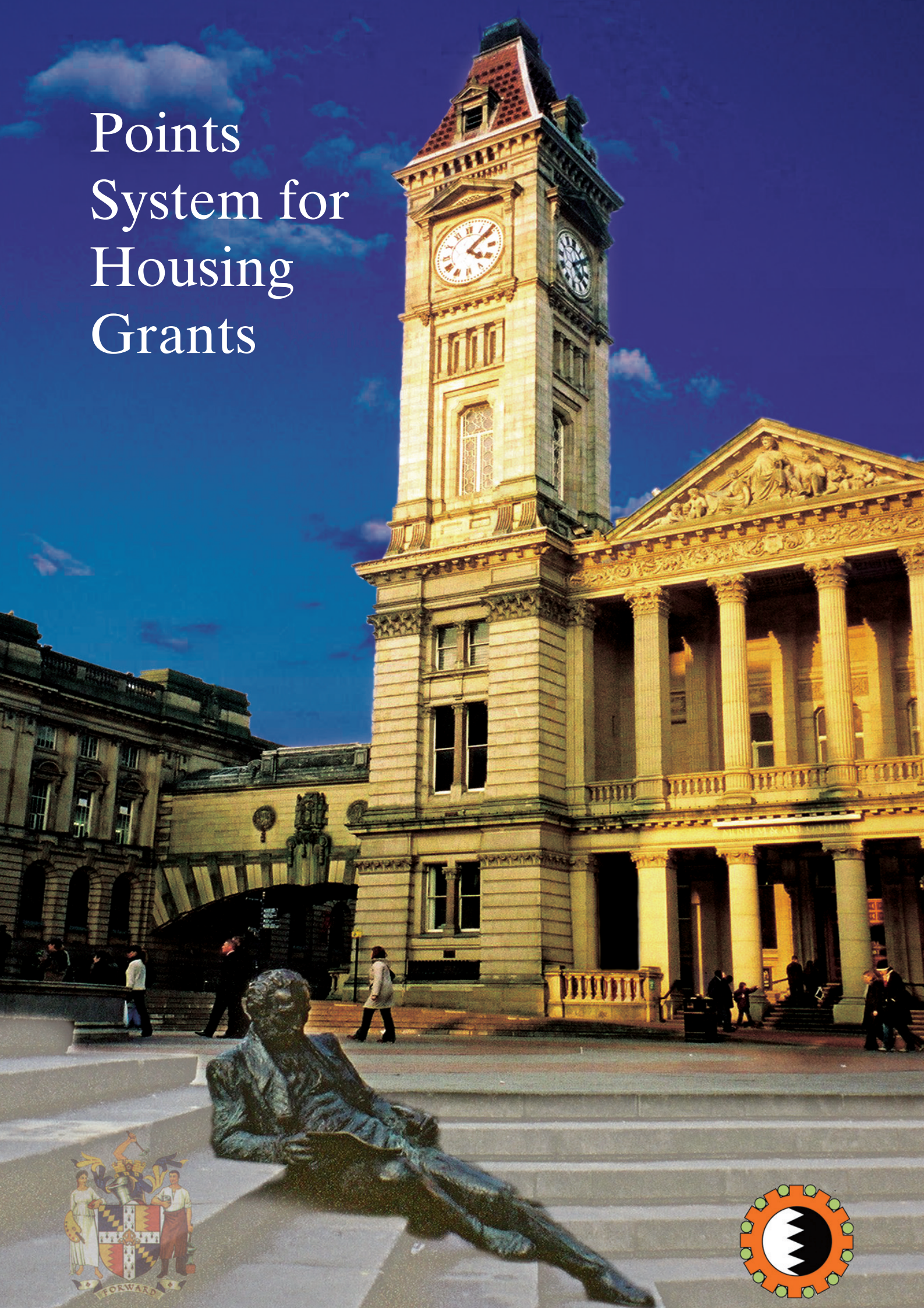


# Points System for Housing Grants







## Changes to the Points Prioritisation System for Housing Grants

2 December 2003

Report to the City Council

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# Changes to the Prioritisation Points System for Housing Grants

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# Changes to the Points Prioritisation System for Housing Grants

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## Changes to the Points Prioritisation System for Housing Grants

### Preface

**By Councillor Mike Nangle**

Chair, Housing and Urban Renewal Overview and Scrutiny Committee



Part of the legacy we have received from Birmingham's past is a large number of sub-standard owner occupied homes. 90,000 would not conform to the Government's Decent Homes Standard. It would cost £1,900m to give these properties a thirty year life – far beyond the resources the City Council is ever likely to have available. Equally some of the most disadvantaged households live in these homes. They, by themselves, do not have sufficient resources either.

Following changes in Government regulations, the City Council has now introduced an equity release scheme for funding improvement and repair to private sector housing, coupled with a safety net for the most vulnerable people. On the one hand, this should allow more resources – public and private together – to go into the work. On the other, there are legitimate concerns that the approach will disadvantage still further the poorest people.

This scrutiny review has tested both points of view. I am grateful to Cllrs Bedser, Gregory and Ray Holtom and Mr. Bert Thorpe who undertook the bulk of the review. In the latter stages the Cabinet Member for Housing, Cllr Murphy, has been supportive of the work.

This report is relatively slim, but of high quality. I am sure that it will demonstrate to Members of the City Council that the Prioritisation Points Scheme, with the few further changes recommended, promises to be an effective way of tackling this difficult problem.

A handwritten signature in black ink that reads "M P Nangle".



