

ANGUS COUNCIL

NEIGHBOURHOOD SERVICES COMMITTEE – 16 APRIL 2009

REPORT BY THE DIRECTOR OF NEIGHBOURHOOD SERVICES

MORTGAGE TO RENT SCHEME

Abstract: This report outlines potential improvements to support provision for homeowners experiencing mortgage difficulties through promotion and access to the Mortgage to Rent Scheme.

1. RECOMMENDATION

- 1.1 It is recommended that the Committee:-
- i) approve the actions contain within the report.

2. BACKGROUND

- 2.1 In 2004 the Scottish Executive established the Mortgage to Rent (MTR) Scheme. The MTR Scheme was administered by Communities Scotland now the Scottish Government Housing Regeneration Directorate.
- 2.2 The aim of the MTR scheme is to help households that are in danger of being made homeless due to legal action that threatens their home.
- 2.3 Funding is made available on a case-by-case basis to a social landlord, such as housing association or local authority, to buy the property and rent it back to the household.
- 2.4 Applicants for the MTR scheme need to meet certain eligibility criteria (appendix 1). The criteria include a requirement that the household has received independent advice prior to an application being made.
- 2.5 In December 2008, the Scottish Government announced that it is to provide an extra £5 million for its existing MTR Scheme.
- 2.6 In December 2008, the Scottish Government provided Shelter with £231,108 to develop its new housing law service which includes advice for people facing repossession.
- 2.7 Angus Housing Association have already a developed policy and process for such cases with the decision being made by the Association's Board on the basis of the national criteria and financial prudence.

3. CURRENT POSITION

- 3.1 Section 11 of the Homelessness etc (Scotland) Act 2003 requires all landlords (other than local authorities) and creditors to notify the relevant local authority when they raise possession proceedings or serve certain other notices. The duties placed on landlords and creditors under S11 came into force on 1 April 2009.
- 3.2 There is limited awareness of the MTR Scheme within Angus and may be under utilised as a result.
- 3.3 The MTR Scheme will not be right for every household in danger of having their home repossessed. All properties are required to be assessed using the value eligibility tool which will determine whether a property could be eligible for the MTR Scheme. Of key importance is that the property values that are used for assessment are based on property values in December 2003. Property prices have risen significantly since then which means that there will be a limited amount of properties that will be value eligible.

4. PROPOSED ACTIONS

- 4.1 Organise partnership training within Angus for Angus Council Housing Assessment Team, Welfare Rights Officers and Citizens Advice Bureau Money Advisors to build awareness and knowledge of the scheme.
- 4.2 Include the MTR Scheme as a news item on the www.angus.gov.uk, www.angusahead.com and intranet websites.
- 4.3 Add the MTR Scheme as a topic in housing and homelessness related links on the websites.
- 4.4 Prepare a press release on the MTR Scheme including sources of local information and contacts about the MTR Scheme.
- 4.5 Prepare and circulate a briefing paper about the MTR Scheme including sources of local information and contacts for other council departments and partners in the voluntary sector.
- 4.6 Agree that Angus Council will, as a first option, route all MTR queries through the Housing Association movement in line with other Scottish Councils. Any decision on financial investment would of course be subject to Committee scrutiny and decision.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no immediate financial implications for the Council arising directly from the information contained within this report. If Members agree to progress the proposed actions the financial contribution will be largely associated with staff time, hospitality and administrative costs. These costs are likely to be offset against the cost of providing temporary accommodation and support for those owner occupiers who are evicted when an alternative solution was available with any net cost contained within the HRA revenue budget.

6. HUMAN RIGHTS IMPLICATIONS

- 6.1 There are no human rights implications for the Council arising directly from the information contained within this report.

7. SINGLE OUTCOME AGREEMENT

- 7.1 This report contributes to the following local outcomes contained within the Single Outcome Agreement for Angus –
 - Crisis response for homeless households is provided.

8. CONSULTATION

- 8.1 The Chief Executive, the Director of Corporate Services, the Head of Finance and the Head of Law and Administration have been consulted in the preparation of this report.

9. EQUALITIES IMPLICATIONS

- 9.1 The issues dealt within this report have been the subject of consideration from the equalities perspective (as required by the legislation). An equalities impact assessment is not required.

10. CONCLUSION

- 10.1 By approving the proposed actions, Members will ensure the MTR Scheme is highlighted within Angus for the benefit of those eligible households who would have otherwise faced eviction and the instability and uncertainty that homelessness brings. Members will also have paved the way to increase the numbers of affordable housing provided to meet local needs currently and in the future.

RON ASHTON
DIRECTOR OF NEIGHBOURHOOD SERVICES

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above Report.

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Appendix 1

Eligibility criteria for applicants:

1. There is legal action that threatens the household with homelessness. For example, the applicant has received a calling up notice, notice of default or possession order, or a trustee is forcing the sale of a property (see Worked Example 8, Annexe D) and the property remains in imminent danger of being repossessed. Applicants will also be considered eligible for the scheme where a secured lender has agreed to withdraw or delay legal action to allow the application to the Mortgage to Rent scheme to take place. Cases where one party forces the sale of the property (for example, involving a relationship breakdown) are not eligible for the Mortgage to Rent scheme.
2. The household has received advice about its financial situation.
3. All owners agree to be considered and have signed the application form.
4. The property is the sole or main residence of someone in the household.
5. The household has a need to stay in the local area.
6. The household is unable to trade down in the local area. Inability to trade down may be due to a lack of capital to trade down, for example, or because there is a lack of suitable accommodation in the local area.
7. There are no inhibitions, adjudications or other legal action pending against the property that would prohibit the sale.
8. The applicants are under 60 and do not have capital (excluding any expected equity from the sale of the property and surrender value(s) of any savings or endowment policies to which they are entitled and which are used as security for the mortgage) in excess of £8,000.

OR

The applicants are 60 or over and do not have capital (excluding any expected equity from the sale of the property and surrender value(s) of any savings or endowment policies to which they are entitled and which are used as security for the mortgage) in excess of £12,000.

9. Someone in the household has lived in the property for at least twelve months.
10. The open market value of the property is lower than the local area average house price.