

Report of the Cabinet Member for Communities & Housing

Council – 2 December 2014

NATIONAL HOME IMPROVEMENT LOAN SCHEME – POLICY ADDENDUM

Purpose:	To consider the Welsh Government National Home Improvement Loan scheme and to adopt the scheme as an addendum to the Private Sector Housing Renewal and Disabled Adaptations: Policy to Provide Assistance 2012-2017.
Policy Framework:	Private Sector Housing Renewal and Disabled Adaptations: Policy to Provide Assistance 2012-2017.
Reason for Decision:	To seek approval to adopt the National Home Improvement Loan scheme as an addendum to current Council policy in order that the Council is able to issue loans.
Consultation:	Legal, Finance and Access to Services.
Recommendation(s):	It is recommended that: 1) Council approves the National Home Improvement Loan Scheme as an addendum to current Council policy.
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Finance Officer:	Jeff Dong/Jayne James
Legal Officer:	Sandie Richards
Access to Services Officer:	Phil Couch

1.0 Introduction

- 1.1 The National Home Improvement Loans Scheme is a Welsh Government (WG) initiative to offer interest free loans to help improve the quality and supply of housing. This report sets out the proposed policy to provide loans via the scheme in Swansea.

- 1.2 The loan fund is interest free and will be available to the Council to lend to loan applicants for a maximum of 15 years. The loan fund must be repaid by the Council to WG by 31st March 2030. Money repaid to the Council before this date can be recycled to new applicants. The fund will be managed to ensure loans are recovered from applicants in time to return it to WG by 2030.
- 1.3 Loans are available for the repair or conversion of properties to make them safe, warm and/or secure. Individuals and companies can apply for a loan. Priority will be given to owner occupiers over landlords/developers. Where landlords do apply, priority will be given to those proposing to let properties at affordable rent levels. The scheme will also consider applications for loans to convert commercial properties into residential accommodation.
- 1.4 WG rules state the maximum loan amount will be £25,000 per property or unit, up to a total maximum of £150,000, per applicant. The loans are interest free, providing there is no default on the loan. WG rules also state loans for landlords/developers must be repaid within 5 years but can be extended up to 10 years where the loan is provided for an owner occupier.

2.0 Delivery

- 2.1 WG have stipulated that they wish to see consistency of approach in policy terms across regions. The City and County of Swansea is part of the Western Bay Region and will develop a consistent range of loan products for applicants in Swansea, Neath Port Talbot and Bridgend.

3.0 Equality and Engagement Implications

- 3.1 The Access to Services Team has advised that an equality impact assessment (EIA) is not required.

4.0 Financial Implications

- 4.1 The City and County of Swansea will receive £379,764 from WG for 2014/15 and the same amount in 2015/16 for use as National Home Improvement loans. Loan funding is interest free and must be repaid to WG by 31st March 2030.
- 4.2 A fee to cover the Councils costs of administering National Home Improvement loans is payable by the applicant. This fee can be included in the loan amount. Fees are detailed in appendix A. The scheme will be fully administered using existing Housing revenue resources.
- 4.3 The City and County of Swansea are not required to invest any capital or additional revenue resources into this scheme.

- 4.4 There are financial risks associated with this scheme arising from applicants defaulting on a loan. Risk will be mitigated by proper checks and diligence at the application stage including credit worthiness. All loans will be secured on the property to register the Councils interest as a legal charge and allow robust debt recovery should the need arise.
- 4.5 The default rate is estimated at 5% of the loan fund, based on the experience of similar schemes administered in England. WG have undertaken to share the risk equally with Local Authorities in relation to applicants defaulting on loans up to a maximum of 5% of the loan fund. An amount of £18,988, equivalent to 2.5% of the loan fund, will be set aside from Housing General Fund capital budgets to account for the City and County of Swansea's share of the anticipated default rate.

5.0 Legal Implications

- 5.1 The Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 ("the RRO") empowers local housing authorities to provide assistance to improve living conditions in their area, and requires them to adopt and publish a policy in accordance with which the power is to be exercised.
- 5.2 Under the RRO discretionary assistance may be provided in any form, and may be unconditional or subject to conditions, including conditions as to the repayment of the assistance or of its value (in whole or in part), or the making of a contribution towards the assisted work, and may require security, including a charge on the property.
- 5.3 The Private Sector Housing Renewal and Disabled Adaptations: Policy to Provide Assistance 2012-2017 will need to be amended to ensure that the Council is able to issue loans under the National Home Improvement Loan scheme locally. The addendum to the policy is attached as appendix A.

Background Papers: None.

Appendices: Appendix A – addendum to S.5 of the Private Sector Housing Renewal and Disabled Adaptations: Policy to Provide Assistance 2012-2017.