

**To: Members of the Housing Sub-Committee**

**For the information of other Members of the Council**

**For general enquiries please contact Emma Humphreys/Amanda Tonks on 01827 719221 or via email – [emmahumphreys@northwarks.gov.uk](mailto:emmahumphreys@northwarks.gov.uk) or [amandatonks@northwarks.gov.uk](mailto:amandatonks@northwarks.gov.uk).**

**For enquiries about specific reports please contact the Officer named in the reports.**

**This document can be made available in large print and electronic accessible formats if requested.**

## **HOUSING SUB-COMMITTEE AGENDA**

**18 OCTOBER 2011**

The Housing Sub-Committee will meet in the Chamber at The Council House, South Street, Atherstone, Warwickshire on Tuesday, 18 October 2011 at 6.30 pm.

### **AGENDA**

- 1 Evacuation Procedure.**
- 2 Apologies for Absence / Members away on official Council business.**
- 3 Declarations of Personal or Prejudicial Interests.**

## **PART A – ITEMS FOR DISCUSSION AND DECISION (WHITE PAPERS)**

- 4 **Empty Private Sector Homes – Enforcement and Intervention** – Report of the Assistant Director (Housing)

### **Summary**

This report described measures which can be used to bring empty homes in the Borough back into use and proposes a new focus and prioritising of this issue.

The Contact Officer for this report is David Baxendale (719322).

- 5 **Private Sector Housing Assistance** – Report of the Assistant Director (Housing)

### **Summary**

This report updates the Board on the current position with regard to providing assistance to households in the private sector who are living in poor housing conditions and proposes two actions.

The Contact Office for this report is David Baxendale (719322).

- 6 **A New Mandatory Power of Possession for Anti-Social Behaviour - Consultation** - Report of the Assistant Director (Housing)

### **Summary**

This report is written in response to the consultation document provided by the Communities and Local Government in relation to the introduction of “*a new mandatory power of possession to enable landlords to take swifter action to evict their most anti-social tenants*”; (CLG; (2009) “*A new mandatory power of possession for anti-social behaviour*” Consultation).

The Contact Officer for this report is Caroline Morris (719351).

- 7 **Update on Social Homebuy Scheme** – Report of the Assistant Director (Housing)

### **Summary**

This report provides an update Social Homebuy schemes. The scheme enables Local Authority tenants to part buy their homes and it is a voluntary scheme which Local Authorities are not obliged to become involved. Members are asked to consider whether the scheme should be adopted in North Warwickshire.

The Contact Officer for this report is Paul Roberts (719459).

- 8 **Licensing of Houses in Multiple Occupation – Renewal Fee** – Report of the Assistant Director (Housing)

**Summary**

This report requests Members' approval for a fee level to renew a license for a House in Multiple Occupation.

The Contact Officer for this report is David Baxendale (719322).

**PART C – EXEMPT INFORMATION  
(GOLD PAPERS)**

- 9 **Exclusion of the Public and Press**

**Recommendation:**

**That under Section 110A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

- 10 **Review of Housing Management Post Tenancy Section** – Report of the Assistant Director (Housing)

The Contact Officer for this report is Helen Hughes (719494).

- 11 **Funding for Affordable Housing – 2011- 2015** – Report of the Assistant Director (Housing)

The Contact Officer for this report is Angela Coates (719369).

JERRY HUTCHINSON  
Chief Executive

**Agenda Item No 4**

**Housing Sub-Committee**

**18 October 2011**

**Report of the  
Assistant Director (Housing)**

**Empty Private Sector Homes –  
Enforcement and Intervention**

**1 Summary**

- 1.1 This report described measures which can be used to bring empty homes in the Borough back into use and proposes a new focus and prioritising of this issue.

**Recommendation to the Sub-Committee**

- a That an Empty Homes Officer post be established;**
- b That a post holder be appointed for a temporary period of 2 years; and**
- c That a strategy for action to deal with long term empty homes be drafted for consideration by the Board.**

**2 Consultation**

**2.1 Portfolio Holder, Shadow Portfolio Holder and Ward Members**

- 2.1.1 Councillors Winter and Johnston, Portfolio and Shadow Portfolio Holders for Housing, have been consulted about this report.

**3 Background**

- 3.1 In October 2009 the Resources Board received a report which set out a protocol for dealing with empty homes in the Borough. The protocol is attached at Appendix A for information.

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- 3.2 The situation with regard to private sector empty homes can be fluid in the main. It tends to be dominated by financial circumstances and the property market. There can be a number of reasons why properties are empty. Homes can be on the market for sale or rent, or else are being kept off the market empty until prices recover. Other homes remain empty for various reasons such as the need for expensive repairs, or as second homes, holiday homes, investments, or whose owners cannot be contacted or fail to respond. Some owners cannot be identified.

## 4 **Current Position**

- 4.1 The draft protocol detailed the kind of measures Local Authorities can apply. The Private Sector Team has undertaken work in the past to use the different measures available in North Warwickshire. Unfortunately, with a small team and differing demands arising, it has not always been possible to prioritise this issue.
- 4.2 Bringing empty properties back into use has now become a national priority as well as a local one. It takes time to unlock land required to build new homes and the finance available to bring forward the developments is more limited currently. This situation is set against a background of increasing demand for homes for families who are struggling to access the right level of finance to afford a property. There is a push to make better use of the current housing stock in both the public and private sector. The Government's New Homes Bonus recognises the problem and is concerned with not only new homes but bringing empty homes back into use. A Council's ability to access the New Homes Bonus is also dictated by ensuring the number of long term empty homes in their district is not increasing.
- 4.3 To date, addressing the issue of long term empty homes has largely fallen to the Decent Homes Officer in the Private Sector Team. They have dealt with this issue as time allowed. This is a temporary post which is funded through the capital programme. It has the primary focus of providing assistance (grants, loans, equity release) to private occupiers who are living in poor housing conditions. The post was established when there was an increased grant allocation available and continued to introduce the Kickstart equity release scheme into North Warwickshire.
- 4.4 The original grant allocation has now been spent and the West Midlands Kickstart scheme is now winding down because the 'top sliced' grant funds it has relied upon to carry out its work is no longer available. This means, in order to provide private sector housing assistance, the Council has to rely on its own capital funds which are no longer supplemented by Government grant.
- 4.5 The term of the temporary post ends in April 2012. This means that the little specific resource available to deal with empty homes will be lost to the Private Sector Team.
- 4.6 There are currently around 400 long term empty homes in the Borough. This will be for a range of reasons. There needs to be a closer understanding of these reasons to enable decisions to be made on the most appropriate action to be taken.

## 5 **Proposal**

- 5.1 The drivers set out at section 4.2 above apply locally as well as nationally. In addition the Borough does have a number of private landlords who have long term empty properties which have caused blight to estates for several years and now need to be dealt with urgently. These factors alongside an increasing

demand on the Council's housing register locally point towards the need for a renewed focus on dealing with long term empty homes.

5.2 The Department for Communities and Local Government has continued to provide Council's with grant funding to deal with homelessness. It is proposed that some of this funding which has been made available to the Council is used to fund a post which can focus on working with private landlords locally and bringing long term empty homes back into use.

5.3 It is proposed that the post would be temporary for two years and would take action to:

- Provide a clear assessment of the issue of long term empty homes in the Borough
- Use the assessment to set out a strategy for action
- Encourage a corporate approach to interventions
- Act to access any grant funding available to assist in remedial works
- Build relationships with landlords locally to increase lettings

5.4 Other Councils in Warwickshire are taking similar action and where it is useful we can work in partnership. Copies of the Empty Homes Strategies developed by Rugby Borough Council and Stratford Upon Avon District Council have been placed in the Group Offices for information.

5.5 It is hoped that the Resources Board will support this proposal. A job description has been drafted and is attached at Appendix B. Members will see that it is anticipated that the post holder will be proactive but will also have to bring forward a range of solutions depending on the issue being addressed. The post would be advertised internally. If unable to appoint from internal recruitment the post would be advertised externally.

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## **6 Report Implications**

### **6.1 Finance and Value for Money Implications**

6.1.2 In the current economic climate and at time of increasing housing need it is more critical than ever that the Council makes the best use of the current housing stock – both in the public and private sectors. Appointing an officer to provide a focus on the private sector empty homes and private rented sector will assist with this.

6.1.3 The post is currently being evaluated and the outcome will be reported at the Board meeting. There is budget available to fund this post from the grant made available from the Department of Communities and Local Government to deal with homelessness.

6.1.4 As part of a range of interventions available to the Council to encourage owners to bring properties back into use it may decide to raise Council Tax charges on empty homes.

- 6.1.5 A small amount of capital budget is available to assist owners with remedial works where appropriate.
- 6.1.6 If legal action is taken to bring a property back into use there will be funding implications. These will be assessed as part of the overall strategy that will be developed and on a case by case basis.
- 6.1.7 There is a financial implication for the Council if its long term empty homes figure rises as this is part of the assessment for the level of New Homes Bonus it receives. Every home we bring back into occupation will count towards the Council's New Homes Bonus.
- 6.1.8 The Housing Division intends to join forces with other districts in Warwickshire to bid for grant funds from the Homes and Communities Agency to assist with remedial works required to bring homes back to a habitable condition.

## **6.2 Safer Communities Implications**

- 6.2.1 Long term empty homes can cause blight to estates. Action to address this will prevent vandalism and anti social behaviour.

## **6.3 Legal and Human Rights Implications**

- 6.3.1 There are a number of legal aspects to bringing empty homes back into use. Enforcement action is regulated by the Housing and Planning Acts.

## **6.4 Environment and Sustainability Implications**

- 6.4.1 Positive in making better use of existing resources and assets.
- 6.4.2 The development of a new approach and the proposed additional resource will help sustain assistance to private sector housing to maintain decent homes and offer support to vulnerable people who are at risk of fuel poverty and wider health related concerns. This would sustain a direct contribution towards the North Warwickshire Sustainable Community Strategy priority of Developing Healthier Communities.

