough.
- 1.3 This report updates the Private Sector Renewal Policy 2013 -2015 and incorporates the information gained from the Private Sector Stock Condition Survey 2011 and current budget information.
- 1.4 This report outlines options for updating the Council's Private Sector Housing and Renewal Policy. The last policy was produced in July 2013 to meet the requirements of the Regulatory Reform (Housing Assistance) Order 2002 that provided a new framework for private sector housing renewal.
- 1.5 A public consultation on a draft Private Sector Renewal Policy upon which the main options set out below are based was launched on the 4th January 2016 and concluded on the 1st February 2016.

Recommendations

The Mayor in Cabinet is recommended to:-

- i. Approve the Private Sector Renewal Policy attached at Appendix 1
- ii. Adopt a capital estimate of £1,573,000 for the award of Disabled Facilities Grants, as outlined in paragraph 5.2.

2 REASONS FOR THE DECISIONS

- 2.1 The Council has a duty under Part 1, Chapter 1, Section 3 of the Housing Act 2004 to review housing conditions in its district. Where housing conditions are found to require improvement, assistance can be provided under the terms of Article 3 of the Regulatory Reform (Housing Assistance) Order 2002.
- 2.2 The 2011 private sector stock condition demonstrated that housing conditions are found to require improvement and the Council has a ring-fenced budget available to spend on improvements in the private sector.

3 ALTERNATIVE OPTIONS

- 3.1 The Council could choose to adopt a modified Private Sector Renewal Policy which may require further impact assessment, but the version in the appendix is recommended for the reasons set out in the body of the report.

4 DETAILS OF REPORT

- 4.1 The Council is required to have a Private Sector Housing Renewal Policy. The current policy runs until 31st March 2016. Since the last Policy was published there have been no major changes in central government policy with regard to funding this sector, however the Government promised to double central government funding for Statutory Disabled Facility Grants, and borough allocations for 2016-17 have recently been announced.
- 4.2 According to the 2011 census, the private rented housing sector is now the single largest housing tenure in the Borough and it is growing rapidly. The table below details the tenure breakdown in more detail.

		Tower Hamlets	TH (%)
	Total occupied households	101,257	
Owned	Total	26,935	26.6 %
	Owned outright	8,648	
	Owned with a mortgage or loan	15,904	
	Shared ownership (part owned and part rented)	2,383	
Social Rented	Total	40,106	39.6 %
	Rented from council (Local Authority)	17,548	
	Other social rented	22,558	
Private rented	Total	32,964	32.6 %
	Private landlord or letting agency	31,227	
	Other	1,737	
	Living rent free	1,252	1.2%

It should be noted that the 2011 private sector stock condition survey suggested a higher figure and it is now thought that at around 40% of the stock is in the private rented sector.

- 4.3 Only the delivery of Mandatory Disabled Facilities Grants and the removal of Category 1 hazards are statutory requirements for the Council, however, the Private Sector Housing Renewal Policy seeks to support vulnerable residents to remain living safely and securely in their own homes and to enable low income residents to improve, insulate and adapt homes to meet their needs.
- 4.4 Government grant assistance for thermal insulation and energy efficiency is constantly changing and continues to be promoted to all residents through the Tower Hamlets Energy Co-op.

5 BUDGET

- 5.1 The budget is divided into two parts – mandatory Disabled Facilities Grants and discretionary minor home repairs/empty property assistance. The latter grants are subject to approval by the DCLG appointed Commissioners.
- 5.2 The only funding from Central Government is for Mandatory Disabled Facilities Grants. For 2015-16 DCLG funding was £813,000, with the Council

adding a further £250,000 through the Better Care Fund. On 10th February 2016, the DCLG announced that the Social Care Capital Grant (SCCG) that was previously included within the Better Care Fund would be integrated with the Disabled Facilities Grants to form one Disabled Facilities Grant allocation of £1,572,542 for the Authority. This was in line with a national commitment to increase funding for these grants. In order that these funds can be utilised a capital estimate must be adopted to enable the grants programme to be included within the capital programme.

5.3 It should be noted that integration into one grant may lead to budgetary pressures if schemes that were previously funded via SCCG continue into 2016-17. A review of the overall Better Care Fund programme is being undertaken, and in accordance with the decision that was approved via the Mayor's Executive Decision Making process on 21st March 2016, although the Disabled Facilities Grant resources have initially been allocated for housing grant purposes, they will be subject to review depending on any need that may arise in areas previously supported through the SCCG. Any proposed amendments will be reported to future Cabinet meetings as appropriate.