## Changes to the Points Prioritisation System for Housing Grants

# 1: Summary

- 1.1 In July 2002 the Government issued the Regulatory Reform (Housing Assistance) (England and Wales) Order (RRO). In contrast with the previous prescriptive grant regime, this provided greater flexibility for local authorities to give assistance to private home-owners. The Order came into effect in July 2003.
- 1.2 Cabinet used this twelve month's notice to prepare in two stages. First, in December 2002 it approved a report which set out a new policy framework for grant-making relating to private housing improvement. This specifically provided for a safety net for vulnerable people living in the worst housing, assessed as above 1,500 points on the points priority system. It also set out that funding of work should be on the following basis. First call would be on a household's savings above £16,000, and a loan based on ability to pay. Secondly, any free equity of 30% in excess of £30,000 should be released. Grant aid would then be available to meet any shortfall.
- 1.3 The detailed policy statement was then derived within this framework and published in July 2003 as required by the Government.
- 1.4 This scrutiny review was undertaken by a working group in the first half of 2003, while the Executive was working on the details of the policy. The scrutiny work concentrated on the provision of grant assistance and the "safety net."
- 1.5 Of the 254,000 owner occupied homes in Birmingham, 90,000 would not conform to the Decent Homes Standard. It would cost £450m for these properties to be remedied and given a 10 year life. In contrast, the available City Council resources will continue to be restrained. Between 1997 and 2002, £25m was spent on 2,000 grants.
- 1.6 The new flexibilities introduced by the RRO provide an opportunity to maximise the impact of the housing grants regime, for example by making greater use of loans instead of grants. This led the Working Group to examine the structure of the "safety net" points allocations. Its conclusion was that some of the social factors in the scheme, being transitory in nature, are not appropriate long term indicators of need. However, the Executive did not change the structure of the safety net before issuing the new policy in July.



## Changes to the Points Prioritisation System for Housing Grants

- 1.7 The Working Group considered the City Council's existing strategy for private sector housing, and concluded that the changes to the points prioritisation scheme were consistent with that strategy.
- 1.8 Finally the Working Group looked at the likely effectiveness of the equity release scheme. It supported the concept, because it is in line with central government policy; has an intuitive fairness; and allows a more efficient use of City Council resources, with the plan being to lever in £4-£5 of private finance for each £1 of City Council subsidy. The current arrangements bring in about 4p for each £1 of Council money.
- 1.9 However, the precise impact on individuals could not be confidently assessed in advance. Nor could the actual level of take-up be robustly predicted, nor whether the details of the scheme would turn out to be optimal. The Working Group therefore suggested a review of the scheme within two years of its introduction.
- 1.10 The Housing and Urban Renewal O&S Committee accepted the Working Group's report, and during the autumn compared those findings with the policy put in place by the Executive in July. Overall, the changes to the Prioritisation Points system are generally supported. The small set of recommendations made in this report should ensure that scarce resources for the improvement and repair of owner-occupied homes are targeted at the most vulnerable of people, who live in the worst housing in the city.



## Changes to the Points Prioritisation System for Housing Grants

# 2: Summary of Recommendations

|    | Recommendation                                                                                                                                                                                                                                                                                                                     | Responsibility             | Completion Date |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------|
| R1 | The reduction in the points priority system 'safety net' from 1,700 to 1,500 points is welcomed, but its structure should be reviewed as soon as possible, to ensure that vulnerable people are appropriately targeted in the light of our key objective to reduce the percentage of vulnerable people living in non-decent homes. | Cabinet Member for Housing | March 2004      |
| R2 | The concept of an equity-release scheme is supported, but the Executive should be asked to formally review its effectiveness, and impact, in two years time, once experience has been gained, and to ensure that there are no unexpected barriers to access.                                                                       | Cabinet Member for Housing | September 2005  |
| R3 | In the first review the Executive should specifically consider whether greater owner-occupier contributions should be required.                                                                                                                                                                                                    | Cabinet Member for Housing | September 2005  |
| R4 | Progress towards achievement of these recommendations should be reported to the Housing Overview and Scrutiny Committee on a regular basis until completed. The first report should be made in April 2004.                                                                                                                         | Cabinet Member for Housing | April 2004      |



## Changes to the Points Prioritisation System for Housing Grants

# 3: Introduction and Terms of Reference

## 3.1 Introduction

- 3.1.1 On 23rd December 2002, Cabinet received a report on "Private Sector Renewal and Renovation Grant Policy", advising that the existing prescriptive grant legislation was being repealed by the Regulatory Reform (Housing Assistance) Order 2002 (RRO) with effect from 18th July 2003. The RRO, though, provided new general powers, and greater flexibility, for local authorities to give assistance to private home-owners. However, in order to use these new powers, the City Council had to ensure that their approved polices comply with certain safeguards, and relate to its Housing Strategy, and then publish it, in advance of the new arrangements coming into force.
- 3.1.2 The report therefore made a number of specific recommendations, setting out a new policy framework which would allow the City Council to continue giving assistance and grants in respect of housing improvement, and repair, or to facilitative a move into more suitable accommodation.
- 3.1.3 These included two specific recommendations relating to the provision of grant assistance, which were approved, as follows:
- a "safety net" service be provided for vulnerable people living in the worst housing, assessed as above 1,500 points on the current points priority system or through the existing Special Case Appeals Process. The service to provide professional advice and support to assist people achieve satisfactory or more appropriate housing, and
  - funding of work, or relocation, be on the following basis:
    - a) Firstly, the household's own resources using any investments or savings above £16,000 (linked to the Housing Benefit maximum savings limit) and a repayment or interest only loan based on the ability to meet repayments from income (similar principle to current grant means test).





