

Executive

Date of meeting
20 October 2009

Report of the Director for Housing and Adult Social Services

PROVISION OF THE BREATHING SPACE SCHEME

Summary

1. The Executive are asked to approve Council's participation in a Regional Mortgage Assistance Loan Scheme called Breathing Space. The Breathing Space Loan is an interest free secured loan to assist homeowners in difficulty with their mortgage or secured loan repayments.

Background

2. City of York council has been participating in the government mortgage rescue scheme and the sub regional golden triangle rescue scheme available to residents in York, Leeds and Harrogate. These schemes have specific criteria relating to property values and as such are not available to all customers.
3. In addition to these schemes The Regional Housing Board (RHB) has allocated £2 million for a regional mortgage assistance scheme. After considering other options the RHB chair agreed on 28 May 2009 that using the Wakefield model (the Mortgage Assistance Loan Scheme) was the most appropriate and efficient course of action, and that the scheme could be rolled out throughout the Yorkshire and Humber region. The regional scheme will be called 'Breathing Space'. Wakefield Council will be the Accountable Body for the scheme.
4. The Breathing Space scheme will work in much the same way as the existing regional home improvement loans scheme administered by Sheffield Council on behalf of Yorkshire and Humberside local authorities. Participating Local Authorities will undertake the initial stages of a loan application. Wakefield Council will process and pay the loan and place a legal charge on the property. The relevant local authority will then be responsible for subsequent reviews, support for the individual home owners, and for recovery of the loan. If in exceptional cases deferral or waiving of the loan repayment is required, this will be considered by a regional panel.
5. To enable Wakefield Council to act as the Accountable Body for the scheme, the other participating authorities are required to delegate certain of their

functions to the Council. Similar arrangements are already in place for the Regional Home Loans Service.

Consultation

6. There has been consultation with local authorities in the area

Options

7. **Option 1-** To approve the policy to provide the Breathing Space scheme and to allow Wakefield Council to discharge these functions and to approve a policy to provide loan support payments to cover the costs of setting up the Loan. (See appendix A for draft policy).
8. **Option 2 -** Not to approve the policy to provide Breathing Space loans and allow Wakefield Council to discharge these functions and also to approve a policy for a loan support grant to cover the costs of setting up the loan.

Analysis

9. **Option 1 -** Wakefield Council's Mortgage Assistance Loan Scheme has been providing assistance to homeowners in financial difficulties since April 2009, with funding from the Regional Housing Board. This scheme provides an interest free, secured loan to help meet mortgage and/or secured loan repayments and arrears. It is suitable for cases where the difficulty in meeting the mortgage is likely to be short term or the property is for sale. The scheme helped 25 people in the first year of operation. It will add another more flexible option to the council's tool box in tackling repossession and ultimately effectively reducing homeless.
10. **Option 2 -** The implications of this is that the funding provided by the Regional Housing Board will not be utilised to assist homeowners in the local district.

Corporate Priorities

11. By approving option one the Executive will be meeting the corporate priorities contained with the 'inclusive city' priority.

Implications

- **Financial** The Regional Housing Board has provided the funding for the loan fund for the region and therefore there will be no capital funding implications for CYC as the Loan Support Grants will be met from the Breathing Space scheme. The work to carry out the initial stages of any applications, subsequent review and support along with any recovery action will be completed within existing resources in the Housing Options Team. Currently a part time post is in place at a cost of £15k pa funded by CLG grant monies. This funding ends in March 2010 and therefore beyond

this date any extra work generated by this scheme will need to be absorbed within the wider housing options team.

- **Human Resources (HR)** None
- **Equalities** None
- **Legal** None. SLA has been drafted by WMDC with input from their legal team.
- **Crime and Disorder** None
- **Information Technology (IT)** None
- **Property** None
- **Other** None

Risk Management

12. There are some minor risks associated with approval of this scheme. Should the homeowner default on the loan repayment at the end of the 3 year period, it will be the council's responsibility to take any recovery action. At this stage the RHB have implied that they will not ask for any funding to be repaid and that they are not expecting Local Authorities to be guarantors for this scheme. However, this is not explicit in the scheme documentation and officers will continue to ensure this is made clear over the coming weeks. This could potentially result in the council having to repay funds to the RHB without having been able to recover them from the homeowner. The risks associated with the recommendation of this report are assessed at a net level below 16 and will be monitored accordingly.

Recommendations

13. That the Executive approves option one that Wakefield Metropolitan District Council are nominated to act as administrative body and banker for the scheme and Executive are required to:
 - (a) Approve the policy
 - (b) Allow Wakefield Metropolitan District Council to discharge these functions for City of York under the provisions of the Local Government Act 2000 and Local Authorities (Arrangement for the Discharge of Functions)(England) Regulations 2000 in accordance with such authority's well being powers under section 2 of the Local Government Act 2000:
 - Offering loans to the owners of properties who are in mortgage difficulties; and

- agreeing regional arrangements for deciding whether the amount of the Loan to be paid on redemption of the mortgage should be deferred or repaid in instalments, or waived in whole or part,
- (c) Approve the policy to provide loan support to cover the costs of setting up the Loan.

REASON: The Council's participation in the regional scheme will assist homeowners in difficulty with their mortgage or secured loan repayments and will provide another option for the Council in tackling house repossession and ultimately reduce homelessness.

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Report Approved

Date 8 October 2009

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Specialist Implications Officer(s)

Wards Affected: *List wards or tick box to indicate all*

All

For further information please contact the author of the report

Annexes

Draft policy for breathing spaces scheme