5.4 The Council has not made a specific budget commitment for discretionary Disabled Facilities Grants since 2010-11. The GLA has previously made some types of discretionary grant assistance available through the Mayor of London's Regional Housing Pot Targeted Funding Streams. This funding stream ended in 2011. However, not all of this funding was spent and it is projected that approximately £1 million of approved estimates will be carried forward into 2016-17 for discretionary grants and empty property work.

5.5 Programme costs

5.5.1 **Mandatory Disabled Facilities Grants (DFGs)** - The 2015/16 DFG programme was overcommitted and £1.52 million of DFG monies have been allocated. This means that approximately £340,000 of works will be carried forward to the 2016/17 budget and have first call on resources. However, the Government announcement to nearly double the funding allocated to the Council (paragraph 5.2) will ease the pressure on next year's budget. The maximum grant available to eligible applicants is £30,000 with the average cost of a grant being £5,996. Since the 2013-15 Policy was published, agreement has been reached with Registered Providers through the Tower Hamlets Housing Forum that they will fund 50% of Disabled Facilities Grant up to a maximum of £5,000 for their tenants.

5.5.2 **Home Repair Assistance** - these grants have been successful and could be used to remove Category 1 hazards from the homes of the most vulnerable residents in the private sector. The grant limit of £6,000 is normally adequate, with an average cost per grant of approximately £1,800.

5.5.3 **Landlord Grants** - Landlords' Improvement Grants (LIG) were only available to landlords who let property to tenants referred to them by the Council. The grants were available to remove minor hazards from the property, and were limited to a maximum of £6,000 with a contribution of up to 50% being sought from landlords. It is proposed that this grant is abolished due to lack of take up – see table below.

5.5.4 **Empty Property Grants** - there is a strong case to be made for offering these grants if a landlord is prepared to let the properties for a set time period – usually 5 years - to clients referred from the Housing Options Service at rents no higher than the Local Housing Allowance. This could be a cost effective source of accommodation in the Borough and allow the Council to discharge its homelessness duty within the private sector. It is intended to continue with the scheme with minor amendments, and promote the grants more fully with empty home owners as part of a wider engagement with the sector in 2016/17.

6 CONSULTATION

6.1 A public consultation on the proposed changes to Private Sector Renewal Policy upon which the main options set out below are based was launched on the 4th January 2016 and concluded on the 1st February 2016.

6.2 The draft Private Sector Renewal Policy and proposed changes were posted on the Council's website. In addition the draft policy was sent to the East London National Landlords Association and all Registered Providers in the Borough.

6.3 Reflecting the relatively uncontroversial nature of the consultation and the fact that another consultation was also carried out less than three years ago, no responses were received.

7 PROPOSED POLICY CHANGES

7.1 The table below sets out the current assistance available to private sector residents and then suggests how this will change in the proposed Private Sector Renewal Policy 2016 – 2018 and gives reasons for these changes.

<p>Summary of Present Policy</p> <p>Full details of policy conditions are set out in the policy document</p>	<p>Proposed Changes and reasons for the proposed changes</p>
<p>Disabled Facilities Grants:</p> <p>Owner-occupiers and Tenants</p> <p>The Council is committed to making Mandatory Disabled Facilities Grants available to all eligible owner-occupiers and private sector tenants so that they can remain living independently in their own homes. A disabled owner-occupier or tenant may apply for a Disabled Facilities Grant for a number of purposes which will primarily improve access and comfort. Full details are set out in Appendix 1.</p> <p>Mandatory Disabled Facilities grants will continue to be available to eligible owner-occupiers and private sector tenants and the maximum mandatory Disabled Facilities Grant is £30,000.</p> <p>These grants are means tested except for the benefit for a disabled child under the age of 16 or and 16-19 years old who are receiving full time education and still in receipt of child benefit is 100% grant aided.</p> <p>Applications for discretionary disabled facilities cannot be considered due to budget restrictions.</p>	<p>Proposed Changes: None</p>