## 6.5 Human Resources Implications

- 6.5.1 The new post will be evaluated in accordance with the Council's policies and advertised internally.

The Contact Officer for this report is David Baxendale (719322).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date



**Empty Property 'Enforcement' and Intervention Protocol    October 2009**

The first matter to recognise in any empty property strategy or individual decision about intervention is what we are trying to achieve. The Borough Council recognises that there are an increasing number of empty homes in the area, due to several causes and combinations. There are good reasons to reduce the number of vacant homes, especially those long-term vacant.

Empty homes are a wasted resource, both financially and in terms of housing stock provision whilst other people remain homeless or in overcrowded or unsatisfactory situations. Getting empty homes occupied reduces property deterioration and associated crime, and increases Council Tax revenue whilst reducing development pressures elsewhere. However, there needs to be a level of property vacancy for the housing market to function, and some properties will be uneconomical to return to use in the current climate.

It is recognised that some properties will have been vacant for short periods and for genuine reasons (e.g. probate), whilst others have been empty for longer periods and for no apparently good reason. It is also recognised that some empty properties will be in good or average condition and almost immediately habitable, whilst others will be in poor condition and may need investment to make habitable or saleable.

It is recognised that some owners will be known or able to find and some will not, and that some owners will be willing to engage and others will resist or ignore attempts to get the property occupied or 'to market'.

It is recognised that some properties will come to the Council's attention because of community complaints and the impact on neighbours, whilst others may be found through proactive and reactive programmes such as visits to properties which have been exempt Council Tax for 6+ months.

The Council's responses to each of the various above combinations may range from doing nothing, through informal contact and persuasion, through offers of grants, loans, finding and managing tenants (lease agreements), and various enforcement measures up to and including compulsory purchase, enforced sale and Empty Dwelling Management Orders.

This paper describes those intervention options and proposes a set of flexible criteria to address them. Options may be discretionary (non enforcement), discretionary (enforcement), or mandatory (enforcement). Some options and legislation may have multiple properties e.g. mandatory and discretionary enforcement. See *'traffic light system'* note towards end of final page.

**Step 1: Information\***

To keep the project manageable, it is proposed to investigate only those properties empty for 6+ months unless there are valid community concerns about the impact of any problems on the neighbours or wider area.

Knowledge about an empty property may come from a local resident or representative. Key facts to establish are-

- The address of the empty property
- Any details of ownership
- Is the property advertised for sale or rent (and who with)
- How long, approximately, has the property been vacant and why?
- What is the general condition of the property?
- Are there any specific problems or risks such as vandalism, arson, penetrating dampness, structural instability, squatters, vermin etc?
- Details of the complainant(s) including contact information
- Any extant enforcement action by the Council including other departments such as Planning / Building Control
- Interests from the Fire Service or Police
- Land registry search details

Information may also come from the owner of a property they cannot sell or rent, or may be gathered by enquiries to Council Tax etc.

Each property should generate a 'file' which may be maintained on the TRIM system and/or paper as determined by operational needs.

The lead officer for the subject is the EH Manager, and for each specific property will be the staff to whom the task is allocated. Progress on a property by property basis will be via monthly 1:1 and quarterly reports to Portfolio group and annual to Board.

There is no specifically identified budget for this activity, save for any Decent Homes funding which can be utilised to bring non decent homes back into occupation by vulnerable households.

### **Step 2: Dialogue\***

Dialogue can only be undertaken if an owner or their agent or representative (including lenders for repossessed properties and the official receiver for bankrupts) can be identified. However, dialogue should also be maintained with the complainants, if any, and neighbours impacted upon.

For properties with no known owner etc. or no other address to communicate with, letters and notices can be left at the vacant premises unless the letter box is sealed (or none present), and may be posted onto the premises door(s) if vital and if it would not compromise the security of the premises by drawing unwanted attention to it.

When an owner etc. is known, the initial letter should seek to confirm and develop the key facts as described above, to put the Council's case for bringing empty homes back into occupation or to the market, and to ask "is there anything the Council can do to assist you with bringing this empty property back into occupation or to market?".

Responses received, if any, will assist with the next phase.

*\*Information and dialogue can be both discretionary and mandatory, the latter if it involves a requirement to investigate a nuisance complaint or matter leading to mandatory enforcement, or mandatory consultation as part of an enforcement process.*

### Step 3: Generate and evaluate options against agreed criteria

Options may range from;

#### <<discretionary non-enforcement>>

- Do nothing
- Informal contact (verbal and/or written), perhaps with review programmed in for 6-12 months
- Financial assistance and tenancy management options >

Some Councils will offer to purchase empty homes either directly or via an Registered Social Landlord (RSL), for refurbishment and onward sale or rent. Clearly this requires a start-up budget and staffing to manage the process, but is cheaper and quicker than a CPO.

Most Council's will work with a Home Improvement Agency (HIA), and owners who want to renovate, sell or rent a property and have funds but not the time or skills, may be offered HIA support to achieve this. The cost of that support may be recovered in full, discounted or waived.

Some Councils may underwrite private loans where, for example, a major lender will only loan 80% LTV (loan to value) and a purchaser requires more funding to complete renovations. This option requires sufficient equity to return the Council's investment and carries some risk.

Some Councils offer grants, loans and a variety of equity release products (directly or indirectly), utilising Houseproud and/or Kick-Start funding (NWBC is not yet engaged in either scheme).

Some Councils can offer a Private Sector Leasing agreement - on a short term to provide non-secure occupancies, not tenancies.

Some Councils offer 'find a tenant' schemes, matching people who need homes with people who need tenants. These can be supported by rent / bond deposit schemes.

Revocation of Council Tax discount - Empty homes currently enjoy a discount of at least 50% on Council Tax (more if uninhabitable), which is discretionary relief the Council can choose to apply or not.

- Publicity

Name & Shame - publicising details of cases\*\* has been suggested in order to shame owners into acting, but counter-arguments of human rights intrusions (right to privacy and property etc., no undue persecution) have also been raised.

*\*\*publication can relate to enforcement cases – some information may be in the public domain as a result of Court outcomes.*

The Council can also publicise its activities generally (policy) and/or specifically in relation to particular properties which can be anonymised to avoid the above Human Rights issues.

#### <<discretionary enforcement - powers>>

Town & Country Planning Act 1990 - section 215 deals with properties 'detrimental to the amenities of the area'. This power is used more often in some areas than others.

Building Act 1984 - powers under sections 77-79 to deal with 'ruinous and dilapidated buildings and neglected sites', to require repair or demolition. Powers under section 59\*\*\* and elsewhere deal with defective or inadequate drainage including guttering, and section 76 with 'premises prejudicial to health or a nuisance'.

*\*\*\*section 59 is mandatory – a duty to enforce. Other sections are discretionary – powers.*

Local Government (Misc. Provisions) Act 1982, section 29 - the Council can require insecure buildings to be made secure.

Enforced sale - a variety of actions resulting in financial charges upon property can trigger the enforced sale process if unpaid.

Empty Dwelling Management Orders (Interim and Final) can be applied to properties which meet certain criteria, though these are complex to undertake and have not yet proven themselves widely popular. HOWEVER, the threat of this action or others may produce a result without needing to see the action through.

Compulsory Purchase Orders (CPOs) - usually as a final resort, again a lengthy and complex process with compensation and legal costs which is rarely undertaken except in extreme circumstances.

#### <<mandatory enforcement - duties>>

The Housing Acts of 1985 and 2004 give a range of options to require the repair, closure and demolition of property. Whilst primarily for the protection of occupiers, these powers can be used to prevent unsafe occupation by e.g. closure, and carry financial penalties for non compliance.

The Environmental Protection Act 1990, sections 79-81, gives similar nuisance powers to the BA1984 above, but less urgent. Section 82 allows any person to take a private nuisance action via the magistrates Court, with a lower burden of proof.

The Prevention of Damage by Pests Act 1949 – sections 2 and 4 require or allow the Council to secure the removal and destruction of rodent infestations.

Various provisions under the Public Health Acts 1936 and 1961\*\*\*, and the Refuse Disposal Amenity Act 1978 and Environmental Protection Act 1990 etc. allow or require the Council to get rid of fly tipped and abandoned items (but with limitations, and only if/when expenses can be recovered) and deal with the cleansing of filthy and verminous premises. *\*\*\*relevant provisions in the 1961 PHA and 1990 EPA are discretionary powers, not duties.*

#### **Step 4: Implement chosen option(s)**

Clearly there are many options available and various factors which might exclude or point towards particular options.

It is suggested that for each case, the above list and any other available powers, duties and opportunities, are considered and **graded\*** as to their appropriateness. If one measure is tried and does not succeed, the matter can escalate to the next appropriate measure. These choices and decisions would have to be recorded for audit and legal purposes, in order to demonstrate compliance with the Council's enforcement policy. Measures would have to be seen to be consistent, fair and proportional, and carried out within reasonable timescales as well as being value for money.

The grading approach can entail both simple pass/fail decisions (e.g. option 1 **MUST** be done but option 4 **CANNOT** be done), and can apply relative values of one option over another. Details would have to be agreed between the operational staff and their manager.

The above options have been generally grouped into the three broad categories, which can be considered as a traffic light system. Green for discretionary non enforcement, yellow for discretionary enforcement and red for mandatory enforcement.

**David Baxendale**, Environmental Health Manager

**Worked example(s) - for discussion & 'training' purposes**

123 High Street, Anytown, vacant for 11 months as owner inherited from deceased parent's estate. House for sale but no offers.

12 New Street, Anyvillage, vacant for 12 years with no known owner, overgrown garden, deteriorating structure, windows, doors and roof etc. and impacting on neighbour's house.

29 Old Road, Anywhere, vacant for 18 months, owner would rent but cannot afford basic repairs, decor and heating/insulation upgrade.

