

Maintaining owner occupied homes: helping those on low incomes

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Aims

- identify potential for problems of repair and maintenance to arise from policies encouraging growth of owner occupation
- make recommendations on measures to increase awareness of problems and to enable low income home owners to tackle them.

Estimating repair and maintenance costs

- to obtain information on a range of actual costs from different sources
- standardised costs in terms of dwelling type
- broken down information to obtain a clear picture of what is covered
- re-introduced variations to take account of other factors
- excluded backlog repair costs (on average, owner occupied dwellings required £3,500 in backlog repairs in 2004, but many dwellings occupied by low income households faced much higher costs).

Estimating repair and maintenance costs

Element	All costs in £			Baseline expenditure requirement
	Unmodified social landlord costs	Adjusted for dwelling mix on basis of M3 costings	Adjustment to incorporate British Gas maintenance cost	
Responsive repair costs	670	472		472
Planned repair costs:				
Gas maintenance	Not included		154	154
Internal	608			608
External	208			208
Annual Total	1486			1442
Cost per month				120
Cost per week				28

Estimating repair and maintenance costs

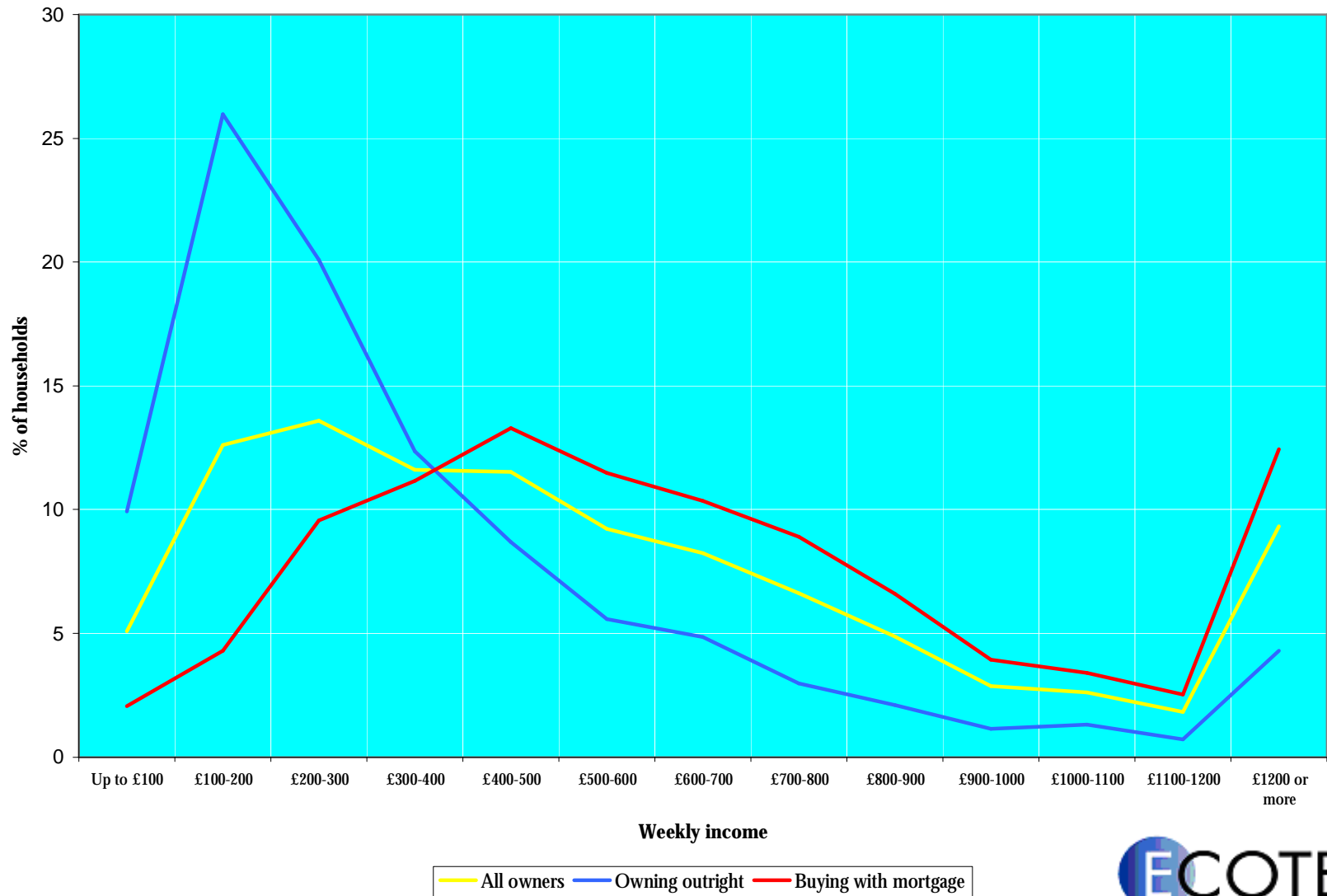
Description of adjustment	% adjustment	Impact on baseline cost
Baseline cost		1,442
To reflect higher contractor costs in owner occupied sector	25	360
To reflect extensive use of DIY/unpaid labour	-50	-720
To reflect lower standards, increasing assumed life of building components/reduced unit costs	-40	-580
To reflect higher standards, increasing shorter life of building components/higher unit costs	60	870
Reduction for new dwellings (less than 10 years old)	-25	-360
Increase for older dwellings (more than 30 years old)	25	360
Reduction for one bedroomed dwelling	20	290
Increase per bedroom for larger dwelling	30	430
Adjustment for service charge (external only)	-15	Depends on service charge
Adjustment for service charge (internal and external)	-60	Depends on service charge
Adjusted Annual Baseline Cost		1,200

