

ANGUS COUNCIL

HOUSING COMMITTEE

15 JANUARY 2004

**SUBJECT: HOUSING IMPROVEMENT GRANTS
GRANTS TO TENANTS**

REPORT BY DIRECTOR OF PLANNING AND TRANSPORT

Abstract: This report explains the council's policy towards the granting of private sector housing grants to tenants and outlines options for consideration.

1 RECOMMENDATION

It is recommended that the Committee decides which policy option it wishes to pursue in relation to the availability of housing grants for tenants meeting the requisite criteria.

2 INTRODUCTION

- 2.1 The Housing Committee at the meeting on 21 August 2003, requested the officials to bring forward a report on the Council's policy on housing grant applications awarded to tenants of landowners, estates, etc.

3 GOVERNMENT POLICY

- 3.1 Private sector housing grants were originally introduced with the objective of improving the country's private older housing stock. Initially there were few restrictions on the type of applicant that could apply and be awarded grants and these included speculative developers, large and small scale landlords, country estate owners, etc. Eventually more powers were given to Local Authorities to be more selective in respect of eligibility, type of work eligible, maximum percentage grant to be awarded, etc.
- 3.2 For the first time in October 2003, the means testing of applicants was introduced. By introducing a test of resources, the Government is seeking to direct limited resources and to exclude those who are judged to have sufficient finance to carry out improvements, from receiving public sector support. Notwithstanding this significant change in approach from a purely property led one to one that now considers the ability of an applicant to fund the work, enhancement of the private housing stock still remains an important objective of the housing grants system.
- 3.3 Under the terms of the legislation, it is still possible for a Local Authority to make grants to developers and landlords but in place of means testing is a property valuation system whereby they are awarded grant (if any) based on the before and after valuation of the property. Tenants of landlords, however, still fall into the mainstream means testing part of the legislation along with owner-occupiers. Subject to meeting certain criteria, it is the tenant that is means tested and not the landlord.

4 COUNCIL POLICY

- 4.1 In the earlier days, the policy in Angus was to meet the Government's primary objective of improving the private housing stock and this included grants to landlords, estate owners, developers, etc. including assistance in converting non-residential property to residential. Over the years, generally as a result of reducing financial resources, the policies have been refined and latterly were not awarded for conversions or direct to landlords and developers but have always been available to tenants with assured tenancy arrangements.
- 4.2 As indicated above, the Government subjected the system to a major overhaul in 2003, including the introduction of means testing in October. This required Local Authorities to make similar policy decisions with regard to eligible items of work (from a broader list), amounts to be paid (with maximum increased), eligible applicants, etc.
- 4.3 In a report to the Housing Committee (968/03) in August 2003, the options open to the Council were presented. The decision taken was to continue to exclude developers, landlords and estate owners from direct access to grants but to continue to make them available to tenants, as previously, where tenants meet the revised Government criteria.

5 GRANTS TO TENANTS

- 5.1 In the recent review of the system, the Government could have excluded tenants from being eligible for housing grants but did not do so. Instead they introduced a new criterion but only for Improvement Grants, which requires a tenant to have been legally responsible for the planned works for at least a prior period of two years. Under these circumstances some previously eligible tenants will no longer be eligible but if they are, it is because they and not their landlord, are responsible for the improvement works. This responsibility should be reflected in the amount of rent paid to the landlord.
- 5.2 This criterion, however, does not apply to Repair Grants. These are generally far more minor and, therefore, less costly works and the absence of the criterion clearly reflects the Government's objective of maintaining the private housing stock in a good condition.
- 5.3 A further 'in-house' change introduced since 1 October, is that all applications for tenanted property must now be submitted by the tenant as it is the tenant that must be means tested. Under the old system a landlord could apply on behalf of a tenant. The name of the landlord therefore will no longer appear on Committee report and the grant will be awarded directly to the tenant.
- 5.4 In 2002/03, 14 grants were awarded to tenants. One half of the total comprised adaptations for a disabled resident (£14,423); four were repair grants (two of which were for such small amounts that since October 2003 are no longer eligible) (£1,716); and three were improvement grants (£12,759). Total grants to tenants amounted to £28,898 or less than 6% of the total housing grants budget.

6 OPTIONS

- 6.1 There are three options open to the Council:-
- (a) maintain the current policy of awarding grants to tenants;
 - (b) discontinue awarding grants to tenants;
 - (c) determine each case on its merits.
- 6.2 The main advantage of Option (a) is the retention of the status quo, i.e. grants remain available to tenants. However eligibility has been reduced since 1 October 2003 due to the new requirement that the responsibility for undertaking the improvements applied for, must have been vested with the tenant for at least two years. Also any applicant will be means tested. Grants would remain available to tenants who have accepted legal responsibility for maintaining the property in good condition and to tenants who suffer from the problems of poorly maintained or deteriorating buildings that a landlord refuses to repair (there being no powers available to the Council to force property owners to undertake relatively minor repairs such as leaking roofs).
- 6.3 The main disadvantage of Option (a) is the perception that public funds are being made available to improve houses in the ownership of landlords who may have their own substantial financial resources.
- 6.4 Not surprisingly, the main advantage of Option (b) is that eliminates any perception of wealthy landlords benefiting from public funds. It could also be argued that the current low level of grant aid awarded to tenants is an indication that it would not be missed if withdrawn. The disadvantages are the points seen as advantages for Option (a), i.e. the convenience and public knowledge of the status quo is lost; tenants with repairing responsibilities will not receive any public financial assistance to improve their living conditions and neither will tenants of landlords unprepared to undertake necessary improvements without a grant. A small proportion of the private housing stock would remain below the desired standard and these would probably include properties in town centres where ownership by landlords is common and in certain rural locations where estate ownership is prevalent. As it is assumed that grants to tenants for a disabled occupier (works that are clearly not the responsibility of the landlord) could continue, other grants to tenants amounted to only £15,000 (3% of budget) in 2002/03. Changing the policy, therefore, would not produce significant savings.
- 6.5 Option (c) would mean the determination of grants for tenants by the Committee on the merits of each case. In determining such applications, the Committee would have regard to matters such as the resources of the landlord, the nature of the improvements proposed and to the public benefit which could result. This option would largely remove the perception of public funds being awarded to wealthy landlords without justified grounds, whilst still according some protection to tenants. The disadvantages might include the inability of staff to advise potential applicants of whether or not a grant is likely. This could result in abortive work on the part of applicants and staff as it is a lengthy process to complete an application and to process it. It would be difficult if not impossible to provide guidelines for the Committee without restricting their decision making powers which in turn could lead to inconsistency.

7 FINANCIAL IMPLICATIONS

- 7.1 The financial implications will vary according to the option decided by the Committee but irrespective of the option chosen there will be no requirement for additional funding.

8 HUMAN RIGHTS IMPLICATIONS

- 8.1 It is considered that in following any of the options in this report, the Council would not be acting in any way which is incompatible with Human Rights.

9 CONSULTATION

- 9.1 The Chief Executive and Directors of Finance and Law & Administration have been consulted in the preparation of this report.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

AA/JJ/KW
9 January 2004

Alex Anderson
Director of Planning and Transport