<p>Private Landlords and Registered Providers</p> <p>A private landlord or a Registered Provider may apply for a Disabled Facilities Grant on behalf of a disabled tenant, or potential tenant for a number of purposes which will primarily improve access and comfort. Full details are set out in Appendix 1.</p> <p>The maximum mandatory Disabled Facilities Grant is currently £30,000. Applications for discretionary disabled facilities cannot be considered due to budget restrictions.</p> <p>Applications made by Registered Provider must also demonstrate that no other suitable accommodation is available to transfer the tenant to and that the tenant is not under-occupying the property.</p> <p>During 2013/14 officers will work with Registered Providers to agree a way of funding Mandatory DFGs for their tenants in 2014/15.</p>	<p>Proposed Changes: Incorporate approved Disabled Facilities Grants contributions from Registered Providers</p> <p>Reason for changes: Agreement was reached with Registered Providers that they will fund 50% of Disabled Facilities Grant up to a maximum of £5000 for their tenants.</p> <p>The agreement was approved by the Tower Hamlets Housing Forum Executive in 2014.</p> <p>The agreed changes will be incorporated into the new policy.</p>
<p>Small grants may be made available to eligible owner-occupiers to enable them to remain in their own homes safely and avoid minor accidents.</p> <p>Home Repair Grants may be made available to owner-occupiers who are:</p> <ul style="list-style-type: none"> • over 60, or • disabled or infirm, or the parent or carer of a 	<p>Proposed Changes: None</p>

<p>disabled child and</p> <ul style="list-style-type: none"> • in receipt of an income related benefit or eligible tax credits. <p>These grants will be for the following types of works:</p> <ul style="list-style-type: none"> • Removal of category 1 Hazards <p>Home Repair Grants will only be available if the applicant has owned and lived at the property as their only main residence for at least 3 years. The Home Repair Grant will be limited to a maximum of £6,000 per applicant in any five year period.</p> <p>The grant will not normally be available to part fund major works costing over £6,000 .These grants are not repayable.</p>	
<p>Landlords' Improvement Grants</p> <p>Landlords' Improvement Grants (LIG) will only normally be available to landlords who let property to tenants referred to them by the Council.</p> <p>The grants will be available to remove minor hazards from the property.</p> <p>The grants will be limited to a maximum of £6000 per applicant in any five year period.</p>	<p>Proposed Changes: Abolish this grant fund</p> <p>Reason for changes: It is proposed to abolish this grant fund. There have been no grant applications since it was introduced. This low demand is probably due to the following factors:</p> <p>LB Tower Hamlets has a buoyant private rented sector housing market.</p> <p>Grant levels are relatively low and aimed at minor repairs and unattractive to landlords.</p> <p>As grants are tied to Council nominations which would generally require rents to</p>

<p>The grants will not normally be available to part fund major works costing over £6000.</p> <p>The grant will be repayable if the property is sold or transferred within a 2 year period, with interest.</p> <p>The landlord will be required to make the property available for letting for tenants nominated by the Council for a period of no less than 2 years from the date of the final grant payment.</p>	<p>be set at below Local Housing Allowance levels, it is not financially attractive to landlords to apply for these grants.</p>
<p>Empty Property Grants</p> <p>Empty Property Grants may be made available to owners of empty properties who wish to refurbish, demolish and rebuild their property or to convert it into a number of units and make it available for letting. The Empty Property Grant can contribute to the cost of the works needed to bring the home up to the decent homes standard and incorporate works to make the home safe, secure and affordable to keep warm.</p> <p>Only landlords who are accredited under the London Landlords' Accreditation Scheme (LLAS) will receive grants. The maximum amount of grant assistance would be dependent upon the size of the resultant units.</p> <p>The maximum amount of grant assistance would</p>	<p>Proposed Changes: Change period of letting to between 3 and 5 years to families nominated by the Council at a rent level below the Local Housing Allowance.</p> <p>Length of letting will be subject to negotiation between the Council and the Landlord.</p> <p>Reason for changes: Whilst the Council receives frequent enquiries regarding empty properties, take up of these grants has fallen in recent years. Market rents now exceed Local Housing Allowances which can make a 5 year let financially unattractive to property owners.</p> <p>It is proposed to enable this condition to be reduced to a minimum of 3 years subject to negotiation and approval by the Director of Development and Renewal.</p> <p>The Council will always look to award grants on the basis of a 5 year agreement.</p> <p>Proposed Change: Change Priority to 2 bedroom homes and above.</p>

be dependent upon the size of the resultant units and the status of the landlord.

Type of Accommodation	Maximum Grant
One bedroom flat	£20,000
Two bedroom flat or house	£25,000
Three bedroom flat or house	£30,000

The owner of the empty property would be required to let out the property for a period of 5 years to families nominated by the Council at a rent level below the Local Housing Allowance.

The grant will be repayable if the property is sold or transferred within a 5-year period, with interest.

Priority will be given to larger 1 bedroom and 2 bedroom homes built to a high design standard situated in areas of high demand.

Reason for changes: Priority from Housing Options is for 2 and 3 bedroom properties to assist with Homeless prevention. 1 bedroom properties will be considered for Single Homeless persons

and

Proposed Change: Remove built to a high design standard

Reason for changes: All properties that meet building regulations and Health and Housing Standards will be considered.