## Changes to the Points Prioritisation System for Housing Grants

- b) Secondly, that 30% of any free equity in excess of £30,000 is released. If required, assistance will be provided to access a subsidised loan, a Property Appreciation Loan or Shared Ownership arrangement.
- c) Safety Net grant aid then provided as gap funding to meet any shortfall.

### 3.2 Terms of Reference

- 3.2.1 Subsequently, at its meeting on 15th January 2003, the Housing and Urban Renewal O&S Committee agreed to undertake a major scrutiny review in relation to these proposals with a remit to -  
  
"examine the proposed changes to the prioritisation points system for Housing Grants, specifically examining:-
  - a) the factors driving change in the points system;
  - b) the impact on applicants of the proposed changes to the prioritisation points system for Housing Grants;
  - c) the strategic impact of changing the points system on private sector housing in Birmingham;
  - d) the potential effectiveness of the equity release scheme."
- 3.2.2 A Working Group was convened to undertake this review, comprising Councillors Bedser, Gregory and Holtom and Mr Bert Thorpe, and they met on three occasions - 12th February, 3rd March and 27th March 2003.
- 3.2.3 Officer support was provided by Alan Elkin, Roger Clark, Dave Barnes and Ray Carey from the Housing Department's Strategy and Standards Division, Steve Morey from the Resources Directorate (as Lead Officer) and Miranda Freeman from the Scrutiny Office. Mr Doug Wright from ART Homes also attended to respond to queries about the financial products his company could provide to facilitate home improvements and repairs.



## Changes to the Points Prioritisation System for Housing Grants

- 3.2.4 This has been an unusual scrutiny exercise. The Working Group was meeting to investigate the issue at the same time that the Executive were drawing up the new policy, that had to be completed by 18 July, as stated in paragraph 3.1.1. The work of the Group was completed before the municipal elections. However, the impact of those elections in May, and the need to formally consult on, and publish, the revised policy in July has meant that it has not been possible to report on this scrutiny review, until now. However, officers in the Housing Department were made aware of the thrust of the Working Groups' conclusions and recommendations, immediately after their last meeting. This means that the final shape of the new policy has already been influenced by this scrutiny review.
- 3.2.5 A summary of the new policy is set out in Appendix 1.



## Changes to the Points Prioritisation System for Housing Grants

# 4: Background

## 4.1 Policy and Previous Scrutiny Work

- 4.1.1 Birmingham City Council has a long history of supporting action to improve the worst housing conditions in the private sector. From 1974 the principal intervention was through the Urban Renewal programme, which achieved major property and environmental improvements across large parts of the inner city, particularly within General Improvement Areas, Housing Action Areas and more recently in four Renewal Areas.
- 4.1.2 In July 2002 the City Council considered and agreed the recommendations put forward in a scrutiny report from the former Modern and Successful City O&S Committee, following a review entitled "Private Sector Housing – Policy and Implementation." The review took place at a time when the Government had announced its intention to liberalise the legal framework around intervention into private sector housing – with the repeal of the renovation grant process and its replacement with a general power covering a wide range of options, including the giving of grants, loans, loan indemnities and "home swap" support.
- 4.1.3 That review concluded that the area-based application of renovation grant alone was not the way forward. As far as area-based renewal was concerned, housing improvement needed to be tied in with a wider approach to tackling economic and social regeneration, supporting mixed and balanced communities. The review set out a number of key principles on which the Executive could develop this new approach.
- 4.1.4 This previous review primarily considered private sector area-based renewal. It recognised, however, that there are a range of other activities impacting on private sector housing, including enforcement, grants for people with disabilities, slum clearance, the Affordable Warmth Strategy and a "safety net" of renovation grants for people in the worst housing conditions.



## Changes to the Points Prioritisation System for Housing Grants

### 4.2 The Safety Net

- 4.2.1 The current review has largely been concerned with the provision of grant assistance and the "safety net."
- 4.2.2 The current "safety net" system was first introduced in 1995, in order to ensure that grant expenditure was targeted towards private owners living in the worst conditions, with the least ability to afford to carry out essential works. It was also introduced to prioritise large volume of grant enquiries.
- 4.2.3 It is a "points-based" system where points are awarded depending on the applicant's house conditions (based upon a statutory fitness standard), social factors, and how much the applicant would be expected to contribute towards the cost of the work (based upon a statutory means test)
- 4.2.4 The factors against which points are awarded are set out in Appendix 2 – and this demonstrates that the emphasis of the points allocation is biased towards housing conditions, as against personal circumstances (on a 70 / 30 basis).





## Changes to the Points Prioritisation System for Housing Grants

# 5: Findings

## 5.1 The Factors Driving Change in the Points System

- 5.1.1 There are some 404,000 homes in Birmingham, of which 254,000 (62%) are owner-occupied. Of these:
- 12,000 (5%) are unfit, as defined by Section 604 of Housing Act 1985 (as amended)
  - 2,000 (21%) are in an unsatisfactory condition (this includes the unfit category)
  - 90,000 (35%) would not conform to the Decent Homes Standard
- 5.1.2 It would cost £450m for these properties to be remedied, and given a 10-year life, or £1,900m to give them a 30-year life
- 5.1.3 In addition, poor housing conditions are usually associated with socially, and economically, disadvantaged, households, particularly the elderly, young single households, and households on benefit and/or low incomes.
- 5.1.4 Central government recognise the poor state that much of the private sector stock is in, but believe that "it is neither possible, nor desirable, to tackle all the problems of poor condition housing in the private sector. In many cases, this would merely displace the investment that homeowners would otherwise have made themselves."
- 5.1.5 The national renewal grant regime, introduced in 1996, allowed local authorities to give a range of grants to help people repair their homes. However, the circumstances in which they could do this, and the amounts they were able to pay, were closely prescribed, and so in some cases led to poor targeting of resources.



