



Report of the Cabinet Member for Homes & Energy

Council – 21 June 2018

Amendments to the Private Sector Housing Renewal and Disabled Adaptations: Policy to Provide Assistance 2017-22: Houses Into Homes and National Home Improvement Loan Scheme

Purpose:	To outline proposed amendments to the current Private Sector Housing Renewal and Disabled Adaptations : Policy to Provide Assistance 2017-2022, following changes to the Welsh Government (WG) Houses into Homes and National Home Improvement Loan Scheme, and to publish an addendum to the policy.
Policy Framework:	1. Private Sector Housing Renewal and Disabled Adaptations: Policy to Provide Assistance 2017-2022.
Consultation:	Legal, Finance, Access to Services.
Recommendation(s):	It is recommended that: 1) Council approve the revisions to the WG Houses into Homes and National Home Improvement Loans scheme as detailed and that these are included as an addendum to the Private Sector Housing Renewal and Disabled Adaptations: Policy to Provide Assistance 2017-2022.
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1.0 Introduction

- 1.1 The Private Sector Housing Renewal and Disabled Adaptations : Policy to Provide Assistance 2017-2022 details how Swansea Council delivers assistance to help private owners and tenants to repair, maintain, or adapt their homes.
- 1.2 The current Private Sector Housing Renewal and Disabled Adaptations Policy was approved by Council on 22nd June 2017.

2.0 Policy Principles

- 2.1 The current Policy for Private Sector Housing Renewal and Disabled Adaptations sets out the details of various types of assistance aimed at helping home owners and tenants to carry out essential adaptations and repairs. The types of assistance include the Welsh Government (WG) Houses into Homes (HIH) and National Home Improvement Loan (NHIL) scheme initiatives :
 - Houses into Homes – interest free loans to tackle empty homes, to renovate and improve properties or to convert empty properties into units suitable for residential accommodation. When loans are repaid they are recycled as further loans.
 - National Home Improvement Loan – interest free loans for the repair or conversion of properties to make them safe, warm and / or secure. When loans are repaid they are recycled as further loans.

3.0 Changes to existing Policy and points to note

- 3.1 WG are making changes to the HIH and NHIL schemes to improve take-up of the loans, to reduce the number of applicants being ineligible due to affordability issues and to amend the fee structure.
- 3.2 The existing HIH and NHIL schemes are to be combined into one single fund. This will deliver 3 types of loans, Owner Occupier Repayable Financial Assistance, Owner Occupier Loans and Landlord Loans. The schemes will continue to be used to improve properties and / or bring empty properties back into use.
- 3.3 A new loan type has also been introduced 'Owner Occupier Repayable Financial Assistance'. This is targeted at low income households who fail the affordability test to be eligible for Owner Occupier Loans. This assistance will not require monthly repayments, instead the loan will be repaid on future sale or transfer of the property.
- 3.4 The administration fees for delivery of the loans have been changed to enable Councils to be able to charge a fee to cover administration costs via claiming a fee direct from the loan fund, with the remainder charged to the loan recipient.

3.5 Landlord loan repayment periods will be 2 years if the property is sold when completed, or 5 years if property is to be made available for rent; or a maximum period of 10 years if the loan recipient agrees to rent the property at Local Housing Allowance (LHA) rates, with the Council having nomination rights over this period. This means the Council can place applicants from the housing needs register into the property in question.

4.0 Financial Implications

4.1 The previous tranches of grant funding for HIH of £1,517,140 and repayable funding for HIH and NHIL of £1,770,222 have been combined into a single fund of £3,287,362. The scheme's repayment terms have not changed, with £1,770,222 of this fund to be repaid by the Council to WG by 2030.

5.0 Equality and Engagement Implications

5.1 There are no equality or engagement implications associated with this report. The changes are being driven by WG and there is no alteration to the policy or to the process involved in assessing eligibility for receiving assistance.

6.0 Legal Implications

6.1 The scheme is a WG initiative, delivered by local authorities, and is included within Swansea Council's powers to provide assistance, contained in the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 and the Council's published Policy to Provide Assistance 2017-2022.