**North Warwickshire Borough Council  
Job Description**

**Post Title: Project Officer (Empty Homes)**

**Post No:**

**Grade:**

**Section:** Private Sector Housing

**Responsible to:** Environmental Health Manager

**Responsible for:**

**Overall Purpose of the Position**

To take action to assess the level and reasons why there are long term empty homes in the Borough and to act to bring them back into use where appropriate.

To process applications for housing grants in accordance with current legislation and the Council's policies and procedures.

To work as part of the Private Sector Team in order to assist and support the professional and technical staff of the in all aspects of the work of the Section.

To act as a spokesperson for the Council on matters relating to empty properties, to represent the Council in meetings as required, promoting the Council's activities in this field. Link empty property options and initiatives with other corporate strategies where possible.

To give advice and guidance on all aspects of the service and to contribute positively to the performance management of the service.

**Principal Responsibilities**

**1 Main duties and responsibilities**

To assess the level of long term empty homes in the Borough and develop an Empty Property Strategy and action plan based on the findings.

To identify and obtain information on empty properties within the Borough and to devise a robust Empty Property Database accordingly.

To seek and implement innovative and creative solutions to bring empty properties back into use.

To organise awareness of the empty property issues and any initiatives through appropriate promotional materials, publicity and education.

To be aware of and access funding opportunities in order to maximise financial resources available to enable properties to be brought back into use.

To liaise with other departments of the Council to establish a co-ordinated approach towards the implementation of the Strategy. Develop appropriate referral and feedback systems between Sections dealing with empty properties.

To establish and co-ordinate strategic groups as appropriate to current projects.

To liaise with people and other agencies, including owners, members of the public, housing associations, and property agents with regard to empty property issues and reducing the number throughout the Borough.

To provide advice, assistance and information to owners of empty properties for bringing them back into use.

To deal with complaints/enquiries concerning empty properties in the Borough and where necessary, refer them to the appropriate officer/organisation.

Undertake surveys to determine the actions required to safeguard and risk assess all private sector housing stock, vacant, tenanted and owner occupied and caravan sites with regard to all relevant statutory provisions.

Prepare detailed schedules of work to remedy defects in full compliance with current legislation, Council policy and eligibility for assistance.

Assess the proportion of and nature of assistance to be awarded.

Work closely with the Environmental Health Officer to prepare, serve legal notices and attend court or the Residential Property Tribunal as required.

Ensure satisfactory completion of all works required by a legal notice, grant conditions and tender documents.

Work closely with the Legal Section to prepare evidence for legal proceedings in the case of non-compliance with notices.

Prepare reports and recommendations relating to the enforced sales, demolition, closure or compulsory purchase of unfit accommodation or empty properties.

Offer advice and information on housing related issues to owner-occupiers, tenants, landlords and members of the public and to actively encourage good landlord/tenant relations and responsible home ownership.

To carry out complex negotiations and liaise with owner-occupiers, landlords and tenants to ensure that properties are brought up to standard and encourage good management practices and good tenant like behaviour.

Responding to all appropriate enquiries such as land searches and responding in an appropriate manner.

Respond to the request for comments on planning applications within the agreed timescale.

Input, retrieve and act upon information from the Council's electronic database and maintain accurate written records.

Consider and make recommendations about the introduction of a Landlord / Property Accreditation Scheme.

To prepare reports including those recommending new policy and initiatives for dealing with empty properties and other activities as appropriate.

To maintain adequate records, undertake statistical analysis and provide satisfactory data for the completion of government returns.

Contribute to the setting of the Council's targets for the number of empty properties brought back into use each year and ensure these targets are achieved.

To represent the Council at meetings on empty property matters.

To undertake appropriate training as required and maintain knowledge of current housing and empty property legislation/guidance sufficient to undertake duties and responsibilities of the post.

To develop procedures for tackling empty properties using the various options and solutions available, including Empty Dwelling Management Orders, Compulsory Purchase Orders and enforced sales.

## **2 Private Sector Housing Assistance**

To assist with the implementation of all measures relating to the Home Energy Conservation Act 1995 in the Borough, including the processing of applications for Housing Grants in respect of disabled facilities, energy efficiency, decent homes and improvements to private sector housing stock.

The inspection of domestic properties for house renovation purposes, the means testing of applicants, preparation of grant approvals, supervision of works, certification of work completion and payment of grant.

To carry out inspections and re-inspections of the private sector housing stock, and where required, investigate complaints and enquiries arising from domestic premises.

To carry out energy audits of private sector housing stock in the Borough and to process grants for energy efficiency improvements in relevant properties in accordance with the Council's policy for such grants.

To maintenance a comprehensive 'domestic energy efficiency' computer database, including the preparation of reports on the conduct, monitoring and results of the Council's home energy conservation strategy.



### **3 To Provide Support for the Team with regard to:**

The inspection of private sector housing stock for fitness for human habitation (\*Housing Health & Safety Rating System since 2006). To take action following such inspections in accordance with established procedures.

The investigation of all public health complaints arising from or about domestic premises. Taking appropriate action to deal with such complaints which would include monitoring, advice, service of notices and legal proceedings.

Assisting in the operation of the pest control and dog warden services.

The investigation and monitoring of domestic pollution matters within the Borough in conjunction with other Section members and in relation to specific domestic pollution which has been identified.

Contribute to the development and progression of The Housing Strategy, The Housing Assistance Policy (Regulatory Reform Order), Empty Homes Strategy and other strategies as appropriate.

### **4 Other duties**

To adhere to the requirements of the Data Protection Act in respect of confidentiality and disclosure of data.

To be aware of and adhere to the Council's Diversity and Equal Opportunities Policy at all times.

To carry out all duties with an awareness of Health and Safety Issues. To use correctly equipment/protective material provided for health and safety.

To be aware of the general responsibilities as set out in the Corporate Health and Safety Policy.

To undertake any other relevant duties required from time-to-time, as reasonably correspond to the general character of the post and as are commensurate with the level of responsibility.

To assist in the staff induction process for all new members of staff who have a responsible input regarding empty homes process.

## **Agenda Item No 5**

### **Housing Sub-Committee**

**18 October 2011**

#### **Report of the Assistant Director (Housing)**

#### **Private Sector Housing Assistance**

### **1 Summary**

- 1.1 This report updates the Board on the current position with regard to providing assistance to households in the private sector who are living in poor housing conditions and proposes two actions.

#### **Recommendation to the Sub-Committee**

- a That the interim private sector assistance policy be adopted;  
and**
- b That a revised private sector housing policy be drafted and  
brought back to the Housing Sub-Committee for consideration  
by February 2012.**

### **2 Consultation**

#### **2.1 Portfolio Holder, Shadow Portfolio Holder and Ward Members**

- 2.1.1 The Housing Portfolio Holder, Councillor Winter and the Shadow Housing Portfolio Holder, Councillor Johnston, have been provided with this report and their comments requested.

### **3 Background**

- 3.1 In February 2010 the Resources Board received a report about work undertaken by the Private Sector Team to address the house conditions identified in the Council's 2005 private sector stock condition survey. At the time of the report it was resolved to concentrate resources and action on vulnerable households given the key role of poor thermal efficiency in non decency and Category 1 hazards. Fuel poverty remains a particular issue.
- 3.2 Since 2005 the Council has helped many households and improved many non decent dwellings both directly through financial and technical aid. Where appropriate enforcement action has also been taken. Indirectly private occupiers have also been helped through advice, leverage of other funds and by the Council acting as a referral agent. For example the Warm Front scheme levered annual funds of well in excess of £600,000 to be spent on heating and insulation works for vulnerable households. Additional central

Government funding was also used to provide gas supplies to the properties of vulnerable households who would not otherwise have been able to afford to do so.

- 3.3 The Regulatory Reform Order 2002 allowed the Council to introduce loans in addition to the traditional grants, and many properties have been improved with a mixture (generally 50/50) of loan and grant finance, some of these loans being eventually repayable and recycled back into Council funds for further use. We have also assisted landlords bringing empty homes back into use for vulnerable households.
- 3.4 Our criteria for assistance are that a property must be non decent to start with (and made decent as a result), and that the occupying household meets the government definition of vulnerable, effectively qualifying by virtue of a recognised means tested benefit.
- 3.5 Our ability to assist is generally depends on a combination of available capital funds, by the staffing resource to deliver projects, and sometimes by difficulties in finding and engaging with target households. We have made our capital funding go further by leveraging in external finance and by using the loan/grant mechanism, in addition to choosing schemes based on value for money and effectiveness.
- 3.6 The report to the Resources Board noted that nationally funding was an issue. There is no longer grant from central Government to local authorities to address the decent homes issue in the private sector. As a consequence the Council agreed to join, in partnership with other local authorities, the West Midlands Kick Start initiative.

#### **4 West Midlands Kick Start**

- 4.1 The Council agreed to be part of the West Midlands Kick Start project in February 2010. This provided a safe equity release scheme which private owners could access as an alternative to grant payments for improvements to their home.
- 4.2 The government's Comprehensive Spending Review effectively removed the top-sliced funding from regional housing capital funds on which West Midlands Kick Start relied for delivery Alternatives were explored but none came to fruition. For this reason West Midlands Kick Start is now being decommissioned and has now closed it's systems to new cases.

#### **5 Current Position**

- 5.1 The reduction in grant available from central government sources, including the demise of the top sliced funded West Midlands Kick Start project, means that the Council has less funds available to it to provide financial assistance by way of grants to private sector occupiers who are vulnerable and living in poor housing conditions.

- 5.2 The Council's current private sector housing policy is based on the 2005 stock condition survey and assumptions about available funding that are no longer viable.
- 5.3 The Environmental Health Manager has sought to find an alternative method of assessing private sector housing needs in the Borough in way that is robust but does not depend on financing a private sector housing survey which usually costs in the region of £40,000 to £50,000. Through the Kick Start Partnership work was commissioned with the Building Research Establishment to produce a housing stock model which provides high level information about Housing Health and Safety Rating System category 1 hazards. This can be used a starting point to consider where the Council should prioritise its work.
- 5.4 The debate with regard to the balance of loans and grants which can be made available to householders in need of assistance started in the February 2010 report remains prevalent in the current financial climate. The Council can provide a mix of loans and grants with loan funds being recycled. However the reduced funding available is unlikely to meet the need of all of the householders who need assistance.
- 5.5 A choice of equity release products is no longer available to residents through West Midlands Kick Start. However the Council has been approached by another, not for profit, organisation called Houseproud, who are keen to work with district partners in Warwickshire. Whether this is an appropriate option to put to Members is currently being explored as well as other possible providers such as Age UK.