## Changes to the Points Prioritisation System for Housing Grants

- 5.1.6 The RRO allows new approaches to be developed, to enable local authorities to use their own resources more effectively and to help a wider range of home owners.
- 5.1.7 Between 1997 and 2002, the City Council spent approximately £25m on grants to nearly 2,000 individuals to help them improve, or repair their homes. In the most recent financial year, 2002/03, £3m was expected to be spent on just under 200 homes (with a further £8m on about 260 homes in Renewal Areas and on clearing 60 properties). A five-fold increase in expenditure, each year, would be needed just to deal with the current unsatisfactory properties within 10 years.
- 5.1.8 That national grant regime provided for means-tested contributions from owners - although, in practice, these were quite limited, given the financial circumstances of those individuals living in the worst housing. Since 1997, only £0.9m has been contributed by owner occupiers - 4% of the total cost of the works undertaken i.e. 96% of the costs are currently met by grant assistance from the City Council.
- 5.1.9 City Council resources available for improving, and repairing, private sector homes will continue to be constrained, and will never be sufficient to deal with all the serious disrepair of the stock. The introduction of the new flexibilities of the RRO, therefore, provides an opportunity to try and maximise the impact that the housing grants regime has on this situation.

### **5.2 The Impact on Applicants of the Proposed Changes to the Prioritisation Points System for Housing Grants**

- 5.2.1 In the period before the change of policy signalled by the Cabinet's decision of December 2002, only 5% of grant enquirers were awarded means - tested renovation grants, based upon a threshold of 1,700 points - with the vast majority being only provided with advice and information. By having the freedom to make greater use of loans instead of grants, the City Council would be able to help more people, than they are under the present rules.
- 5.2.2 The impact on applicants of the proposed equity release scheme is dealt with in Section 5.4 below.



## Changes to the Points Prioritisation System for Housing Grants

- 5.2.3 The Working Group took the opportunity to examine, in detail, the structure of the "safety net" points allocations (which was last reviewed in 1999), the grant and loan conditions, and the process through which the service is currently accessed.
- 5.2.4 In particular, there was some initial concern about the composition of the "social household" factors, and the need for 1,700 points (as it was before July) to be achieved in circumstances where, for example, there was a major problem with say, just a roof, which would in such circumstances be severely detrimental to the health and safety, of the occupants.
- 5.2.5 For example, the inclusion of pregnancy as a factor was queried, given its "transient" nature, and the possible "arbitrariness" of the two age bands currently used (notwithstanding that these groups are clearly "high – risk"). The local government finance system, for example, uses the 85 and over age band as an indicator of additional need for the elderly.
- 5.2.6 There was, therefore, some discussion about whether assistance should be targeted at particular groups – for example the elderly, in specific geographical areas, or whether the works should be focussed on particular priorities – for example safe and secure roofs, free from damp, safe electrical wiring etc.
- 5.2.7 It was also recognised that the points priority system would be just one element of a wide-ranging private sector renewal programme, each element contributing but a part to the overall strategy.
- 5.2.8 After much discussion, the Working Group concluded that pregnancy, and the existence of children aged 4, and under, are not appropriate long-term indicators of need. They recommend that the Executive delete them, or replace them with something more appropriate and that additional "points" should be awarded for households with occupants aged 85, and over.
- 5.2.9 In making the recommendations, the Working Group were aware that there could well be changes in legislation designed, for example to replace the current fitness standard with a system of determining severity of hazards. That legislation however is still to be introduced. and so it was felt appropriate to suggest some interim improvements, in the short term. However, the Executive did not choose to review the structure of the safety net before issuing the new policy in July. This recommendation is, therefore, still applicable.



## Changes to the Points Prioritisation System for Housing Grants

- 5.2.10 The Working Group were also satisfied that the Special Case Appeals process provided an appropriate and transparent route for dealing with exceptional circumstances where the points allocation was below the "safety net."
- 5.2.11 The Group were also keen to hear of any potential abuses of the system, whereby grants were given to individuals, who were not "truly" in need. The advice from officers was that the combination of national conditions, and long-term experience, meant that this was not a significant issue. However, there was the potential to exploit, with properties potentially being purchased, left void for a significant period of time, and then repaired / improved by means of a City Council grant.
- 5.2.12 The Working Group concluded that this sort of "misuse" of the housing grants system should be prevented, by maintaining the prior qualifying and future occupancy conditions.
- 5.2.13 The Executive agreed to keep this provision in the new policy published in July (see Appendix 1).

### **5.3 The Strategic Impact of Changing the Points System on Private Sector Housing in Birmingham**

- 5.3.1 Birmingham's Housing Strategy emphasises the need to radically alter the way in which intervention is made in the private sector housing market, and welcomes the opportunity provided by the RRO to provide loans, or grants, where there is a need.
- 5.3.2 The Strategy also recommends that the means test be amended to allow for consideration of the issue of, potential, equity take. In developing a new policy, regard should be paid to individuals in need, building upon the established prioritisation system, adopting the principle that owners are responsible for their own repair and maintenance, and that they should use their own resources to fund work, and raise finance against equity in their property. Grant support would then be given, as a last resort, in the context of a "safety net."
- 5.3.3 The Working Group concluded that, in the Cabinet's decision of December 2002, the proposed changes to the points prioritisation scheme were, therefore, entirely consistent with the City Council's Housing Strategy. They form one strand of a strategy to fundamentally reshape the capital programme for private sector



## Changes to the Points Prioritisation System for Housing Grants

renewal. It will move from one based on a small number of high cost grants, to one where subsidy is used to provide support to help home owners to raise private finance, and release equity to help them achieve decent housing with priority being given to the most vulnerable.