Background Papers: Private Sector Housing Renewal and Disabled Adaptations Policy to Provide Assistance 2017-2022.

Appendices:

Appendix A – Addendum to Private Sector Housing Renewal and Disabled Adaptations : Policy to Provide Assistance 2017-2022 : Revision to Section 6 Welsh Government Initiatives

Addendum to Section 6 of the Private Sector Housing Renewal and Disabled Adaptations : Policy to Provide Assistance 2017-2022

Fund to deliver Owner-Occupier Repayable Financial Assistance, Owner Occupier Loans and Landlord Loans.

Revision to Section 6 Welsh Government Initiatives

Part 1 Owner Occupier Loans

1.1 Criteria for Owner Occupier Loans

Who is eligible	<ul style="list-style-type: none"> • Owners and occupiers of properties to make safe, warm, secure. • Owners of properties vacant for a minimum of 6 months on the condition the loan recipient occupies the property on completion of the works for the duration of the loan.
Eligible Works	<ul style="list-style-type: none"> • Improvements to the standard and overall quality of the accommodation to make it warm, safe, secure. Works should bring it up to a reasonable standard for occupation referred to in operational guidance. • Works to convert an empty residential or commercial building into accommodation of a reasonable standard so that it is suitable for immediate occupation. • Loans may be provided to fund part of the works provided there is evidence from the applicant as part of the application that there is sufficient funding to complete the remainder of the works.
Loan Amounts, Terms and Fees	<ul style="list-style-type: none"> • Minimum loan £1,000, maximum loan amount will be £25,000 per property / unit. • Maximum loan term up to 10 years until 2020. From 1st January 2020 the maximum loan term will be the period from approval until expiry of the scheme in 2030. • Loans will normally be repaid in monthly instalments. Loan applicant's eligibility will be subject to an affordability test. • Loans will be interest free. • Fees will be charged for administration costs, comprising a fee charged direct from the fund and a fee charged to the loan recipient. This may be added to the loan.
General Conditions	<ul style="list-style-type: none"> • Properties must be 10 years old. • Loan to value ratio will not exceed 80%. • The Council at it's discretion may request a property valuation report by a Royal Institute of Chartered Surveyors (RICS) qualified surveyor, payable by applicant. • A schedule of works will be agreed with the applicant prior to the offer of any loan and will form part of the loan conditions. Where appropriate, Planning and Building Regulations consent will be required for

	<p>proposed works.</p> <ul style="list-style-type: none"> • Applicants must not have any outstanding debt to the Council at the time of making an application or have adverse credit history which may include County Court Judgements, Individual Voluntary agreements (IVAs), Debt Relief Orders, Bankruptcy (within 6 years), or Company Insolvency Liquidation. • Loan Assistance will not be available for the following : <ul style="list-style-type: none"> ➤ Properties that are not of a permanent nature such as houseboats and caravans. ➤ Structures that do not have Building Regulations approval. ➤ Buildings not suitable for conversion to habitable dwellings. • If owner occupiers do not maintain occupation, immediate repayment will be required.
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Part 2 Owner Occupier Repayable Financial Assistance Loans

2.1 Criteria for Owner Occupier Repayable Financial Assistance Loans

Who is eligible	<ul style="list-style-type: none"> • Owners and occupiers of substandard properties who fail the affordability test for Owner Occupier Loans, to make a property safe, warm, secure. • Owners of properties vacant for a minimum of 6 months, who fail the owner occupier affordability test for Owner Occupier Loans, on the condition the loan recipient occupies the property on completion of the works for the duration of the loan.
Eligible Works	<ul style="list-style-type: none"> • Works to remove Housing Health and Safety Rating System (HHSRS) hazards and make it warm, safe, secure, <u>only</u> (not for conversion works). • Loans may be provided to fund part of the works provided there is evidence from the applicant of sufficient funding to complete the remainder of the works.
Loan Amounts, Terms and Fees	<ul style="list-style-type: none"> • Minimum loan £1,000, maximum loan amount will be £25,000 per property. • Lifetime loan, the loan will be registered as a legal charge repayable in full on sale or transfer of title (or upon applicants moving into long term care or sheltered accommodation, or death of loan recipient), repayable as a single lump sum. • Loans will be interest free. • Fees will be charged for administration costs, comprising a fee charged direct from the fund and a fee charged to the loan recipient. This may be added to the loan.
General Conditions	<ul style="list-style-type: none"> • Properties must be at least 10 years old.