8 COMMENTS OF THE CHIEF FINANCIAL OFFICER

- 8.1 This report provides an update on the 2013-15 Private Sector Renewal Policy and outlines the resources available to support the various grant regimes proposed for the period from 2016 to 2018. It also seeks approval for the adoption of a capital estimate of £1,573,000 in respect of the Disabled Facilities Grant programme for the 2016-17 financial year.
- 8.2 The draft Private Sector Renewal Policy (attached as Appendix 1) covers a range of grant types, including Disabled Facilities Grants, and a Private Sector Improvement Grants programme incorporating Home Repair Grants, Landlords' Improvement Grants and Empty Property Grants. These grants are included in the council's capital programme, funded as outlined in paragraphs 8.3 to 8.5.
- 8.3 Disabled Facilities Grant – the 2016-17 capital programme approved by the Mayor in Cabinet on 2 February 2016 included an initial sum of £813,000 in respect of Disabled Facilities Grants pending the announcement of the funding allocations by the DCLG. As a result of a significant increase in Government funding to £1,572,542, these resources will be superseded, and a capital estimate of this value must be adopted for the inclusion of the grant regime within the capital programme.
- 8.4 The higher Disabled Facilities Grant allocation for 2016-17 is partly due to the integration of the old Disabled Facilities Grant funding with the Social Care Capital grant element of the Better Care Fund. It should be noted that although it is initially being assumed that the full Government grant allocation will be allocated to support a grants programme, as outlined in paragraph 5.3, the change in funding mechanisms might require that some resources are redirected to support expenditure that was previously financed through Social Care Capital Grant. If this becomes necessary approval will be sought in future reports to the Mayor in Cabinet.
- 8.5 Private Sector Renewal Grants programme – the council has previously adopted capital estimates to fund a Private Sector Renewal Grant programme. The scheme is financed from residual ring-fenced resources received from the East London Renewal Partnership. The programme supports the aims and objectives of the Council's Private Sector Housing and Empty Properties Framework, and includes Home Repairs Grants for minor aids and adaptations, energy efficiency, minor repairs, home security, hazard removal and relocation assistance; Empty Property Grants and Discretionary Disabled Facilities Grants. The projected outturn for 2016-17 indicates that approved resources of approximately £1 million will be carried forward into 2016/17 to continue to fund this grants regime.
- 8.6 The residual East London Renewal Partnership funding relates to the Mayor of London's Regional Housing Pot which was established to specifically allow discretionary grant assistance, mainly in respect of empty properties. It is anticipated that this level of funding will continue to finance the council's grant regime for a further three years, however expenditure and commitments must continue to be closely monitored to ensure that resources are not exceeded.

- 8.7 It should be noted that as well as the actual grant payments themselves, an element of the East London Partnership funding supports the administration of the programme, and finances the employment of Empty Property Officers. These revenue costs must be taken into account as a call on the available grant when monitoring commitments to ensure that resources are not exceeded.
- 8.8 The report sets out possible levels of assistance that will enable the Council to continue to offer a Private Sector grants process over the next three years. Although alternative funding regimes will continue to be sought, there is currently very little scope for additional resources to be secured for these grants. The Council itself has extremely limited uncommitted capital resources and any future initiatives would need to be considered in relation to other conflicting priorities within the capital programme.
- 8.9 The Disabled Facilities Grant funding element within the capital programme will continue to be considered on an annual basis, and will still be dependent upon grant resources made available by the DCLG, and if appropriate, the Department of Health.
- 8.10 The awarding of mandatory Disabled Facilities Grants is specifically excluded from the requirement to obtain Commissioner approval under the terms of the Ministerial Direction of 17th December 2014. The other grant regimes proposed in this report will however require the approval of the Commissioners.

9 LEGAL COMMENTS

- 9.1 The council has a duty under section 3 of the Housing Act 2004 to keep the housing conditions in its area under review with a view to identifying whether it needs to take any action with respect to its powers under
- Part 1 of the Housing Act 2002 (Enforcement of housing standards);
 - Part 2 (Licencing of TMOs);
 - Chapters 1 and 2 of Part 4 (Management Orders)
 - Part 9 of the Housing Act 1985 (demolition and slum clearance);
 - Part 7 Local Government and Housing Act 1989 (renewal areas); and
 - Article 3 of the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002.
- 9.2 For the purpose of carrying out its duty under section 3 above the council is required to have regard to any directions given by central government.