Households experiencing difficulties

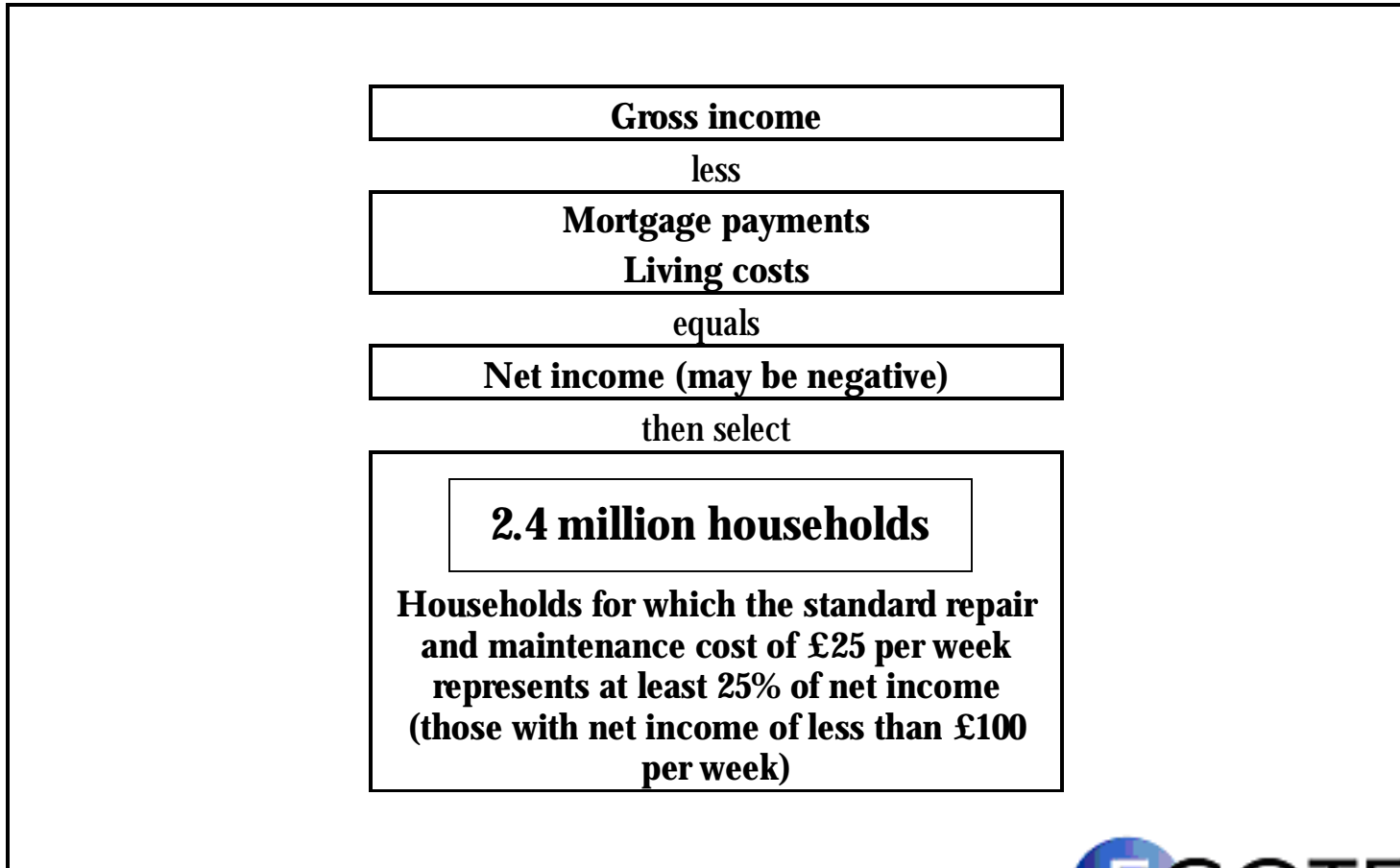
Household data from Survey of English Housing