### 5.4 The Potential Effectiveness of the Equity Release Scheme

- 5.4.1 The report to Cabinet, in December, provides for an equity release scheme, whereby some, or all, of the unencumbered equity tied up in a property, is unlocked, to provide a contribution towards the cost of repair / improvement works, without the owner having to move house, or being able to demonstrate that the finance generated can be repaid out of income. Previously there was a single £70,000 threshold for unencumbered equity, which prevents access to the grants system.
- 5.4.2 Specifically, the report proposed that, in Birmingham, 30% of the equity in a property would be released (the "equity take"), excluding the first £30,000 of value (the "set aside"), and any mortgage. The precise impact on any individual would, therefore, depend upon –
- the value of the property;
  - the cost of the works;
  - the size of any mortgage; and
  - the value of any savings (above the £16,000 "disregard").
- 5.4.3 As a result, it is impossible to assess what the exact impact will be, given the, potentially, significant variation in individual home owners circumstances and the fact that this would be a new regime, with little, or no experience from elsewhere, with regard to take-up etc. However, the Working Group were shown various exemplifications, based upon a range of differing assumptions. For example, if a property had a value of £68,000, the works needed were £16,000, and there was a mortgage of £5,000, then grant of £6,100 would be available (subject to the "safety net" points allocation being sufficient etc). Further examples are set out in Appendix 3.





## Changes to the Points Prioritisation System for Housing Grants

- 5.4.4 On this basis, the Working Group was supportive of the concept of the equity release scheme, in that
- it is in line with central government policy, that home owners should take the prime responsibility for repairing, and improving, their homes;
  - there appears to be an "intuitive" fairness in asking home owners, who have a significant, unfettered, capital value, tied up in a house, to make some form of contribution to it's upkeep; and
  - it would allow a more efficient use of the City Council's scarce resources, with the plan being to lever-in £4-£5 of private finance, for each £1 of City Council subsidy (compared to about 4p, under the current arrangements).
- 5.4.5 However, given the significant levels of uncertainty about the precise impact that this scheme will have on individuals, it is suggested that it is formally reviewed, within two years of its implementation, to ensure that the expected objectives are being met, and that there are no unexpected barriers to access.
- 5.4.6 Also, there are, clearly, different ways in which the equity release scheme could be structured – with the level of private funding leverage changing, as the level of "set aside" (currently assumed to be £30,000), and the level of "equity take"(30%), varies. The lower the level of "set aside", or the higher the "equity take", the higher will be the private funding leverage.
- 5.4.7 Indeed, the Working Group's initial view was that there is scope to increase the level of leverage, above that currently envisaged. However, it is recognised, that this is a, radically, different regime to the one currently in place, so that the actual level of take-up (for example, because of any difficulties with actually releasing equity value in a home) is uncertain.
- 5.4.8 Nevertheless, the Working Group felt that the Executive should formally consider whether the level of owner-occupier contribution, from equity, should be increased, at the outset of the scheme (in order to increase the level of leverage), or whether this is something which should be looked at, as part of the first review, in two year's time.
- 5.4.9 In the policy issued in July, the Executive did not increase the level of owner-occupier contribution from equity. As the policy stands, the first review will be undertaken during 2005/2006.



## Changes to the Points Prioritisation System for Housing Grants

# 6: Conclusion

- 6.1 Overall, the Working Group was generally supportive of the Executive's proposed changes to the Prioritisation Points System for Housing Grants. The Housing and Urban Renewal O&S Committee considered the Working Group's report during the autumn and accepted its thrust and main points. By then the Executive had published the policy statement in July, which accepted many but not all of the Working Group's views.
- 6.2 The O&S Committee compared the concerns of the Working Group with the Executive's actions, and decided to recommend to the City Council that three issues should be pursued. These relate to the structure of the "safety net;" the need to review the effectiveness and impact of the equity release scheme and the level of owner-occupier contributions. We were able to discuss this with the Cabinet Member for Housing, who supported our recommendations.
- 6.3 Therefore the following recommendations are made to the City Council:

|    | <b>Recommendation</b>                                                                                                                                                                                                                                                                                                              | <b>Responsibility</b>      | <b>Completion Date</b> |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------|
| R1 | The reduction in the points priority system 'safety net' from 1,700 to 1,500 points is welcomed, but its structure should be reviewed as soon as possible, to ensure that vulnerable people are appropriately targeted in the light of our key objective to reduce the percentage of vulnerable people living in non-decent homes. | Cabinet Member for Housing | March 2004             |
| R2 | The concept of an equity-release scheme is supported, but the Executive should be asked to formally review its effectiveness, and impact, in two years time, once experience has been gained, and to ensure that there are no unexpected barriers to access.                                                                       | Cabinet Member for Housing | September 2005         |
| R3 | In the first review the Executive should specifically consider whether greater owner-occupier contributions should be required.                                                                                                                                                                                                    | Cabinet Member for Housing | September 2005         |
| R4 | Progress towards achievement of these recommendations should be reported to the Housing Overview and Scrutiny Committee on a regular basis until completed. The first report should be made in April 2004.                                                                                                                         | Cabinet Member for Housing | April 2004             |



## **Changes to the Points Prioritisation System for Housing Grants**

- 6.3 With the recommended further changes set out in this report, the Prioritisation Points system should ensure that scarce resources for the improvement and repair of owner-occupied homes are targeted at the most vulnerable of people, who live in the worst housing in the City.