## **6 Proposal**

- 6.1 The Building Research Establishment report clearly indicates that there remain issues of poor housing conditions in the Borough. Fuel poverty remains a particular issue. Whilst the Council may no longer have a mandatory duty to provide grants for assistance it is expected to keep housing conditions under review and act when appropriate. This can be through enforcement or assistance.
- 6.2 The prevalence of non decent homes, the number of vulnerable households living in them and fuel poverty figures create a compelling argument to develop more effective and widely available interventions. However do to so we need to approach our private sector housing policy in light of a changing financial context. Nonetheless it remains important to try to avoid simply focusing on addressing emergencies rather than taking a wider or holistic view of an individual's circumstances including other defects or hazards in their accommodation and the sustainability of their ongoing occupation.
- 6.3 There are two proposals for the Board to consider.

6.4 The first is an interim revision of the policy statement which was set out in the February 2010 report and which takes into account the demise of West Midlands Kickstart and the availability of equity release. The revised interim policy statement is set out at Appendix A.

6.5 The second is to have regard to the issues raised in the Building Research Establishment report, the general capacity of the Private Sector Team, the work currently underway to review the Home Improvement Agency service and delivery of Disabled Facilities Grants and the monetary resources available nationally and locally to create a new policy statement which has the following aims:

- The reduction of the number of non-decent homes with particular focus being placed on vulnerable household living in non-decent homes
- The reduction of fuel poverty and category 1 hazards be addressed as a priority
- A wider and more holistic approach
- An approach that attracts new additional sources of funding
- The approach being cost neutral or beneficial to the Borough Council.

6.6 As a minimum, the new model should seek to deliver a decent home that meets the current minimum statutory standard for housing, is in a reasonable state of repair, has reasonably modern facilities, and provides a reasonable degree of thermal comfort.

6.7 In addition to the physical condition of the property the new model should consider the appropriateness of the home environment over the longer term, telecare/assistive technology installation, home security, current home safety, downsizing, benefits uptake, aids and adaptations and residential, nursing or extra care options.

6.8 Rather than using Council resources exclusively a new model would be designed around loans secured against the property, rather than grants as the primary funding source. Grants would still be required as certain emergency works will necessitate immediate repairs and some households may have limited equity or be ineligible for a loan (mobile homes). However, even these grants could be linked to local land charges and therefore ultimately recoverable on disposal of the property.

6.9 Nonetheless in achieving some of these aims it is likely that there will be challenges:

- Householders tend to prefer grants to loans, as do their families.
- Householders will require help to identify appropriate contractors, project manage works and achieve practical completion.

- Appropriate loan products/loan providers will need to be identified.
- Loans of this nature are only viable for works above £3000 in value.
- Householders financial position will have to be assessed as to their ability to repay any loan and full information will be given as to their potential liability.
- Marketing of these new arrangements will need to developed.

## 7 Conclusion

7.1 There have been some significant changes to the finances available to fund private sector housing assistance because of poor housing conditions. A new approach is required for this service which will be set out in a revised policy.

## 8 Report Implications

### 8.1 Finance and Value for Money Implications

8.1.1 A source of equity release loans is not currently available as a choice for customers who need assistance to address poor conditions in their home. An interim policy statement for assistance is set out at Appendix A. Any funding is means tested using the same criteria which is applied for Disabled Facilities Grants.

8.1.2 The Housing Division has a capital budget of £57,500 available to it to provide assistance for householders during 2011-2012.

### 8.2 Legal and Human Rights Implications

8.2.1 The Housing Act 2004 sets out a duty for the Council to keep local housing conditions under review. The same Act provides a framework for enforcement powers.

The Contact Officer for this report is David Baxendale (719322).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

## Interim Framework for Providing Private Sector Housing Assistance

Appendix A

Name	Min. £	Max. £	Purpose	Household	Property	Delivery	Terms
Decent homes grants includes Warm Front top-up	200	2,000	Repairs etc. for removal of HHSRS category 1 hazards and <i>towards</i> decent homes standard.	Vulnerable* means tested benefits	Non decent	NWBC	Owned house min. 3 years, no repeat application in 5 yrs.
Small Repair Loans (unsecured)	200	2,000	Repairs etc. for removal of HHSRS category 1 hazards and <i>towards</i> decent homes standard.	Vulnerable	Non decent	NWBC	Can be in addition to Minor Works Grant
Repair Loans (secured)	2,000	10,000	Repairs etc. for removal of HHSRS category 1 hazards and <i>towards</i> decent homes standard.	Vulnerable	Non decent	NWBC	Can be in addition to Minor Works Grant / Small Repair Loan
Empty Homes (rent) – 50% grant*	n/a	5,000 per property	To bring empty homes to rent (priority long term and for vulnerable residents)	Vulnerable and others by agreement	Priority empty over 6 months	NWBC	Property leased to NWBC/RSL, 75% of repair costs & management recovered from rent
Empty Homes (sell) – loan / charge	n/a	5,000 per property	To bring empty homes to market (priority long term)	n/a	Priority empty over 6 months	NWBC	75% costs recovered from sale

## **Agenda Item No 6**

### **Housing Sub-Committee**

**18 October 2011**

**Report of the  
Assistant Director (Housing)**

**A New Mandatory Power of  
Possession for Anti-Social  
Behaviour - Consultation**

#### **1 Summary**

- 1.1 This report is written in response to the consultation document provided by the Communities and Local Government in relation to the introduction of “a new mandatory power of possession to enable landlords to take swifter action to evict their most anti-social tenants”; (CLG; (2009) “A new mandatory power of possession for anti-social behaviour” Consultation).

#### **Recommendation to the Sub-Committee**

**That the Sub-Committee agree to the responses set out in Section 4 of the report and the Housing Division replies to the consultation accordingly.**

#### **2 Consultation**

##### **2.1 Portfolio Holder, Shadow Portfolio Holder and Ward Members**

- 2.1.1 The Housing Portfolio Holder (Councillor Winter) and Shadow Housing Portfolio Holder (Councillor Johnston) have been sent a copy of this report and asked for their comments.

#### **3 Background**

- 3.1 When dealing with Anti Social Behaviour it is essential that Landlords make best use of the “toolbox” provided by the Government. This requires Landlords to make best use of early intervention and preventative “tools” such as Acceptable Behaviour Contracts; Mediation; Neighbourhood Agreements: diversionary activities and partnership working to bring a satisfactory conclusion for all parties involved. In the vast majority of cases these methods work and the Tenant reverts back to adhering to their Conditions of Tenancy.



- 3.2 On occasion the methods described at 3.1 are not successful and the Landlord has to consider seeking possession of a property potentially leading to the eviction of the Tenant; this action raises the question of “moving the problem or dealing with the problem. Evidence obtained in 2005 (ODPM (2005) *Possession actions and evictions by social landlords*) clearly shows that on average, from the date of application to the court for possession it can take up to 7 months for a hearing date; this piece of evidence further indicates that costs to the landlord for possession are on average between £6,500 / £9,500 and on occasion have been known to exceed £20,000. The cost to the victim / witness is insurmountable as in many cases they remain living within the same vicinity as the perpetrator continually suffering anti-social behaviour, impacting not only on their emotional well being but eventually the sustainability of their own tenancy / home as they may well seek alternative accommodation to remove themselves from the situation.
- 3.3 Whilst awaiting a court hearing date on many occasions landlords will make efforts at putting some control mechanisms in place to control / stop the anti-social behaviour. This will involve approaching the County Court for either a s153 Housing Act Injunction or s222 Local Government Act Injunction or the Magistrates Court for an Anti Social Behaviour Order (Crime and Disorder Act 1998 or a Closure Order granted under the Anti-Social Behaviour Act 2003 s 1-11. The landlord applicant has to satisfy the court that the above orders are both necessary and proportionate; similar standards to the granting of a possession order. If a breach of one of the above orders takes place the landlord and witnesses will have to return to the courts and evidence the breach; whilst this detail will be presented to the courts during the application for possession the granting of the possession order is still at the courts discretion and continues to be a lengthy process.
- 3.4 To speed up the process and offer respite to both victims and communities the Government is consulting on the introduction of a mandatory power of possession in cases in which “anti-social behaviour has already been proven”.
- 3.5 An example from a case in which North Warwickshire took action might be useful. Some years ago a tenant caused nuisance by dealing Class A and Class B drugs from their tenancy. However, understandably, neighbours were concerned about complaining for fear of reprisals. The Police took action and raided the property. The tenant was found guilty in the criminal court of dealing in Class A drugs and her partner was sent to prison for dealing in Class B drugs from the tenancy. The Council took action in the County Court against the tenancy. Unfortunately the County Court judge decided not to grant any order whatsoever because he decided it was not reasonable even though all other facts had been proven. If a mandatory ground had been available at the time of the action rather than a discretionary one the Council could have decided to use it in order to protect other tenants in the neighbourhood.

## 4 Consultation Response

4.1 The consultation sets out proposals and procedures for a new mandatory ground for possession and asks for a response. The full paper has been made available in the Group offices. The following sets out the proposed responses for the Board to consider.