- 9.3 Article 3 of the Regulatory reform (Housing Assistance) England and Wales) Order 2002 gives the council a power, either directly or indirectly, to provide assistance to any person for the purpose of enabling them
- To acquire living accommodation (whether within or outside its area);
 - To adapt or improve living accommodation
 - To repair living accommodation;
 - To demolish buildings comprising or including living accommodation;
 - Where buildings comprising or including living accommodation have been demolished, to construct building that comprise or include replacement living accommodation.
- 9.3 The council cannot exercise any of its Article 3 powers unless it has adopted a policy for the provision of assistance, given the public notice of the adoption of the policy and ensure that the policy is available for inspection free of charge at its principal office at all reasonable hours.
- 9.4 The proposed 2016-2018 Private Sector Housing Renewal Policy includes assistance of the kind permitted by Article 3 Regulatory reform (Housing Assistance) England and Wales) Order 2002 and therefore lawful.
- 9.5 The approval of a Private Section Renewal Policy is a function of the Executive by virtue of the default position under section 9 D of the Local Government Act 2004.
- 9.6 It is noted that the Mayor in Cabinet is also required to adopt a capital estimate of £1, 573,000 for the award of Disabled Facilities Grant. It is also noted that DCLG announced a 2016/17 allocation of £1,572,542 for the council to fund those grants. The proposed capital estimate is therefore in line with the monies allocated. Any use of the Disabled Facilities Grant would need to comply with the provisions of the Housing Grants Construction and Regeneration Act 1996. In addition, the use of the grant for discretionary facilities would require the approval of the DCLG commissioners.
- 9.7 The council is required under its public sector equality duty to have regard to the need to eliminate unlawful discrimination under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristics and those who do not. The report indicates at appendix 2 that an equality assessment has been carried out and the Mayor in cabinet is required to have regard to the assessment before coming to a decision on the policy.

10 **ONE TOWER HAMLETS CONSIDERATIONS**

- 10.1 An Equality Assessment has been carried out on the Private Sector Renewal Policy and is attached at Appendix 2. Poor quality housing in the private

sector impacts across all communities and the policy sets out a framework to reduce this impact and assist in community cohesion between groups across the Council.

11 BEST VALUE IMPLICATIONS

- 11.1 A comprehensive, transparent and monitored cost scrutiny process is applied to all grant schemes and is the key mechanism which insures that not only the public purse obtains value for money but also the grant applicant and their contractor as well.
- 11.2 This scrutiny process is also supplemented by the 'blind tendering' of grant works which are carried out by the Council's in-house Home Improvement Agency, so as to ensure competitiveness amongst contractors. In addition, the comparison of costs with the expenditure incurred by Tower Hamlets Homes (the Council's ALMO) and Housing Associations for the direct provision of adaptations for the benefit of their tenants, together with benchmarking against other London authorities, via the London HIA managers group and nationally from information provided to CLG from Foundations, also provides a yardstick for ensuring the effectiveness of VFM measures.
- 11.3 Crucial to the VFM checks carried out by PHIT and process transparency, is the extra scrutiny provided by the testing and peer review of the Grant Panel, whereby all grant applications undergo evaluation, critical review and testing prior to formal approved or rejected.

12 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 12.1 There are no specific sustainable action for a greener environment implications but the refurbishment of properties that can improve or provide accommodation for households affected will take into account sustainability issues in line with current planning and building policies.

13 RISK MANAGEMENT IMPLICATIONS

- 13.1 There are no specific risk management implications in the final version of the Private Sector Renewal Policy as the funding is limited and ring-fenced to meeting the policy objectives through strict criteria.

14 CRIME AND DISORDER REDUCTION IMPLICATIONS

- 14.1 There are no specific crime and disorder reduction implications.

15 SAFEGUARDING IMPLICATIONS

- 15.1 There are no significant implications arising from these specific recommendations. However it should be noted that the delivery of the

programme involves providing a service to adults and children in the borough who will often have care and support needs. Should the team suspect that a client is experiencing or at risk of neglect or abuse, including financial abuse, the team will report back to the Council's safeguarding team so that further enquiries can be made.

- 15.2 All Members of the Private Housing Investment Team are required to have a current Disclosure and Barring Service check in order to enter clients' homes.

16 LIST OF APPENDICES

- 16.1 Appendix 1 - Private Sector Renewal Policy
Appendix 2 - Equality Impact Assessment

Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

List of "Background Papers" used in the preparation of this report

	Martin Ling Development and Renewal London Borough of Tower Hamlets Mulberry Place, 5 Clove Crescent London, E14 2BG Tel: 020 7364 0469
2011 Private Sector Stock Condition Survey	
2011 Census	