

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Leader and Cabinet 9 October 2008  
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### **IMPLEMENTATION OF PHASE TWO OF THE PRIVATE SECTOR HOUSING RENEWAL STRATEGY – AGREEMENT OF POLICIES (REPORT 1 OF 2 – GRANTS FOR VULNERABLE HOUSEHOLDS)**

#### **Purpose**

1. To seek approval on the new policies for implementing phase two of the private sector housing renewal strategy, namely:
  - Issuing grants for replacement boilers,
  - Issuing loans for properties with Category 1 hazards.
  
2. This is a key decision because
  - it is likely to be significant in terms of its effects on communities living or working in all wards of the District
  - it raises new issues of policy, or is made in the course of developing proposals to amend the policy framework, or is a decision taken under powers delegated by the Council to amend an aspect of the policy framework.
  - it is of such significance to a locality, the Council or the services which it provides that the decision-taker is of the opinion that it should be treated as a key decision,

and it was published in the July 2008 Forward Plan.
  
3. There are two reports due to be considered at Cabinet at this meeting, both reports seek approval for grants or loans to implement phase two of the Private Sector Housing Renewal Strategy. Therefore both reports should be read together although each grant/loan policy can be approved separately as they are not dependent on each other.

#### **Background**

4. The Council's Private Sector Housing Renewal Strategy was approved in July 2007. The strategy was essentially phased. Phase one allowed for the continuation of existing strategies and policies covering grants to vulnerable groups (e.g. Disabled Facility Grants, Home Repairs Assistance, etc), regulatory activities including appropriate education and help and advice and promotion of existing external energy efficiency grants and schemes.
  
5. Phase two considered the priorities of increasing energy efficiency grants including grants/loans for heating systems not covered by Government schemes and the possibility of renewable energy grants. The Portfolio Holder at that time was concerned to have an appropriate balance of enforcement and grant assistance and therefore, in addition to that mentioned above, also considered it important to look at providing some assistance for "vulnerable" owner occupiers of properties identified as having category 1 hazards under the housing legislation.

6. Last financial year Cabinet agreed to make available £100k, within the Capital Programme from 2008/09 onwards, for the provision of grants and/or loans to implement phase two of the action plan from the Private Sector Housing Renewal Strategy.

### **Considerations**

7. New policies are needed in order to offer:
  - Loans for properties with Category 1 hazards under the Housing Health and Safety Rating System
  - Grants for replacement boilers and
  - Grants for renewable energy measures (contained in second report)This report outlines the proposed policies for loans for properties with Category 1 hazards and grants for replacement boilers.
8. The South Cambridgeshire private sector housing survey revealed that 5% of properties in the private sector in South Cambs have serious hazards, namely excessive cold (1,100 dwellings) (45% of defective dwellings), and damp and mould growth (800 dwellings) (33% of defective dwellings).
9. Most of the hazards due to excessive cold are affecting our most vulnerable residents, particularly those on low incomes. It is these groups that are going to require the help with finances to make improvements. The private rented sector also has issues but these are less in number and could be rectified by appropriately targeted enforcement on landlords.
10. The Private Sector Housing Renewal Strategy is key to achieving the Council's medium term strategy. It outlines the key options that can be taken to improve the standard of private sector housing within the district and improve the health of residents. The strategy also addresses one of the key priorities in the Council's Housing Strategy and as such the private sector housing renewal strategy should be read as an appendix to the main Housing Strategy.
11. The private sector housing renewal strategy includes commitments to:
  - a) Help vulnerable owners through targeted grant assistance
  - b) Target policies to improve health
  - c) Improve energy efficiency
  - d) Help people with disabilities
  - e) Ensure private rented accommodation is safe and fit

### **Replacement Boiler Grant Policy**

12. Replacement boilers are available through the Government's Warmfront scheme but there are two main drawbacks:
  - A replacement boiler is only available to those in receipt of a Means Tested benefit (MTB), and
  - A boiler will only be supplied if the existing boiler is not working or where there is no heating system in place. If a boiler is old but working, the Warmfront scheme will not replace it, leaving the resident with a costly ineffective system. This is particularly relevant today when residents are facing large rises in fuel bills.
13. New condensing boilers can be over 90% energy efficient whereas older boilers, those over 10 years old, can be as little as 50% efficient. This new grant has been introduced to ensure vulnerable residents on Means Test Benefits within South Cambs can have these boilers replaced. The grant will therefore pick up those who

need a replacement boiler but who do not qualify for the Warmfront Scheme. As such it will further assist in tackling fuel poverty in the District, which is expected to get worse as a result of the recent fuel price increases.