**Changes to the Points Prioritisation  
System for Housing Grants**

**Appendix 1: Policy from July  
2003**

**BIRMINGHAM CITY COUNCIL**

(HOUSING ASSISTANCE)  
(ENGLAND AND WALES)  
ORDER 2002

PROVISION OF HOUSING  
IN THE PRIVATE SECTOR

 **Birmingham City Council**  
**Housing Department**



## Changes to the Points Prioritisation System for Housing Grants

### Summary of Policy Guidance Private Sector Housing Assistance

#### Regulatory Reform (Housing Assistance) (England & Wales) Order 2002

##### 1. INTRODUCTION - The Reform Order

- 1.1 In July 2002 the Government issued new legislation, the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002. This order requires all Councils to adopt and publish a policy as to how they intend to use the new powers. The Order contains a new general power for local authorities to improve housing.
- 1.2 The Reform Order and Government guidance provides local authorities with a much greater degree of flexibility in devising both a strategy for dealing with poor conditions in private sector housing and in the policy tools available.

##### PURPOSE OF THIS SUMMARY

- 2.1 This document summarises the Council's new adopted policy framework in respect of the provision of housing assistance to homeowners (owner-occupiers and private landlords).
- 2.2 The detailed guidance<sup>1</sup> provides information about our emerging strategy, who we consulted, the priorities that we have addressed, our approach, and the types of assistance that will be available including where to obtain the services, who is eligible, how to enquire, any conditions that may be attached, exceptional circumstances etc.

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<sup>1</sup> Can be accessed on the Council's Website or available for inspection at Housing Department, Louisa Ryland House, 44, Newhall Street, Birmingham B3 3PL



## Changes to the Points Prioritisation System for Housing Grants

### 3. OUR STRATEGY

#### 3.1 **Our key objective, over the coming years, for the private sector service is to assist vulnerable people to achieve decent and affordable homes in sustainable communities and in particular:**

- i. to deliver market-based regeneration on a cross tenure and cross authority basis, utilising a range of tools at our disposal, and change the way we work with the private sector housing to maximise impact and resources.
- ii. an approach to neighbourhood renewal (flourishing neighbourhoods) that will invest in sustainable housing markets as part of a more comprehensive strategy.
- iii. a continuing reduction in the proportion of housing which is unfit or obsolete.
- iv. the reduction of the number of vulnerable people living in non-decent homes.

### 4. OUR POLICY APPROACH

#### 4.1 Housing improvement and renewal policy tools have been adopted based on a number of approaches:

- i. CLIENT-BASED APPROACH - for disabled, older, and vulnerable households - this city wide service will make a contribution to delivering decent and appropriate homes for the most vulnerable people in the private sector.
- ii. AREA-BASED APPROACH - to be applied in localities within designated areas (priorities to be determined) where poor housing conditions are concentrated and wider intervention is required for other reasons to do with failing housing market.
- iii. THEMATIC BASED APPROACH - for example, assisting homeowners to improve energy efficiency and eradicate fuel poverty.

#### 4.2 The full application of our area based approach will be informed by the emerging work that is being undertaken in developing Birmingham's detailed Housing Strategy.





## Changes to the Points Prioritisation System for Housing Grants

### 5. OUR KEY PRINCIPLES

- 5.1 When considering the form and amount of any assistance to individual homeowners, our key principles are:
- i. homeowners have the primary responsibility for ensuring their homes are properly maintained.
  - ii. priority will be given to help the poorer and the most vulnerable homeowners, particularly the elderly, disabled and those on low income in poor housing, to make sure that they too have the opportunity of achieving decent homes.
  - iii. to assist owner-occupiers affected by clearance to achieve affordable alternative housing within their existing community, where practicable.
  - iv. support and assistance to homeowners to be based upon increasing the leverage of private finance and maximising the impact of available public funds.

### 6. TYPES OF ASSISTANCE

- 6.1 In general terms the policy will provide some form of assistance to all homeowners based on a mixture of advice, private finance, equity release loan grants, and specifically:
- i. **A basic information, advice and 'sign posting' service** regarding repair, maintenance and improvement, information on approved builders and accessing finance, available to all homeowners city wide.
  - ii. A **higher level of service** to be available for the most vulnerable, eligibility determined where an assessment awards "points" at 1,500 or above. **These will be our priority cases.**
  - iii. Where eligible, for this **higher level of service** the homeowner will receive professional building support and access to financial services (through our partners) so that they too have an opportunity to achieve a decent home, whether by repair and improvement or considering options for more appropriate affordable housing.
  - iv. These **priority case homeowners** will receive the full benefits of the Council's and its partners Agency Services, for which a fee may be charged.



## Changes to the Points Prioritisation System for Housing Grants

- v. **Home Improvement Grant Assistance** will only be considered, as a last resort, **for priority cases**, when the Council is satisfied that the applicant has no means of funding the required works from their own resources (see funding principle below).
- vi. **Relocation Grants** are available for those owner-occupiers affected by regeneration plans that involve acquisition or clearance proposals. Relocation Grants can also be provided to clients eligible for Disabled or Home Improvement Grant, but where the provision of alternative accommodation may be a more cost effective option. Again the level of funding will be based upon the ability of the owner to raise funds.
- vii. **Mandatory Disabled Facilities Grant** (DFGs) remains unchanged<sup>2</sup> and is contributory, based on a Government Prescribed means test. Eligibility is based on referral from an Occupational Therapist, Social Services Department.
- viii. **Houseproud** - is a complete home repair and improvement package, with the option of taking risk-free affordable loans to help pay for the work. Homeowners are eligible if they are over 60, or they are younger homeowners and there is someone disabled in their household.
- ix. **The current policy to assist private landlords** remains unchanged. Limited grant assistance is only available for works over and above the minimum enforceable standards and related to energy efficiency and fire safety and prioritised at the more vulnerable tenants
- x. **Area-Based Initiatives** – A range of policy tools will be developed, based on best practice, designed to deliver sustainable solutions in areas that require some form of public investment.