4.2 **Question 1: Do you agree that we should extend the scope of the current discretionary ground for possession for anti-social behaviour and criminality in this way?**

4.3 Currently Ground 2 of Schedule 2 to the Housing Act 1985 provide that the Court may grant possession where: -

*The tenant or a person residing in or visiting the dwelling house has*

*a) been guilty of conduct causing or likely to cause a nuisance or annoyance to a person residing, visiting or otherwise engaging in a lawful activity in the locality, or*

*b) been convicted of*

*i using the dwelling house or allowing it to be used for immoral or illegal purposes, or*

*ii an indictable offence committed in, or in the locality of, the dwelling-house*

Central Government are proposing to include additional provisions in Ground 2 in relation to possession “*where a tenant or member of their household has been convicted of violence against property (including criminal damage and offences such as arson), violence against persons at a scene of violent disorder or theft linked to violent disorder ..... subject to it being committed in the United Kingdom*”

4.4 This addition to Ground 2 would remain discretionary; in relation to locality Government are suggesting that “*There would in these circumstances be no requirement that the offence had been committed within the locality of the dwelling house, subject to it being committed in the United Kingdom*”. As a consequence of this proposal a Parent who is a tenant of a Registered Social Landlord could lose their home as a result of the activities of their offspring even if the “offence” was committed out of the locality; however the grounds of reasonableness and necessity would still need to be considered by the Courts before an order could be made; further to progress a matter to Court to seek possession is a matter for the Landlord to take giving due consideration to all of the factors relevant to the case.

4.5 It is recommended that the Board agree to the proposal of extending the scope of the discretionary ground for possession.

4.6 **Question 2: Do you agree that we should construct a new mandatory power of possession in this way?**

- 4.7 Landlords on occasion seek from the courts orders to control / stop the Anti Social Behaviour. On many occasions the orders obtained to offer residents / communities respite are breached resulting in further court appearances. Whilst these breaches can be placed before the courts at the time of the possession hearing the court remain to have discretion. Government are consulting on introducing *“a new, clearly defined route to possession for serious, housing related anti-social behaviour which has already been proven by another court”*. The process to be followed would be in line with the tried and tested processes used to bring an Introductory Tenancy (s127 -129 Housing Act 1996) to an end. A Notice of Possession would be served on the tenant setting out the reasons for possession and advising the tenant the date on which proceedings can commence; the landlord would then approach the court for mandatory possession with the courts ensuring that the correct process had been followed – this will offer some protection to the tenant along with the Right to Review which will be carried out by Senior Officers not involved in the case.
- 4.8 It is recommended that the Board agree to the proposed mandatory power of possession.
- 4.9 Government are recommending two key principles to ensure that matters are resolved expeditiously. Key principle 1 relates to the landlord seeking possession being able to easily demonstrate to the courts that the criteria required for possession has been met along with a clear test which can be readily established. We would agree that matters have to be dealt with in a timely manner for a victim / witness to continue to suffer Anti Social Behaviour for protracted periods without any respite is not acceptable.
- 4.10 Key principle 2 deals with the matter of proportionality; case law . There has been some recent case law with regard to a tenant named Pinnock (Manchester City Council v Pinnock 2010) which is relevant here. In this case there was a mandatory ground for possession and the Courts were bound to give that possession if the facts had been proven. In this case the matter of the tenants Human Rights in relation to the request for possession were considered and the subsequent judgement dealt with this issue of proportionality.
- 4.11 **Question 4: Have we defined the basis for the new mandatory power correctly? If not, how could we improve the definition?**
- 4.12 The mandatory power suggested relates to serious, housing-related anti-social behaviour already proven by another court perpetrated by a person residing at or visiting the tenancy address; the behaviour has to be perpetrated within the locality.

These triggers will include:-

- a) Conviction for a serious housing related offence including violence against neighbours; serious criminal damage with violence; drug dealing or cultivation in the property; murder; rape
- b) Breach of an injunction for anti-social behaviour

c) Closure of premises under a closure order

4.13 It is recommended to the Board that we agree with the categories of serious housing related ASB as recommended by the Government.

4.14 **Question 5: As a landlord, would you anticipate seeking possession using the mandatory power in some or all of the instances where this would be available?**

4.15 The new Ground would sit alongside the current discretionary Ground. The Council would decide on a case by case basis which Ground would be the most appropriate. We would recommend that our response would be that we would consider using the new Ground. The Housing Division would make best use of these new tools if the Anti Social Behaviour was so serious that a person/s or the current stability of our communities was at risk.

## 5 Report Implications

### 5.1 Finance and Value for Money Implications

5.1.1 There are no financial implications directly arising out of this report. However it is noted that taking action against a tenancy through the Court does accrue a significant cost and other measures are always attempted in the first instance.

### 5.2 Safer Communities Implications

5.2.1 The flexibility to use another tool to deal with very serious Anti Social Behaviour is welcomed and its use should provide for safer communities were a significant issue as occurred. However North Warwickshire rarely has significant Anti Social Behaviour to deal with in its own stock.

### 5.3 Legal and Human Rights Implications

5.3.1 If the new mandatory ground is introduced the Council would act in accordance with the procedures set out to pursue the Ground. Human Rights implications would also be considered as part of deciding which Ground best applies in a particular case.

The Contact Officer for this report is Caroline Morris (719351).

## Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date

## **Agenda Item No 7**

### **Housing Sub-Committee**

**18 October 2011**

#### **Report of the Assistant Director (Housing)**

#### **Update on Social Homebuy Scheme**

### **1 Summary**

- 1.1 This report provides an update Social Homebuy schemes. The scheme enables Local Authority tenants to part buy their homes and it is a voluntary scheme which Local Authorities are not obliged to become involved. Members are asked to consider whether the scheme should be adopted in North Warwickshire.

#### **Recommendation to the Sub-Committee**

**That the scheme is not adopted at North Warwickshire.**

### **2 Consultation**

#### **2.1 Portfolio Holder, Shadow Portfolio Holder and Ward Members**

- 2.1.1 The Housing Portfolio Holder (Councillor Winter) and Shadow Housing Portfolio Holder (Councillor Johnston) have been sent a copy of the report for their consideration.

### **3 Background**

- 3.1 Social Homebuy was introduced by the Government in April 2006 to provide increased opportunity for tenants of local authorities and registered social landlords to access the ladder of home ownership. The scheme is voluntary and although encouragement was given to participate in the scheme, there appears to have been very little take up by Local Authorities. There are 378 Local Authorities within England and after research; we have only uncovered 12 that have participated in the scheme, totalling a return rate of 3.17%.
- 3.2 The scheme aims to help social tenants, who have a statutory purchase right, but cannot afford to buy outright. Social Homebuy allows them to part buy their rented house at a discount, but only pay a proportion of the value (from 25%). The equitable interest in the property is shared with the landlord. The purchase could also be bought to 100% of the market value, although in many authorities, it would be cheaper for the tenant to simply use the Right to Buy scheme.
- 3.3 It should be noted that each time the tenant decides to invest in a further proportion of their home, they will again receive the statutory discount based

on that value of that time and if the market values have increased since the last valuation, the discount will also increase.

- 3.4 The criteria for eligibility for the scheme are included in the attached report for July 2010 as the scheme has not had any changes since that date. As mentioned in previous reports, if the owner wishes to sell their property, they are expected to offer it back to the Local Authority first. Local authorities have a right to first refusal or to nominate a new buyer. If the local authority decides not to do either, the owner sells the property on the open market.
- 3.5 Some of the advantages and disadvantages are attached in the July 2010 report under Appendix 1.
- 3.6 Currently if the Local Authority decides to go ahead with the concept of Social Homebuy, it will not have to pool the receipts as is the current system under the Right to Buy. However, the monies raised through Social Homebuy do have to put towards specific objectives which are listed in the previous report under paragraph 4.3.
- 3.7 We have re-contacted the two local authorities who were willing to share their experiences before and they have advised the following:

#### Waveney

They have stated that they have had no applications to the scheme since our last contact and although they will answer enquiries in relation to Social Homebuy, they are no longer actively pursuing it. They have been running it for 3 years and have had no applications, apart from 1 abortive application which ended up as a Right to Buy as that was a better system.

#### Wandsworth

Since the inception of their scheme in 2009, they have had 2 cases go through, 1 live at the moment and 3 cases that have withdrawn due to various issues. They still feel that for the amount of work that has gone into administering the scheme, there has been very little return.

## 4 **Conclusion**

- 4.1 The Social Homebuy scheme has been introduced to provide tenants who cannot afford to buy their tenancy outright the opportunity to have an equity stake in their property.
- 4.2 Research has shown that there has not been a great take up of the scheme where it has been introduced with tenants still preferring to exercise their statutory right to buy if they are considering purchasing their tenancy.
- 4.3 Introducing the scheme would have resource implications which would have to be considered further if the Council wanted to proceed. However there are also considerations with regard to the viability of a future Business Plan for the Council's housing stock in April 2012 when the Council opts out of the Housing Subsidy System if property numbers are reduced.

- 4.4 In view of the low take up in areas which have introduced the scheme, current low take up of Right to Buy with the implication that resources may be diverted from other duties to introduce a scheme with an expected low take up and the need to see the Housing Revenue Account Subsidy Reform process concluded in order to understand how that might impact on such a scheme, it is proposed that the Social Homebuy scheme is not appropriate for North Warwickshire and that we elect not to participate.

## **5 Report Implications**

### **5.1 Finance and Value for Money Implications**

- 5.1.1 The financial implications of this scheme as opposed to the previous version reported in 2007 is that the level of potential discount factored in each time that further equity is purchased. There are examples in the previous report attached to this shown in Appendix 2. It is not possible to predict how many tranches of equity tenants will purchase, so the impact on the overall scheme cannot be quantified at this stage.

- 5.1.2 If the Council introduced Social Homebuy currently there would be a reduction in maintenance and management subsidy and Major Repairs Allowance for each property that participates in the scheme. The figures for this year are £999.34 for the maintenance subsidy, £465.15 for the management subsidy and £642.05 for the Major Repairs Allowance totalling a loss of £2106.54 for each property participating in the scheme.

### **5.2 Legal and Human Rights Implications**

- 5.2.1 We would need to apply for a certificate to put certain regulations into the process such as preventing subletting on a property that the tenant obtained through a discount.