- Incomes
- Mortgage payments
- Tenure
- Household characteristics

Owner occupiers' incomes



Households experiencing difficulties



Characteristics of those more likely to be facing difficulties

- Households headed by a person aged 65 - twice as likely to face difficulties as younger owners
- Lone parent households with dependent children
- Unemployed, retired, sick or disabled, or part time employment
- Pakistani, Bangladeshi, Black households
- Long term residents
- Outright owners
- Living in ward with high IMD score

Not facing difficulties

But not

- those who have recently moved
- the youngest (under 30) households.

This may be because many younger households on low incomes (who might otherwise be expected to face problems with repair and maintenance) are being excluded from home ownership altogether by high entry prices.

How existing policy mechanisms address the repair requirements of low income owner occupiers

- Grant aid
- Commercial equity release products
- Equity share loans
- Local advice and assistance initiatives
- Help for older and vulnerable people
- Insuring or saving to meet the costs of repairs
- Provision for repair and maintenance in low cost home ownership initiatives

Recommendations (1)

- Need for repair and maintenance issues to be addressed in measures to promote sustainable home ownership as developed by Government and other agencies
- Owners/potential owners would benefit from information on expenditure they will incur on maintenance and improvements - not precise but an indication of likely spending and adjustments
- Information on potential repair and maintenance costs to be actively disseminated to new buyers and existing households. Official information on mechanisms such as HomeBuy on the DCLG website should carry health warnings

Recommendations (2)

- Detailed advice on repair and maintenance responsibilities should be a core part of the process of HomeBuy and other schemes
- Review of progress with the implementation of the 2002 Regulatory Reform (Housing Assistance) (England and Wales) Order
- Ways of making progress with provision of equity share loans, supporting the work of pioneering schemes and the current efforts to overcome obstacles. Case for Government to provide additional funding to pump prime loans, and to allow such funds to be fully recyclable when repaid.
- Examine ways of obtaining finance to support more local advice and support centres for home owners in areas where the need is greatest

Recommendations (3)

- There is a need to provide help with future repair and maintenance costs to low income households required to move house as a result of clearance proposals. Good practice guidance is needed to highlight models being developed by HMR Pathfinders may be the way forward and these need to be disseminated more widely to other local authorities;
- As social rented landlords upgrade their estates to meet the decent homes standard, problems of disrepair are becoming more apparent in some stock sold under Right to Buy. Good practice guidance is needed to show how these households can be helped through inclusion in upgrading programmes and the provision of grant aid or equity share loans.