14. As well as helping our vulnerable residents replace ineffective boilers with new energy efficient boilers, it will help reduce Carbon Dioxide (CO<sub>2</sub>) emissions and contribute to the National indicator NI186 (now part of the Cambridgeshire LAA).
15. This section of the report outlines the proposed method and eligibility criteria for awarding the grant for replacement boilers.
16. It is proposed to run the boiler replacement grant on the same lines and criteria as the current grants offered by the Home Improvement Agency (HIA), it is further proposed that the grant is administered by the HIA.
17. It is proposed to restrict the grant to residents who meet the following eligibility criteria:
  - (a) **Tenure**

The resident (the term 'resident' includes the applicant's spouse, or partner, if they are living with the applicant) must be either a homeowner, (this includes part ownership such as equity share or co-owner who lives elsewhere), or a private tenant, (subject to maintenance responsibilities laid down in any tenancy agreement).
  - (b) **Length of residency**

The resident must have lived in the property for at least 2 years (although if the reason for moving was to care for someone or to be cared for this requirement can be waived).
  - (c) **In receipt of Means Tested Benefit (MTB)**

The resident must be in receipt of a MTB as per current Home Improvement Agency eligibility criteria.
  - (d) **Maximum amount of Grant**

The maximum award of the grant is £5000. This includes a HIA fee of 12% as per existing grants offered by the Council and administered by the HIA.
  - (e) **Energy efficiency measures already installed where appropriate**

The applicants home should be as energy efficient as possible before the replacement boiler grant can be considered. The property must have had loft insulation to the recommended depth of 270mm/10.5 inches and cavity wall insulation fitted, where appropriate. There will be no financial burden on the applicant as those in receipt of a Means Tested Benefit automatically qualify for free insulation work under current government grants.
  - (f) **Boiler age**

The boiler to be replaced must be 10 years or older. Younger boilers may be replaced at the discretion of the Corporate Manager Health and Environmental Services.
  - (g) **Replacement boiler type**

Replacement boilers must comply with Part L of the current Building Regulations.

## **Category 1 Hazard Loan Policy (Major Renovation Loan)**

18. It is proposed to offer a zero interest loan to “vulnerable” owner occupiers of properties identified as having Category 1 hazards under the Housing Health and Safety Rating System (HHSRS) as defined in Section 2 of the Housing Act 2004 in order to bring these properties up to a decent standard.
19. Results for each assessed hazard are not added, averaged or aggregated, but are judged against a scale of 0-5000+ divided into ten bands A-J. A score of 1000 or more is a category 1 (serious) hazard, band A-C. A score of less than 1000 is a category 2 hazard, band D-J. The Council is obliged to deal with category 1 hazards and has discretion to deal with category 2 hazards.
20. The Council has a duty to act where Category 1 hazards are present, and as such any enforcement action needed will be commensurate with the Departmental Enforcement Policy. This grant gives the Council an option of giving assistance rather than taking a solely enforcement approach. Some enforcement measures are only appropriate or available for Category 1 hazards. Prohibition and Improvement notices may be used and ‘suspended’, and emergency measures exist for a rapid response to serious risk.
21. The 2004 Private Sector House Condition Survey for South Cambs confirms that excessive cold for the over 60’s is the major hazard and for younger occupiers the major hazard is damp & mould growth (both are heating, insulation and ventilation related).
22. The major hazard for older occupiers (those residents over 60) is excessive cold. 55% of all serious hazards relate to excessive cold in the owner-occupied stock in this age group. In the private rented sector there are too few dwellings for meaningful analysis for this age group. In this sector other serious hazards are more associated with younger heads of household.
23. Priority will usually be given to dealing with Category 1 hazards in occupied properties where vulnerable residents or other risk groups live e.g. the elderly, small children, low income, ill/frail, disabled, overcrowded etc.
24. This section of the report outlines the proposed method and eligibility criteria for awarding the loan.
25. It is proposed to run this loan along similar lines and criteria to loans already offered by the HIA, it is further proposed that these loans are administered by the HIA, although the inspection that triggers the loan will remain a function of Environmental Health.
26. It is proposed to restrict the loan to owner occupiers who meet the following eligibility criteria:
  - (a) **Tenure**

The resident must be a homeowner (the term 'resident' includes the applicant's spouse, or partner, if they are living with the applicant). The loan will not be available to properties in part ownership such as equity share or to a co-owner who lives elsewhere, nor will the loan be available to private tenants as this would become the landlords responsibility.