- 5.2.2 Legal did advise that a similar scheme was operated by the Council before which was not successful and attracted only one applicant. They stated that such a scheme would involve a lot of setting up from the legal, valuation, finance and housing perspective and could involve any amount of future input as the occupants secure future percentage ownership in the property. If the scheme was to generate the same amount of take up as before, it could be costly in setting up the scheme in monetary terms as well as officer time.

### **5.3 Environment and Sustainability Implications**

- 5.3.1 The idea of Social Homebuy falls in with the Government's proposals of sustainable communities by creating mixed tenures within estates.

#### 5.4 Human Resources Implications

5.4.1 If a decision is taken for the authority to participate in this scheme it is likely that the work would fall to the Legal Team that manages the Right to Buy scheme. The impact of this would have to be evaluated.

#### 5.5 Risk Management Implications

5.5.1 By selling the local authority properties under Social Homebuy, we are further depleting the amount available to accommodate the needs of the housing register for council housing.

5.5.2 If the Housing Revenue Account Subsidy System Reform is concluded there would be a risk to the Council's Business Plan for its stock if it is depleted to an extent which means that revenue income is reduced and the Plan is no longer viable.

#### 5.6 Equalities Implications

5.6.1 The scheme would allow tenants to get a step up on the home ownership market, but we would need to ensure that receipts were ploughed back into providing affordable housing to ensure that we meet the needs of residents within North Warwickshire who are unable to buy through schemes such as Social Homebuy.

#### 5.7 Links to Council's Priorities

5.7.1 Improving housing in the Borough by delivering more affordable housing.

The Contact Officer for this report is Paul Roberts (719459).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Social Homebuy – Guidance for Local Authorities	Communities and Local Government	Advisory	Jan 2010



**Agenda Item No 7****Resources Board****5 July 2010****Report of the Assistant Director  
(Housing)****Social Homebuy****1 Summary**

- 1.1 This report provides Members with information about the Social Homebuy Scheme that is promoted by Communities and Local Government. The scheme enables Local Authority tenants to part buy their homes. It is a voluntary scheme and Local Authorities are not obliged to become involved. This was originally brought to Members attention in February 2007, where a decision was taken not to take part at that stage. There have been some changes to the process and therefore we are providing an update and Members are asked to consider whether the scheme should be adopted in North Warwickshire.

**Recommendation to the Board**

- a That the scheme is not adopted at the current time for the reasons set out in the report; and**
- b That the possible adoption of the scheme be considered again in 6 months when the outcome of the reform of the Housing Revenue Account Subsidy System is known.**

**2. Portfolio Holder, Shadow Portfolio Holder and Ward Members**

- 2.1 The Housing Portfolio Group will consider this report at their meeting on 23 June 2010 and their comments will be shared with the Resources Board at the meeting.

**3 Background**

- 3.1 Social Homebuy was introduced in April 2006 to provide increased opportunity for tenants of local authorities to access home ownership. The scheme is voluntary for landlords, who are encouraged to participate and aims to help social tenants who have a statutory purchase right but cannot afford to buy outright. Social Homebuy enables tenants to buy a lease of their rented home at a discount, but only pay a proportion of the value (from 25%). The equitable interest in the property is shared with the landlord. The purchase may also be outright at 100% of the market value, although in many authorities, it would be cheaper for the tenant to simply use the Right to Buy scheme if they wanted to pursue this option.

3.2 Social Homebuy was initially a two year pilot, but the Government announced that they would continue the scheme in December 2007 to increase opportunities for social housing tenants to access homeownership.

3.3 A previous report was brought to the Resources Board on 12 February 2007 and after deliberation, Members decided not to pursue the option of Social Homebuy at that time due to the constraints that could be placed upon the Council. Since that time it has been considered every 6 months by the Housing Portfolio Holder Group.

3.4 In order for tenants to be eligible for Social Homebuy, they would need to fulfil the following criteria: -

- They must have been secure tenants who have held a public sector tenancy for a minimum of five years.
- The prospective buyer must not be in rent arrears or in breach of their tenancy agreement. Tenants who meet the eligibility criteria when they apply must continue to do so up to the exchange of contracts.
- Tenants who are not eligible include those who are undischarged bankrupts or with a bankruptcy petition pending, those subject to a formal creditors agreement made under the Insolvency Acts, and tenants who are obliged to give up their tenancies in pursuance of an order of the court (whether or not they are in breach of the order), or who are subject to a suspension order.
- Purchasers must be able to afford a minimum 25% share and be able to sustain home ownership. Local authorities are required to carry out an affordability check to determine the share which tenants can purchase and sustain.

3.5 If the owner wishes to sell their share or home (when they own 100%) they are expected to offer it back to the Local Authority first. Local authorities do have a right to first refusal to buy back the property or nominate a new buyer. If the local authority decides not to do either the owner sells the property on the open market.

3.6 Social Homebuy is a voluntary scheme. The Government is encouraging participation although it is not currently a statutory scheme.

3.7 Some of the advantages and disadvantages of the scheme are set out in Appendix 1.

3.8 If the Authority were to participate in the scheme capacity would have to be found both to set up the scheme and then operate it. Currently the Council's Legal Team undertake the work to implement the Right to Buy scheme and the additional scheme would most naturally sit alongside that work. If the Council decided to proceed with a scheme a work plan and the necessary capacity to undertake it would be evaluated at that time. However indications are that there could be a lot of resource required to set up a Social Homebuy scheme with little return for the additional resources. Members will be aware that Right to Buy completions have reduced considerably over the last 2 to 3 years.

## 4 Changes to and Experience of the Scheme Since 2007

- 4.1 One of the changes from the last report is in connection with discounts. At the time of the last report tenants could only apply the discount once – that is the first time they applied to buy a percentage of their home. Those rules have now changed and the tenant is entitled to a discount at each stage that they buy a percentage of their home. (They could start at 25%, then buy another 25% and then another 25% and each time they would get a discount.) This could lead to increased costs for the authority as each time the purchaser applies for more shares the property would have to be valued and if the market values have increased since the last valuation, the discount will also increase. In the situation of a Right to Buy and the previous Social Homebuy rules there was only one discount.
- 4.2 In order for prospective purchasers to make an informed choice, Local Authorities are required to offer information about the initial and ongoing costs of home ownership. This will include general information such as: -
- Initial costs – e.g. stamp duty, legal and survey fees, mortgage and valuation fees
  - Ongoing costs – e.g. mortgage repayments, rent charges, buildings insurance and the costs of upkeep including service charges.
  - Service charges – in regards to flats being sold under Social Homebuy, the Local Authority should also provide estimates of service charges in respect of expected repairs and improvements for the first five years of the lease.
  - Repayment of discounts – if the buyer sells within 5 years, they would be liable to payback a percentage of the discount given to them. This starts off with a full repayment if you sell in the first year followed by a 20% reduction for each prospective year until five years have passed.
- 4.3 Currently if the Local Authority decides to go ahead with the concept of Social Homebuy it will not have to pool the receipts as is the current system under Right to Buy. However, the monies raised through Social Homebuy do have to be put towards specific objectives such as: -
- Acquiring buildings or other land to be used for affordable housing
  - Preparing land for development for affordable housing.
  - Constructing, improving or repairing dwellings to be used for affordable housing
  - Providing dwellings to be used for affordable housing by converting all or part of a building
  - Paying a contribution, grant or subsidy under any power conferred on the authority under any enactment
  - Giving consideration for any benefit that the authority has received, or will receive, by the virtue of the provision of affordable housing.
  - Making grants under Section 129 of the Housing Act 1988 (i.e. cash incentive schemes) to help tenants to buy other properties and thus to vacate properties that are to be used for affordable housing.
  - Meeting the administrative costs of or incidental to a Social Homebuy disposal.

- Meeting the administrative costs of or incidental to the running of the Social Homebuy scheme.
- Meeting the administrative costs of or incidental to collecting charges payable by Social Homebuy owners on the share of their homes retained by the local authority.

4.4 Since this matter was considered by the Resources Board research has been published about the pros and cons to the scheme. This has been shared with the Housing Portfolio Holder Group. In general terms it was concluded that if Tenants decide to and can afford to buy their Council home they are more likely to do it through the Right to Buy Scheme. It was also noted that the repairs and maintenance responsibilities post sale is a disincentive for tenants.

4.5 There are also examples from authorities who have introduced a scheme for their tenants: -

- Wandsworth Council began a pilot scheme in 2007. Since then they have completed two Social Homebuy sales. Their experience is that the administrative setting up for the scheme was considerable with very little return but they are continuing the scheme at the present time. They have commented that a lot of time was spent setting up the leasing agreement as it is very complex.
- Waveney is a part urban/part rural authority and they introduced Social Home Buy about 2 ½ years ago. They have had one application for Social Homebuy which did not conclude because the applicant changed to Right to Buy as it was a better option. Waveney's feedback is that there has been a lot of effort for very little return.

## 5 **Conclusion**

5.1 The Social Homebuy scheme has been introduced to provide tenants who cannot afford to buy their tenancy outright the opportunity to have an equity stake in the property.

5.2 Research has shown that there has not been a great take up of the scheme where it has been introduced with tenants still preferring to exercise their statutory right to buy if they are considering purchasing their tenancy.

5.3 Introducing the scheme would have resource implications which would have to be considered further if the Council wanted to proceed. However there are also considerations with regard to the viability of a future Business Plan for the Council's housing stock if the Housing Subsidy System reform proceeds and is concluded if property numbers are reduced.

5.4 In view of the low take up in areas which have introduced the scheme, current low take up of the Right to Buy scheme with the implication that resources may be diverted from other duties to introduce a scheme with an expected low take up and the need to see the Housing Revenue Account Subsidy Reform process concluded in order to understand how that might impact on such a

scheme it is proposed that a scheme for Social Homebuy is not introduced at the current time.