	<ul style="list-style-type: none"> • Loan to value ratio will not exceed 80%. • The Council at its discretion may request a property valuation report by RICS qualified surveyor, payable by applicant. • A schedule of works will be agreed with the applicant prior to the offer of any loan and will form part of the loan conditions. Where appropriate, Planning and Building Regulations consent will be required for proposed works. • Applicants must not have any outstanding debt to the Council at the time of making an application or have adverse credit history which may include County Court Judgements, Individual Voluntary agreements (IVAs), Debt Relief Orders, Bankruptcy (within 6 years), or Company Insolvency Liquidation. • Loan Assistance will not be available for the following : <ul style="list-style-type: none"> ➤ Properties that are not of a permanent nature such as houseboats and caravans. ➤ Structures that do not have Building Regulations approval. ➤ Buildings not suitable for conversion to habitable dwellings. • If owner occupiers do not maintain occupation of the property in question, immediate repayment will be required.
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Part 3 Landlord Loans

3.1 Criteria for Landlord Loans

Who is eligible	<ul style="list-style-type: none"> • Landlords of substandard properties to make a property safe, warm, secure. • Owners of properties vacant for a minimum of 6 months, who intend either renting or selling the property on completion of the works. Individuals and companies can apply. • Persons applying for loans may either be existing or prospective owners. The property must be registered in the applicant's name before the loan can be approved.
Eligible Works	<ul style="list-style-type: none"> • Improvements to the standard and overall quality of the accommodation, remove HHSRS hazards, and make it warm, safe, secure. Works should bring it up to a reasonable standard for occupation referred to in operational guidance. • Works to convert an empty residential or commercial building into accommodation of one or more units of a reasonable standard so that it is suitable for immediate occupation. • Loans may be provided to fund part of the works provided there is evidence from the applicant of sufficient funding to complete the remainder of the works.

<p>Loan Amounts, Terms and Fees</p>	<ul style="list-style-type: none"> • Minimum loan £1,000, maximum loan amount will be £25,000 per property / unit, up to a total maximum of £250,000 up to 10 units, per applicant. • Maximum loan term up to 2 years if the property is to be sold on completion of the works. • Maximum loan term 5 years if the property is to be made available for rent. • Maximum loan term 10 years if the property is to be made available for rent at Local Housing Allowance (LHA) affordable rent levels, let through the Council's preferred Social Lettings Agency, subject to a nomination agreement. • Loans will normally be repaid as a full repayment lump sum at the end of the loan term for loan terms of 3 years or less. Longer loans terms will require a percentage repayment during the loan term as follows: <ul style="list-style-type: none"> ➤ Loan term of 5 years or less : 25% lump sum repayment after 3 years, remainder repaid at end of loan term. ➤ Loan term of more than 5 years : 50% lump sum after 3 years, remainder at end of loan term. • Loans will be interest free. • Fees will be charged for administration costs, the fee charged to the loan recipient may be added to the loan.
<p>General Conditions</p>	<ul style="list-style-type: none"> • Properties must be at least 10 years old. • Properties deemed empty as identified by the Council's Empty Property Register as being empty for a minimum of 6 months. • Loan to value ratio will not exceed 80%. • The Council at it's discretion may request a property valuation report by RICS qualified surveyor, payable by applicant. • Loan can be used for the intention of renting or selling the property. • Where applicable, Planning and Building Regulations consent will be required for proposed works. • Applicants must not have any outstanding debt to the Council at the time of making an application or have adverse credit history which may include County Court Judgements, Individual Voluntary agreements (IVAs), Debt Relief Orders, Bankruptcy (within 6 years), Company Insolvency Liquidation. • Loan Assistance will not be available for the following : <ul style="list-style-type: none"> ➤ Properties that are not of a permanent nature such as houseboats and caravans. ➤ Structures that do not have Building Regulations approval. ➤ Buildings not suitable for conversion to habitable dwellings.