### 7. HOUSING STANDARDS TO BE ACHIEVED

- 7.1 The key objective of advice and assistance is to encourage, and **where financial assistance is provided**, to bring private sector homes up to the decent homes standard, and appropriate to the needs of a disabled person.
- 7.2 As far as is practicable, all homes receiving financial assistance will be brought up to the decent homes standard and in every case the fitness standard.

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<sup>2</sup> The Housing, Regeneration, Grants and Construction Act 1996



## Changes to the Points Prioritisation System for Housing Grants

### 8. THE FUNDING PRINCIPLE

#### 8.1 When the local authority considers the provision of financial assistance (to priority cases) funding will be determined on the following basis (except Mandatory DFG's<sup>3</sup>, where there is a statutory means test):

- i. firstly, the household's own resources using any investments or savings above £16,000 (linked to the Housing Benefit maximum savings limit) and a repayment or interest only loan based on the ability to meet repayments from income.
- ii. secondly, that up to 30% of any free equity (after deducting mortgage and other encumbrances) in excess of £30,000 is released. If required, assistance will be provided to access a subsidised loan, a Property Appreciation Loan or Shared Ownership arrangement.
- iii. and finally, grant assistance provided as gap funding to meet any shortfall.

### 9. CONDITIONS ATTACHED TO FINANCIAL ASSISTANCE

- 9.1 The local authority (and its partners) will attach conditions to the provision of any financial assistance provided by them. (Details are set out in the full guidance)

### 10. EXCEPTIONAL CIRCUMSTANCES

- 10.1 These policies cannot cover every likely situation and there will be people whose circumstances are exceptional. There is a procedure for dealing with exceptional circumstances.

### 11. EFFECTIVE DATE AND REVIEWS

- 11.1 The framework for this policy was adopted by the Council on 23 December 2002 and the policy was effective from that date. The Council will undertake a review of the policy, initially every 2 years. The next review is planned for 2005/06.
- 11.2 The detailed guidance is available on the Council's website ([www.birmingham.gov.uk](http://www.birmingham.gov.uk)). Copies of this summary are available at your Local Neighbourhood Office. The local authority, by virtue of a Public Notice, has made citizens of Birmingham aware of the changes.

<sup>3</sup> Legal requirements set out in Housing, Grants, Regeneration and Construction Act 1996



## **Changes to the Points Prioritisation System for Housing Grants**

### **HOW TO MAKE AN ENQUIRY**

The single access point for initial enquiries about our services is:

**HOMEWORKS TEAM**  
**Telephone 303 6321 or write to**  
**Birmingham City Council Housing**  
**Department**  
**Homeworks Assessment Team**  
**PO Box 11415**  
**Birmingham**  
**B11 1ZB**

03.301 2k 07/03



## Changes to the Points Prioritisation System for Housing Grants

# Appendix 2: The Safety Net

## The Safety Net

### How Points Are Allocated

| SOCIAL                               | CATEGORY                                                        | POINTS ALLOCATED         | MAXIMUM NO. OF POINTS |
|--------------------------------------|-----------------------------------------------------------------|--------------------------|-----------------------|
| <b>1,000</b>                         |                                                                 |                          |                       |
| <b>PERMANENT FAMILY MEMBERS ONLY</b> | <b>PREGNANCY</b>                                                | <b>200</b>               |                       |
|                                      | <b>CHILDREN AGED 4 OR UNDER</b>                                 | <b>100 EACH</b>          |                       |
|                                      | <b>AGED 65 OR OVER</b>                                          | <b>150 EACH</b>          |                       |
| <b>CONTRIBUTION</b>                  | <b>NIL</b>                                                      | <b>300</b>               |                       |
|                                      | <b>£1 - £ 1,000</b>                                             | <b>200</b>               |                       |
|                                      | <b>£1,001 – £2,000</b>                                          | <b>100</b>               |                       |
|                                      | <b>£2,001 - £3,000</b>                                          | <b>50</b>                |                       |
| <b>FITNESS</b>                       | <b>RELEVANT DEFECT AND/OR ACTION</b>                            |                          |                       |
| <b>STRUCTURAL INSTABILITY</b>        | <b>MAJOR REBUILDING REQUIRED</b>                                | <b>400</b>               |                       |
| <b>ROOF</b>                          | <b>COMPLETE REPLACEMENT</b>                                     | <b>500</b>               |                       |
|                                      | <b>PART REPLACEMENT</b>                                         | <b>300</b>               |                       |
|                                      | <b>MAJOR REPAIRS REQUIRED</b>                                   | <b>100</b>               |                       |
| <b>WINDOWS</b>                       | <b>WHOLE MAIN BAY REPLACEMENT</b>                               | <b>200</b>               |                       |
|                                      | <b>ALL OTHER WINDOWS THAT ARE BEYOND REPAIR</b>                 | <b>100 EACH</b>          | <b>600 MAX</b>        |
| <b>EXTERNAL DOORS</b>                | <b>REPLACEMENT REQUIRED DUE TO BEING BEYOND ECONOMIC REPAIR</b> | <b>100</b>               |                       |
| <b>CEILINGS</b>                      | <b>COMPLETE RENEWAL DUE TO BEING BEYOND ECONOMIC REPAIR</b>     | <b>100 PER MAIN ROOM</b> |                       |
| <b>WALL PLASTER</b>                  | <b>REPLASTERING REQUIRED TO MORE THAN 50%</b>                   | <b>100 PER MAIN ROOM</b> |                       |
| <b>FLOORS</b>                        | <b>COMPLETE RENEWAL DUE TO BEING BEYOND PRACTICAL REPAIR</b>    | <b>200 PER MAIN ROOM</b> |                       |