## **6 Report Implications**

### **6.1 Finance and Value for Money Implications**

6.1.1 The financial implications of this scheme as opposed to the previous version reported in 2007 is that the level of potential discount has increased as tenants are allowed to have a discount factored in each time that further equity is purchased. The table set out at Appendix 2 indicates a typical example of this. It is not possible to predict how many tranches of equity tenants will purchase so the impact on the overall capital receipt cannot be quantified at this stage.

6.1.2 If the Council introduced Social Homebuy currently there would be a reduction in maintenance and management subsidy and Major Repairs Allowance for each property that participates in the scheme. Figures for next year are £999.34 for the maintenance subsidy, £458.62 for the management subsidy and £627.04 for the Major Repairs Allowance totalling a loss of £2,085 for each property participating in the scheme. However this would change if the reform of the Housing Revenue Account Subsidy System is concluded.

### **6.2 Legal and Human Rights Implications**

6.2.1 We would need to apply for a certificate to put certain regulations into the process such as preventing subletting on a property that the tenant obtained through a discount.

6.2.2 Legal did advise that a similar scheme was operated by the Council before which was not successful and attracted only one applicant. They stated that such a scheme would involve a lot of setting up from the legal, valuation, finance and housing perspective and could involve any amount of future input as the occupants secure future percentage ownership in the property. If the scheme was to generate the same amount of take up as before, it could be costly in setting up the scheme in monetary terms as well as officer time.

### **6.3 Environment and Sustainability Implications**

6.3.1 The idea of Social Homebuy falls in with the Government's proposals of sustainable communities by creating mixed tenures within estates.

### **6.4 Human Resources Implications**

6.4.1 If a decision is taken for the authority to participate in this scheme it is likely that the work would fall to the Legal Team that manage the Right to Buy scheme. The impact of this would have to be evaluated.

## 6.5 Risk Management Implications

- 6.5.1 By selling the local authority properties under Social Homebuy, we are further depleting the amount available to accommodate the needs of the housing register for council housing.
- 6.5.2 If the Housing Revenue Account Subsidy Reform is concluded there would be a risk to the Council's Business Plan for its stock if it is depleted to an extent which means that revenue income is reduced and the Plan is no longer viable.

## 6.6 Equalities Implications

- 6.6.1 The scheme would allow tenants to get a step up on the home ownership market, but we would need to ensure that receipts were ploughed back into providing affordable housing to ensure that we meet the needs of residents within North Warwickshire who are unable to afford to buy through schemes such as Social Homebuy.

## 6.7 Links to Council's Priorities

- 6.7.1 Improving housing in the Borough by delivering more affordable housing and achieving the Decent Homes Standards for our own stock.

The Contact Officer for this report is Paul Roberts (719459)

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Social Homebuy – Guidance for Local Authorities	Communities and Local Government	Advisory	Jan 2010

## Appendix 1

### Advantages

- The Council would no longer have to fund repairs on these properties.
- Tenants may go for this scheme as it would be a cheaper route of owning a stake in their property as opposed to the Right to Buy.
- Providing we use proceeds from the sale of these properties in accordance with the specified criteria, the Council is allowed to keep 100% of proceeds, which does not currently happen with Right to Buy.
- Proceeds from the sales can be used to fund affordable housing of which there is a shortage in North Warwickshire. This should also be able to go towards any new developments that the Council are considering building themselves under the Local Authority New Build Programme.

### Disadvantages

- Reduction of an already unlimited stock of Council Housing, which would have an impact on the increasing waiting list.
- Council overheads per property will not reduce even though the rental income will have done so.
- The Council will no longer attract maintenance subsidy or Major Repairs Allowance for properties participating in the scheme. This would need to be considered against the revenue that Social Homebuy may bring in.
- Difficult to predict when we will need to rebuy the stakes in the houses sold, therefore causing cash flow problems. This would also be exacerbated by the right to apply discount for each tranche purchased, which would be dependent on current market levels, as originally this was only discounted once.
- Tenants may be reluctant to go on the scheme due to only owning part of the property and being responsible for future maintenance.
- The Council has participated in a similar scheme before called Rent to Mortgage that was not very successful and was eventually withdrawn as it involved a lot of administrative work for very little return.

## Appendix 2

### New Scheme

Buy 25%		
	Current Value	100,000
	Discount say £16k	16,000
	Buy 25%	25,000
	Less discount	4,000
	Capital receipt	21,000
Buy another 25%		
	New value	120,000
	Discount say £16k	16,000
	Buy 25%	30,000
	Less discount	4,000
	Capital Receipt	26,000
Buy last 50%		
	New value	140,000
	Discount say £16k	16,000
	Buy 50%	70,000
	Less discount	8,000
	Capital receipt	62,000
	Tenant pays in total	109,000
	Original value	100,000
	Last value	140,000
	Discount allowed	16,000

### Old Scheme

Buy 25%		
	Current value	100,000
	Discount say £16k	16,000
	Buy 25%	25,000
	Less discount	4,000
	Capital receipt	21,000
Buy another 25%		
	New value	120,000
	Buy 25%	30,000
	Less discount	0
	Capital receipt	30,000
Buy last 50%		
	New value	140,000
	Buy 50%	70,000
	Less discount	0
	Capital receipt	70,000
	Tenant pays in total	121,000
	Original value	100,000
	Last value	140,000
	Discount allowed	4,000



**Agenda Item No**

**Resources Board**

**12 February 2007**

**Report of the Assistant Director  
- Housing**

**Social Homebuy**

**1 Summary**

- 1.1 This report provides Members with information about Social Homebuy scheme that is currently being promoted by the Department of Communities and Local Government. It is a voluntary scheme and local authorities are not obliged to become involved. Members are asked to consider whether the scheme should be adopted in North Warwickshire.

**2 Recommendation to the Board**

**That Members give consideration to whether North Warwickshire Borough Council should become a participating authority in the Social Homebuy scheme.**

**3 Background**

- 3.1 In September 2005, the Government published its Response to Consultation on the proposals set out in its earlier document "Homebuy – Expanding the Opportunity to Own. Consultations then took place in October 2006 with local authorities and housing associations through seminars with the Chartered Institute of Housing, which is why the Council is now bringing this to your attention. There is only one local authority participating in the scheme at the moment, which is Camden.
- 3.2 There are three elements to the scheme. These are Social Homebuy, New Build Homebuy and Open Market Homebuy. This report is concerned with Social Homebuy.
- 3.3 Social Homebuy is designed to enable tenants of participating local authorities and housing associations to buy a share in the home that they currently occupy at a discount. For local authority tenants Social Homebuy is only available to those who are eligible for the Right to Buy scheme.

As with the Right to Buy, Social Homebuy will only be available to secure tenants. Those whose tenancies started before 18 January 2005 qualify when they have been social tenants for two years or more. Those whose tenancies started on or after 18 January 2005 qualify when they have been social tenants for five years or more.

Tenants would be eligible for a maximum discount available in the area where they live. The discount they receive will be pro-rata to the size of the initial equity share that they buy – i.e. if a tenant buys a 25% share where the discount is £16,000, they would receive a discount of £4,000. This discount is only paid out once.

#### 4 Details of the Homebuy Scheme

Tenants will be able to buy an initial share of at least 25%. They will also be able to staircase up by buying further shares, but these must be at least 10%.

In regards to valuation, any further shares that the tenant buys will be based on the current valuations of the day that they apply for additional shares, therefore ensuring no loss to the Council.

Stair casing down in order to sell shares back to the Local Authority would only be allowed in exceptional circumstances. For example when it is clear that the owners face financial difficulties. However, this is at the discretion of the both the local authority and the lender.

Tenants would have to pay certain costs. They will have to pay for any survey that they commission and fees to any solicitor or other adviser that they employ and will also if applicable be liable for stamp duty. They will need to keep up regular mortgage payments and pay for building insurance.

There would be a rental charge for the remaining equity to the Local Authority (which will be the proportion that is left (i.e. if the tenant buys 25% of the property, they would be charged 75% of the outstanding rent charge)

Tenants participating in the scheme would have to pay the full costs of maintaining their own home. If they live in a flat, they will also have to pay annual service charges for *services such as grass cutting*

There are exemptions to the scheme. The exemptions are listed below:

- Properties in areas designated as rural under the Right to Acquire scheme by order of the Secretary of State (Certain districts which have parishes with a population of 3000 or less). This does not apply to local authorities, as we would follow the same guidelines as Right to Buy.
- Homes let in connection with the tenants employment by the local authority
- Homes that are part of a group of homes designed with special facilities for letting to people with physical disabilities.
- Homes that are part of a group of homes let to tenants who are suffering or have suffered from a mental disorder where social services or other special facilities are provided.
- Homes that are part of a group of homes let to tenants who have special needs and require intensive housing support.
- Homes that are part of a group of homes particularly suitable for elderly people and are let to people aged 60 or over.

Local authority properties sold under the Social Homebuy will remain in the Housing Revenue Account and the subsidy system. However they will not attract maintenance subsidy or Major Repairs Allowance although they will continue to attract subsidy for management costs pro-rata to the share retained by the local authority.

Local authorities will be able to retain all receipts from Social Homebuy sales (i.e. both initial shares and further shares) if they invest these in affordable housing or use them to cover the costs of running the scheme. Social Homebuy receipts that are not used for the specified purposes will be pooled at 75%, the other 25% being available for local authority use. The kinds of expenditure that they can be used for are listed below:

- Acquiring buildings or other land to be used for affordable housing.
- Preparing land for development for affordable housing.
- Constructing, improving or repairing dwellings to be used for affordable housing.
- Providing dwellings, to be used for affordable housing, by converting all or part of a building.
- Paying a contribution, grant or subsidy under any power conferred on the authority under any enactment.
- Giving consideration for any benefit that the authority has received, or will receive, by virtue of the provision of affordable housing.
- Making grants under section 129 of the Housing Act 1988 (i.e. Cash Incentive Schemes) to help tenants to buy other properties and thus to vacate properties that are to be used for affordable housing.
- Meeting the administrative costs of or incidental to a Social Homebuy disposal
- Meeting the administrative costs of or incidental to the running of the Social Homebuy scheme
- Meeting the administrative costs of or incidental to collecting rental charges payable by Social Homebuy owners on the share retained by the local authority.