- (b) **Length of residency**  
The resident must have lived in the property for at least 2 years (although if the reason for moving was to care for someone or to be cared for this requirement can be waived).
- (c) **Age of the Property**  
The property must be at least 10 years old.
- (d) **Maximum amount of the loan**  
The grant is 100% of the cost of the necessary work up to a maximum of £20,000 (interest free). The loan will be registered as a land charge with the land registry indefinitely following the certified completion of the works. Any costs associated with registering the land charge condition will be an allowable fee within the maximum value of the loan as will the HIA fee of 12%.
- (e) **Number of Loans allowed**  
Each application for the loan will be considered on its own merits and normally no more than one application per property will be allowed.
- (f) **Means Tested Benefit**  
The resident must be in receipt of a MTB as per current Home Improvement Agency eligibility criteria.

### Options

- 27. It is proposed that delegated authority is given to the Corporate Manager (Health and Environmental Services), in consultation with the Environmental Services Portfolio Holder, to approve loans assistance in exceptional cases that fall outside this policy framework.
- 28. The loan and grant outlined in paragraphs 12 – 17 and 18 – 26 above respectively are discretionary and are subject to available funding. They are to be offered on a “first come first serve” basis. The finance is limited to £100k per year.
- 29. If the amount of equity released when the property is sold is less than the combined total of the outstanding mortgage and land charge the Council may at its discretion waive the land charge or a percentage there of.
- 30. Cabinet has the option of approving none, all or some of the grant/loan policies with their respective eligibility criteria listed in both reports.

### Implications

- 31. If the Council does not offer this loan and therefore does not implement phase two of the Councils Private Sector Housing Renewal strategy (PSHRS) it means it would be failing to implement the wider Housing Strategy as the PSHRS forms a subsection within the main Housing Strategy.

32.	Financial	£100k already improved and within existing budgets. It is proposed to be flexible with the £100k to allow for monies to be spent where the demand is greater.
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Legal	The Major Renovation Loan is to be administered by the HIA as per the existing HIA contract. The Council has a duty to act where Category 1 hazards are present, and as such any enforcement action needed will be commensurate with the Departmental Enforcement Policy.
Staffing	Within existing resources of both the HIA and Health and Environmental Services
Risk Management	Risk of an under spend if grants are not taken up within the financial year. (Risk to be controlled by effective publicity and working with partners to increase the uptake of the scheme).
Equal Opportunities	The Major Renovation Loan targets vulnerable people most in need.

### Consultations

33. The following organisations/officer were consulted and have agreed with the policies laid out in this report:
- East Anglia Energy Saving Trust Advice Centre (EAESTAC)
  - Home Improvement Agency
  - The Strategic Sustainability Officer within the Council

### Effect on Corporate Objectives and Service Priorities

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| <b>Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future</b>   |
| The implementation of phase two of the PSHRS contributes to service objectives of working in partnership with local organisations and the wider community to safeguard and improve public health and enhance the quality of life of citizens generally and for those disadvantaged specifically. The policies will assist in reducing levels of fuel poverty in the District.   |
| <b>Deliver high quality services that represent best value and are accessible to all our community</b>  |
| Private sector housing is a theme that is common to all the corporate objectives and service priorities. The renewal strategy has effects on home ownership, affordable housing, independent living, partnerships, and village life and helps to ensure every resident has access to safe and decent housing.   |
| <b>Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work</b>  |
| Implementing phase two of the PSHRS helps to achieve the Councils aims strategic objectives and priorities contained in the Cambridgeshire LAA and emerging South Cambridgeshire Community Strategy, namely: <ul style="list-style-type: none"> <li>• Promoting independence for older people and reducing falls in older people</li> <li>• Meeting housing need through .... adaptations to existing housing in established communities</li> </ul> |

### Conclusions/Summary

35. The report asks Cabinet to agree the policies needed to offer loans for those vulnerable people living in properties with Category 1 hazards or poor heating. The main policies to be agreed relate to:
- The eligibility criteria for each loan/grant,
  - The maximum amount offered for each loan/grant, and

- The appropriate department/agency who will be administering the loan/grant.

### **Recommendations**

36. Cabinet is asked to agree:
- a. To the introduction of a Category 1 Hazard Loan, termed Major Renovation Loan, to vulnerable owner occupiers of properties identified as having Category 1 hazards under the Housing Health & Safety Rating System and the eligibility criteria for the Major Renovation Loan set out in paragraph 26 (a to f) above.
  - b. To the introduction of a Replacement Boiler Grant and the eligibility criteria for the replacement boiler grant set out paragraph 17 (a to g) above.
  - c. The Home Improvement Agency administers both the Boiler Replacement Grant and the Major Renovation Loan.
  - d. Delegated authority is given to the Corporate Manager (Health and Environmental Services), in consultation with the Environmental Services Portfolio Holder, to approve loans assistance in exceptional cases that fall outside this policy framework.

**Background Papers:** the following background papers were used in the preparation of this report: South Cambridgeshire Private Sector Housing Strategy

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