## Changes to the Points Prioritisation System for Housing Grants

|                                                        |                                                      |                               |                |
|--------------------------------------------------------|------------------------------------------------------|-------------------------------|----------------|
| <b>ELECTRICAL</b>                                      | <b>COMPLETE REWIRE REQUIRED AS SYSTEM DANGEROUS</b>  | <b>400</b>                    |                |
| <b>GAS CARCASS</b>                                     | <b>NEW CARCASS REQUIRED AS SYSTEM DANGEROUS</b>      | <b>300</b>                    |                |
| <b>DAMP PREJUDICIAL TO THE HEALTH OF THE OCCUPANTS</b> | <b>FIRST ROOM AFFECTED BY SERIOUS DAMPNESS</b>       | <b>250</b>                    | <b>650 MAX</b> |
|                                                        | <b>ADDITIONAL ROOMS AFFECTED BY SERIOUS DAMPNESS</b> | <b>100 PER MAIN ROOM</b>      |                |
| <b>HEATING</b>                                         | <b>NO HEATING IN THE LIVING ROOMS</b>                | <b>150 PER LIVING ROOM</b>    |                |
|                                                        | <b>NO MEANS OF HEATING IN BEDROOMS</b>               | <b>75 PER BEDROOM</b>         |                |
| <b>VENTILATION</b>                                     | <b>LACK OF BY DESIGN</b>                             | <b>100</b>                    |                |
| <b>LIGHTING</b>                                        | <b>LACK OF BY DESIGN</b>                             | <b>100</b>                    |                |
| <b>WATER SUPPLY</b>                                    | <b>NEW SERVICE REQUIRED</b>                          | <b>300</b>                    |                |
| <b>HOT AND COLD SUPPLY</b>                             | <b>NON TO SINK, BATH OR WHB</b>                      | <b>300</b>                    |                |
| <b>DRAINAGE</b>                                        | <b>MAIN DRAINAGE NEEDS REPLACING</b>                 | <b>300</b>                    |                |
| <b>KITCHEN</b>                                         | <b>MISSING/SUITABLY LOCATED FACILITIES</b>           | <b>200</b>                    |                |
| <b>INTERNAL WC</b>                                     | <b>MISSING/SUITABLY LOCATED FACILITIES</b>           | <b>300</b>                    |                |
| <b>BATH/SHOWER</b>                                     | <b>MISSING/SUITABLY LOCATED FACILITIES</b>           | <b>200</b>                    |                |
| <b>WASH HAND BASIN</b>                                 | <b>MISSING/SUITABLY LOCATED FACILITIES</b>           | <b>150</b>                    |                |
| <b>GENERAL DISREPAIR</b>                               | <b>EXTERNAL – SERIOUS DISREPAIR</b>                  | <b>50 PER MAIN ELEVATIONS</b> |                |
|                                                        | <b>INTERNAL – SERIOUS DISREPAIR</b>                  | <b>50 PER MAIN ROOM</b>       |                |

# Appendix 3

**EQUITY RELEASE SCHEME - FURTHER EXAMPLES**  
(All examples assume safety net assessment of 1,500 points or more)

|                                                                                          | 1                        | 2                                | 3                        | 4                        | 5                        |
|------------------------------------------------------------------------------------------|--------------------------|----------------------------------|--------------------------|--------------------------|--------------------------|
| Property Type                                                                            | 3-bed mid-terraced house | 3-bed end-terraced house         | 2-bed mid-terraced house | 2-bed mid-terraced house | 3-bed mid-terraced house |
| Occupants                                                                                | Couple with 2 children   | Couple with 8 children/relatives | Single pensioner         | Couple with 2 children   | Single parent and child  |
| Income (including working family tax credit, child benefit, pension etc. as appropriate) | £704 pcm                 | £799 pcm                         | £513 pcm                 | £1,099 pcm               | £466 pcm                 |
| Savings                                                                                  | <£16,000                 | <£16,000                         | £18,000                  | <£16,000                 | <£16,000                 |
| Cost of Required Works                                                                   | £18,000                  | £12,500                          | £9,000                   | £15,500                  | £18,000                  |
| Market Value of Property                                                                 | £64,500                  | £78,000                          | £76,000                  | £52,500                  | £64,500                  |
| Mortgage                                                                                 | £26,500                  | Nil                              | Nil                      | Nil                      | £5,500                   |
| So - Funding of Works                                                                    | £                        | £                                | £                        | £                        | £                        |
| ~ Investments/Savings                                                                    | N/A                      | N/A                              | 2,000                    | N/A                      | N/A                      |
| ~ Low Cost Loan                                                                          | N/A                      | N/A                              | N/A                      | 4,500                    | N/A                      |
| ~ Property Appreciation Loan                                                             | 2,400                    | 12,500                           | 7,000                    | 6,750                    | 8,700                    |
| ~ Top-up Grant                                                                           | <u>15,600</u>            | <u>N/A</u>                       | <u>N/A</u>               | <u>4,250</u>             | <u>9,300</u>             |
|                                                                                          | <b>£18,000</b>           | <b>£12,500</b>                   | <b>£9,000</b>            | <b>£15,500</b>           | <b>£18,000</b>           |



# Points System for Housing Grants