If the Social Homebuy owner wishes to sell their share or home (if staircased to 100%), they will have to offer it back to the local authority from which they bought the property. Local Authorities have a right of first refusal to buy back the property or to nominate a new buyer. If the local authority decides not to do either, the owner may sell on the open market.

If for any reason, the Local Authority needs to revisit the voluntary stock transfer route and this went ahead, we would then be subject to the Right to Acquire rules, which means that a large proportion of our stock would be ineligible for Social Homebuy.

As stated in the introduction, Social Homebuy is a voluntary scheme. The Government is encouraging participation, but will not force any local authority to participate in the scheme.

## **Conclusion**

In order to reach a conclusion on whether this scheme is appropriate for North Warwickshire Borough Council, the Council needs to consider the advantages and disadvantages of running such a scheme.

## **Advantages**

- The Council would no longer have to fund repairs on these properties.

- Tenants may go for this scheme, as it would be a cheaper route of owning a stake in their property as opposed to Right to Buy.
- Providing we use proceeds from the sale of these properties in accordance with the specified criteria, the Council is allowed to keep 100% of proceeds, which does not currently happen with Right to Buy.
- Proceeds from the sales can be used to fund affordable housing of which there is a shortage in North Warwickshire. Proceeds can also be used to fund Decent Homes, as it would be classed as repairing properties to be used for affordable housing.

### **Disadvantages**

- Reduction of an already limited stock of Council Housing, which would have an impact on the increasing waiting list.
- Council overheads per property will not reduce even although rental income will have done so.
- The Council will no longer attract maintenance subsidy or Major Repairs Allowance for properties participating in the scheme. This would need to be considered against the revenue that Social Homebuy may bring in.
- Difficult to predict when we will need to rebuy the stakes in the houses sold, therefore causing cash flow problems
- Tenants may be reluctant to go on the scheme due to only owning part of the property and being responsible for the cost of future maintenance.
- The Council has participated in a similar scheme before called Rent to Mortgage that was not very successful and was eventually withdrawn.

### **Report Implications**

#### **Financial Implications**

If we were to go for Social Homebuy, we would lose the maintenance subsidy and Major Repairs Allowance for each property that participates in the scheme. Figures for next year are £912.87 for the maintenance subsidy and £586.05 for the Major Repairs Allowance totalling a loss of £1498.92 for each property participating in the scheme.

If a decision is taken for the authority to participate in this scheme, we should be able to allocate the work to the Legal Team that were dealing with the Right to Buys which are now in decline. However, after speaking to the Legal Team, they have requested that if Social Homebuy were to generate a lot of additional work, they would like to be able to return to request additional resources.

Please see below a table outlining the financial implications of running a Social Homebuy Scheme.

## Financial Implications of Social Homebuy Scheme

Say Market Value	100,000
Say Discount	-16,000
<b>Advantages</b>	
Purchase 25%	25,000
Less 25% of discount	-4,000
One Off Capital Receipt	21,000
No repairing obligation but difficult to quantify due to varying conditions of houses	
<b>Disadvantages</b>	
Loss of 25% of rent	696
Loss of MRA	586
Loss of Maintenance Subsidy	913
On Going Revenue Loss	2,195
Additional staff time to administer the scheme but difficult to quantify until scheme in place	

### Legal and Human Rights Implications

We would need to apply for a certificate to put certain regulations into the process such as preventing subletting on a property that the tenant obtained through a discount.

Legal have advised that a similar scheme was operated by the Council before which was not successful and attracted only one applicant. They state that such a scheme would involve a lot of setting up from the legal, valuation, finance and housing perspective and could also involve any amount of future input as the occupants secure future percentage ownership in the property. If the scheme was to generate the same amount of take up, as before, it could be costly in setting the scheme up in monetary terms as well as officer time.

### Environment and Sustainability Implications

The idea of Social Homebuy falls in with the Government's proposals of sustainable communities by creating mixed tenures within estates. With the stock going from council housing, obviously the housing division would have no powers in respect of enforcing any environment works, however this could be done through other avenues such as Environmental Health.

### Human Resources Implications

If a decision is taken for the authority to participate in this scheme, we should be able to allocate the work to the Legal Team that were dealing with the Right to Buys which

are now in decline. However, after speaking to the Legal Team, they have requested that if Social Homebuy were to generate a lot of additional work, they would like to be able to return to request additional resources

### **Portfolio Holder, Shadow Portfolio Holder and Ward Member's Consultation**

The Housing Portfolio Holder and Shadow Portfolio Holder have been made aware of this report.

### **Risk Management Implications**

By selling the local authority properties under Social Homebuy, we are further reducing the amount available to accommodate the increasing Housing Register for council housing.

### **Equalities**

The scheme would allow tenants to get a step up on the home ownership market, but we would need to ensure that receipts were ploughed back into providing affordable housing to ensure that we meet the needs of residents within North Warwickshire who are unable to afford to buy through schemes such as Social Homebuy.

### **Links to Council's Priorities**

Corporate Plan – To provide affordable housing and to bring properties up to Decent Homes Standard.

Housing Strategy – To look at different ways of providing intermediate tenure

The Contact Officer for this report is Paul Roberts (01827 719459).

## **Agenda Item No 8**

### **Housing Sub-Committee**

**18 October 2011**

**Report of the  
Assistant Director (Housing)**

**Licensing of Houses in Multiple  
Occupation – Renewal Fee**

#### **1 Summary**

- 1.1 This report requests Members approval for a fee level to renew a license for a House in Multiple Occupation.

#### **Recommendation to the Sub-Committee**

**That the fee option described at 3.7 (£100 per habitable bedroom for five years) as detailed in the report, is approved.**

#### **2 Consultation**

##### **2.1 Portfolio Holder, Shadow Portfolio Holder and Ward Members**

- 2.2.1 Councillors Winter and Johnston, Portfolio and Shadow Portfolio Holders for Housing and Councillors Lea and Simpson, Ward Members for Curdworth have been consulted and any comments will be reported verbally to the Board.

#### **3 Background**

- 3.1 Members received a report on 13 March 2006 describing a regime of mandatory licensing for certain Houses in Multiple Occupation (HMO) under the 2004 Housing Act (appended). At that time there was only one such HMO fitting the licensing criteria within the Borough, a farm house converted for staff accommodation on the Belfry golf course. The Belfry applied for and were awarded a license in 2006 which lasts for 5 years. It has become due for renewal. Subsequently, three other potentially licensable HMO's have been found and have decided to reduce their occupancy or make other changes to fall below the mandatory licensing criteria.
- 3.2 The original 2006 Board report set fees for various elements of the regime but not for the 5 year renewal fee, on the basis that better information on costs would develop in the intervening period.

- 3.3 The Belfry 'farm' accommodation has been re-inspected on an annual basis and a renewal application is about to be invited. It is necessary to include in the invitation the scale of fees.
- 3.4 Practice nationally has been explored, but there remains a very diverse range of sums and methods for calculating such fees. Many fees are somewhat higher than those charged in North Warwickshire, despite any apparent economies of scale arguments. Nuneaton & Bedworth BC, having 5 licensable HMO's, have kept their fee at exactly the same rate as that charged for the original application and license in 2006. In 2006, the Belfry paid £700 for seven bedrooms for a 5 year license.
- 3.5 The purpose of the fee is to cover the costs of administering the system, processing applications, carrying out inspections and annual checks, maintaining a statutory register, staff training and dealing with any complaints. It is estimated to take in the region of 1.5 days staff time per annum but, of course, depends on the number of HMO's we have to deal with. This would equate, over five years, to a sum of circa £1312.50 at EHO rates of pay with on costs.
- 3.6 Having only one licensable HMO means that some costs could appear disproportionately high, since they cannot be shared between numerous property owners. The Council's set-up costs have also already been met. Some Councils determine their charges based on the number of habitable (bed)rooms, the type of HMO, whether the landlord is accredited.
- 3.7 It is proposed to sustain the existing fee, which compares to that charged by other districts, of £700 which equates to £100 per room.
- 3.8 Members will be aware of impending changes to Housing Benefit rules which are likely to increase demand for shared accommodation, which will mean growth in the HMO sector and possibly in licensable HMO's of 3 or more storeys with 5 or more occupants. The effective regulation of this sector, housing vulnerable (mainly young) tenants, is vital to protect their safety, and should be encouraged pro-actively by licensing rather than reactively by responding to complaints. Drawing responsible professional landlords into this market, with good condition and well managed properties, will contribute towards meeting local needs and reduce homelessness and overcrowding.

## **4 Report Implications**

### **4.1 Financial Implications**

- 4.1.1 If the Council decided to charge the full cost of its work to deal with HMO's to the one establishment set up in the Borough there would be a significant increase to the applicant. The new charge would also apply to potential new HMO owners and might deter them from this market. Not increasing the fee does mean that not all costs are recovered at the present time however this would change if there is growth in the sector. The fee cannot be appealed. There is an argument that higher rates may deter applications for license which leaves such properties unregulated until 'caught'.

The Contact Officer for this report is David Baxendale (719322).



**Agenda Item No 9**

**Housing Sub-Committee**

**18 October 2011**

**Report of the  
Chief Executive**

**Exclusion of the Public and Press**

**Recommendation to the Sub-Committee**

**That under Section 100A(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by Schedule 12A to the Act.**

**Agenda Item No 10**

**Review of Housing Management Post Tenancy Section** – Report of the Assistant Director (Housing)

Paragraph 1 – by reason of the report containing information relating to an individual.

**Agenda Item No 11**

**Funding for Affordable Housing – 2011-2105** – Report of the Assistant Director (Housing)

Paragraph 3 – by reason of the report containing financial details of an organisation.

The Contact Officer for this report is David Harris (719222).